THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1986 -91

HOUSE OF ASSEMBLY

Tuesday, April 7, 1987.

Pursuant to the adjournment, the House of Assembly met at 4.15 p.m. o'clock on Tuesday, April 7, 1987.

PRESENT

His Honour L. A. WEEKES, (Speaker)

His Honour *3. 3.* 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. B. M. TAITT, B.A. (Hons.), M.A., LL.B. (Hons.), (Minister of Tourism and Industry)

Hon. P. M. GREAVES, Q.C., B.A., (Minister, of Transport, Works and Telecommunications)

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)

Dr. D. G. BLACKMAN, B.A., M.A.

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, B.Sc., (Econ.), (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 anu Culture)

Mr. L. L. BRATHWAITE, J.P.

Mr. E. BOURNE Dr. E. A. SIMMONS

Hon. W. W. HALL, (Minister of Employment, Labour Relations and Community Development) Mr. C. A. NEBLETT, B.A. Mr. C. L. TROTMAN, M.A. Mr. R. L. MORRIS. B.A., Cert. Ed. Mr. P. J. M. MILLER 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 meeting of Monday, March 16, 1987.

Hon. L. E. SANDIFORD: Mr. Speaker, those Minutes have been circulated. I beg to move that they be taken as read, and be confirmed as an accurate record of the proceedings of this Honourable House on that date.

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

Mr. SPEAKER: If there are no observations or corrections, let those Minutes stand confirmed.

Mr. SPEAKER: I am to announce that I am in receipt of the following: Accounts and Statements for the month of January, 1987 as prepared by the Accountant General.

Accounts and Statements for the month of February, 1987 as prepared by the Accountant General.

PAPERS LAID

Rt. Hon. E. W. BARROW: Mr. Speaker, I am commanded to lay:

The Barbados Economic Report for the year 1986.

ORDERS OF THE DAY

Mr. SPEAKER: Government Business is now the instant order of the day.

Hon. L. E. SANDIFORD: Mr. Speaker, as you and honourable Members are aware, today we deal with the Financial Statement and Budgetary Proposals for the year 1987, and I wish to take this opportunity to indicate the arrangements which we would wish to obtain during this debate.

The media, radio and TV, have sought and obtained permission from you, Sir, to carry these proceedings, and the broadcast will commence with the Financial State ment and Budgetary Proposals of the Minister of Finance. That statement and those proposals are expected to commence shortly. After the presentation today, I expect to move the suspension of the sitting until approximately this time tomorrow, Wednesday, April 8. The Chief spokesman for the Opposition on financial matters — I cannot be any more precise in the House, Sir, I am not sure who will assume that role this afternoon.....

Laughter.

Hon. L. E. SANDIFORD: .... will then commence his reply at that time tomorrow. His address will be carried live on TV and radio for an equal time as provided for the Minister of Finance.

There will then be a suspension for dinner until 8.00 o'clock, when the sitting will recommence, and we will proceed until approximately 10.30 p.m. tomorrow night. The sitting will then be suspended until noon on Thursday, April 9, and that sitting will then continue until the debate is concluded which, if we may anticipate the proceedings, is likely to be around 10.30 p.m. or thereabout, assuming that all Members may wish to contribute. 4.25 p.m.

The person replying for the Opposition will have an opportunity so to do, that is one of the three Members and that is not the person making the first address. So we will be following the Standing Orders. We are not suspending any of the Standing Orders pertaining to the debate on the Financial Statement and Budgetary Proposals, so that Members' speeches will be limited to half an hour, except for the exceptions which are provided for in the Standing Orders.

There will be live TV coverage for today's sitting and ^ for tomorrow from the commencement of proceedings until approximately 9.30 p.m. But the last hour of pro- * ceedings tomorrow night will not be carried live by TV. All speeches are going out live on radio. The last hour of the proceedings tomorrow night will be recorded, as well as the proceedings from the start of our sitting on Thursday from 12 noon until 5 o'clock, live TV coverage will commence from 5 p.m. on Thursday until the end of the proceedings.

Within that framework we expect, Sir, that there will be ample time for all Members of the Opposition to have full coverage of their speeches both on radio and TV, if they so desire. 1 am sure, Sir, that they will make every effort to catch your eye during those periods if they so desire. Thereafter, we will have a recorded programme of the presentations from those Members whose speeches were not carried live. *j^*

I think, Sir, that those arrangements should satisfy the requirements both for Members to contribute to this very important debate as well as to cater to the interest of the wider public in hearing what may be going on.

SUSPENSION OF STANDING ORDERS

Hon. L. E. SANDIFORD: Mr. Speaker, at this stage I beg to move that Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of today's sitting.

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

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

GOVERNMENT BUSINESS

Hon. L. E. SANDIFORD: Order No. 1, Sir.

Mr. SPEAKER: Order No. 1. ^

ANNUAL FINANCIAL STATEMENT AND BUDGETARY PROPOSALS, 1987

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Order No. 1 was called - To present the Annual Financial Statement and Budgetary Proposals for the year 1987.

Mr. SPEAKER: The Honourable Minister of Finance. -»

Applause

4.35 p.m.

Hon. Dr. R. C. HAYNES:

Mr. Speaker, on July 15, 1986, I had the privilege of introducing the first Financial Statement and Budgetary Proposals of the Administration which took office on May 28.

The proposals then presented to Parliament represented a bold and innovative approach to the solution of the grave economic and social problems facing the country; such as stagnation in growth of output since 1981, unemployment rising from 10.7 per cent in 1981 to 18.7 per cent in 1985, and the relentless expansion of the public sector, leading to a misallocation of resources and stifling of personal and corporate initiative.

The results of the implementation of the policies introduced last July have been very encouraging.

As a consequence ot beginning the process of restoring the proper balance between the private and public sectors, through incentives for productive activity and substantially increasing the scope for discretionary spending, by reducing the burden of taxation, the main economic indicators have begun to move in the right direction.

There has been an improvement in the economic climate, with output increasing and employment expanding.

Applause.

The private sector has responded to the positive developments with important initiatives of its own.

The proposals contained in the Budget being presented this afternoon, therefore seek to build on the success achieved to date, and to further the process of economic and social reconstruction.

The Budgetary Proposals of July 15, 1986 were designed to strengthen the economy, create employment opportunities and improve the living standards of all members of the society.

Those measures have been particularly effective and have contributed substantially to the resuscitation of the economy.

All of the major sectors expanded, and a growth rate of 5 per cent was achieved in 1986 - the highest since 1980.

Applause.

In fact, on a cumulative basis, the Barbados economy between 1980 and 1985 showed an overall negative growth of some 2.0 per cent.

The level ot real income attained in 1986 constitutes an all time record for the Barbadian economy, and is about 3 per cent higher than the previous peak level of income achieved in 1980.

Applause.

The increased activity has provided opportunities for the generation of further growth, and for utilisation of the still considerable idle capacity of the economy.

Mr. Speaker, our achievement has taken place in a situation where several unfavourable features in the international economy continued to create difficulties for small countries, like ours, to earn satisfactory levels of incomes from exported commodities.

The proposals which were introduced in July were the first indicators of the Government's new economic strategy, which placed emphasis on a greater role for the private sector, and on the general stimulation of initiatives in the wider comntunity.

A review of the experiences in the various sectors indicates the further measures which are necessary for restructuring the economy so that a basis can be laid for launching a longer term programme of social and economic development.

If the opportunities are grasped, as the measures taken for managing the process of economic restructuring continue to have a positive effect, then 1987 should be a year which sees continuing favourable developments.

Applause. INTERNATIONAL ECONOMIC

DEVELOPMENTS

There were a few favourable occurrences in the world economy in 1986. The first of these was the achievement of a more balanced pattern of exchange rates between the major currencies. The value of the United States dollar continued to decline while there was a corresponding revaluation of the Japanese yen and the major European currencies. Among the factors influencing the dollar's decline were:

— the more restrained fiscal stance which has been evident in the United States in the recent past;

— the 1985 Plaza Accord of the Group of Five, which sought to bring about an orderly decline in the U.S. dollar exchange rate; and

— weak economic growth in the United States.

The second important development, internationally, was the decline in both short and long term interest rates as a result of the general easing of monetary policy in some of the major industrial countries. The shift in monetary policy was related to a desire to stimulate economic growth, and was brought about by a general easing of foreign and domestic pressures on price levels.

The third major feature of the world economy in 1986 was a sharp reduction in the price of oil, which helped consumer prices to continue to fall worldwide. This declining oil price, together with failing prices of other primary commodities, helped the industrial countries to benefit from significant increases in real income in 1986.

Generally, however, 1986 saw a lower rate of expansion in the economies of the industrial countries. As a group, they recorded a growth rate of 2.7 per cent — a decline from the 3.0 per cent recorded in 1985. A weakening of economic activity was evident in

Japan, and a swelling trade deficit helped to retard growth in the United States. France and Italy were the only two major industrial countries to record higher growth rates in 1986.

The unfavourable features of the world economy continued to have an adverse effect on the under-developed countries. In 1986, there was a large shift in terms of trade in favour of the industrial countries — a percentage increase of 8.0 per cent — the highest since 1968 — resulting from the realignment of exchange rates and from the drop in prices of oil and primary commodities. The overall price levels of these primary commodities fell to, perhaps, their lowest since World War II.

The result was that, while there was some increase in the volume of world trade, the fall in primary commodity prices contributed to a heavy decline in the value of that trade.

While the volume of the merchandise exports of the under-developed countries increased by about 5.8 per cent over that for 1985, the value of those exports, measured in United States dollars, fell by 7.6 per cent.

Furthermore, the under-developed countries had to face up to increasing and intensified protectionist measures in some of the industrial countries which made the penetration of those markets with new exports extremely difficult.

This situation, in which the under-developed countries earn less for the greater volume they export, is particularly critical when viewed in the light of the foreign debt they face. Latin America and the Caribbean owed about one-third of the total debt for 1986. Economic reform programmes were instituted in some countries, and the fall in interest rates and oil prices ought to have eased the burden. These potential benefits were however counter-balanced by the continuing weakness in the prices of exported commodities

To make matters worse, while lower earnings from exports presented difficulties to the under developed countries in servicing their external debt, the net transfer of financial resources to these countries was fast becoming negative.

In many respects, Sir, the CARICOM countries, including Barbados, fared better than most of the other under-developed countries, and were affected to a lesser degree by some of these global difficulties.

The global scenario points to the need for small under-developed economies to explore, more rigorously, such opportunities as may exist for putting in place programmes of restructuring that will render their economies less susceptible to the effects of international instability.

REGIONAL ECONOMIC DEVELOPMENTS

Generally, the economies of the countries of CARICOM performed better in 1986 than they did in 1985. Trinidad and Tobago was the main exception. Rates of growth accelerated in the region, generally, and were spurred by a more bouyant tourist industry and by record banana production.

The economies of the Less Developed Countries (LDCs) performed better than those of the More Developed Countries (MDCs) — a performance that has been repeated in recent years. Rates of growth in excess of 5 per cent were recorded in St. Lucia, Antigua and Montserrat. Grenada and Dominica experienced rates of 4.6 and 4.0 per cent respectively.

Barbados' growth rate of 5 per cent was the highest of all of the MDCs, followed by the Bahamas which bettered a 1985 rate of 3.2 per cent.

Applause.

Growth in Guyana was 0.3 per cent, while increased earnings from export agriculture and a strengthening tourist industry helped Jamaica to reverse the negative growth of 1985.

Barbados' major CARICOM trading partner, Trinidad and Tobago, experienced a negative 6.4 per cent rate of growth, which followed the negative 2.9 per cent of the previous year.

There was generally low inflation in the CARICOM countries because of the fall in oil prices and moderate wage increases. Indicators pointed to a worsening unemployment situation, the exception being Barbados, which saw a small reduction of the 1985 figure.

There was a continuation of the difficulties with intra-CARICOM trade, which fell by 13 per cent in the first nine months of 1986. Trade in the region as a whole declined by 30 per cent during the first three quarters of the year. Trade difficulties were caused by restrictive and protectionist measures by some countries, and a general insufficiency of foreign exchange. The main source of the decline in 1986, however, was the 13.5 per cent reduction from the 1985 level in CARICOM imports into Trinidad and Tobago.

A notable feature of the regional economic situation in 1986 has been the continued strong performance of tourism. Stay-over visitors increased by percentages of just under 6 per cent for the region as a whole, and 10 per cent for the CARICOM countries. Increases in arrivals from cruise ship passengers were even stronger: 16 percent for the region as a whole and 20 per cent for the CARICOM countries.

The most worrisome feature of the tourism industry is the widening of the gap between peak-season and off season performance, a trend identified in a recent study by the Caribbean Tourism Research and Development Centre. Barbados was mentioned among those destinations where seasonally worsened between 1980 and 1985.

THE DOMESTIC ECONOMY

The 5 per cent real growth of the Barbados economy in 1986 resulted from expansion in all sectors of the economy and the reversal of the negative growth which was recorded for most of these in 1985.

Applause.

Sugar recorded an 11.1 per cent real growth rate, as compared with a negative figure of 0.2 per cent for 1985. Manufacturing and Construction expanded by 7.9 and 7.1 per cent respectively, reversing the negative rates of 9.5 and 2.8 per cent recorded in 1985. Tourism grew by 3.5 per cent, improving on the negative trend of 1985, when there was a decline of 3 per cent.

Applause.

A more detailed look at each sector gives an indication of the extent of the expansion.

Sugar

In 1986, sugar production was 111 149 tonnes — the best since 1980. *Applause* The increased yield resulted from good rainfall, reduction in cane fires, improved harvesting and factory techniques, and the greater availability and use of fertilisers, particularly by small farmers. However, the industry's foreign exchange earning potential was seriously affected by the low world market prices.

Tourism

The 3.5 per cent growth in Tourism was stimulated by an improved summer season and continued strong growth in cruise ship arrivals. Winter arrivals grew by 2.3 per cent. There was an increase of 10 635 long-stay arrivals in 1986, the figure having risen from 359 135 in 1985 to 369770. Overall, there were 18 150 more arrivals from the United States, an increase of 12.3 per cent on the 148 000 recorded for 1985; but the United Kingdom market recorded the largest percentage increase — 22.6 per cent. There were significant declines in visitors from Canada and Trinidad and Tobago.

Tourist spending in 1986 increased by $29.2 million over that for 1985 — rising from $618.1 million to $647.3 million. There was a 3.0 per cent improvement in employment in the distributive trades and in hotels and restaurants, as the number of persons working in these areas increased from 20 100 to 20 700.

Applause.

Manufacturing

The 7.9 per cent rate of growth in manufacturing was surpassed only by the 11.1 per cent growth rate for the sugar sector. Significant increases were recorded in all of the manufacturing sub-sectors, except for textiles and wearing apparel and assembly-type goods. The index of industrial production and GDP indicators in 1986 showed that the largest increases in output occurred in non-metallic mineral products, petroleum products and chemicals. There were indications that the availability of greater amounts of disposable income gave rise to increased demand for food and beverages, and these subsectors, along with tobacco, added $96.4 million to nominal gross domestic production, and represented a 24 per cent increase in value added. Gross output in food processing alone rose by 30 per cent.

Despite the closure of Intel, there was still a 2.1 per cent increase in the volume of output of electronic components in 1986, compared with a 5.5 per cent decline in 1985. This resulted from a strong demand for semi-conductors in the United States. However, the low prices contributed to a fall in earnings.

Construction

The construction sector recorded a 7.1 per cent growth rate. This was the highest growth rate for the sector since 1980.

Applause.

Government's road refurbishing programme, a decline in building costs, lower mortgage interest rates and a higher level of government activity in residential home building contributed to the growth. Most of the activity in this sector occurred in the second half of the year.

Applause.

The information on housing construction indicates that 1 685 housing units were started, 36 per cent more than were started in 1985. One thousand, nine hundred and fifty units were completed in 1986, 33.6 per cent more than in 1985.

Applause.

Another indication of the increase in construction activity, including residential improvements, was the number of solar water heater installations. There were 1 578 such installations in 1986 — an increase of 18.7 per cent over those for 1985.

Mining and Quarrying

The cutback in oil exploration, -which was necessitated-by a fall in oil prices, caused a slowing in the growth rate for the mining and quarrying sector in 1986. However, this sector recorded a real GDP growth rate of 5.5 per cent in 1986. With the stabilisation of oil prices at the higher level, there will be an increase volume of crude oil production in 1987.

Non-Sugar Agriculture

The Non-Sugar Agricultural sector recorded a negative growth rate of 3.9 per cent in real terms. This was the only sector to record a negative real growth rate.

A high incidence of disease caused yam yields to fall by about 32 per cent, and there was a 77 per cent decline in the volume of exports of this crop, which had become a major non-sugar export.

There were significant declines in the exports of sweet potatoes, sweet peppers and eggplant, and the island's onion crop was severely affected by the blast disease, which reduced yields by about 40 per cent.

There was a general increase in livestock and dairy production in 1986. Beef production increased for the first time in five years, rising by 25.6 per cent to 308 100 kilogrammes. Milk production continued to increase in 1986, recording 10.6 million kilogrammes, an improvement of 13.5 per cent on the 1985 production.

Pork production increased by 27.3 per cent over that for 1985 to record 1.2 million kilogrammes.

Inflation

A significant feature of the performance of the economy in 1986 was that inflation declined even while the economy expanded. The average annual increase in prices was 1.3 per cent, the lowest in 19 years, compared to 3.9 per cent for 1985.

Loud Applause.

The price index for clothing and footwear declined significantly by 12.4 points. The index of fuel and light prices declined by 8 points, and there was a fall of 6.7 points in the index of prices in the house operations and suppliers group.

Applause.

Average transportation prices declined by 2.5 per cent. This contrasted with an 8.2 percent increase in 1985.

The index of housing prices declined from 200.2 points in January to 195.2 points at the end of the year.

For the second year in succession, wage and salary increases in the major sector were moderate — the average for 1986 being 4.5 per cent compared to 5.6 per cent in 1985.

Employment

Mr. Speaker, unemployment continued to be a source of worry, and efforts were made, in the appointment of the Task Force on Unemployment, to draw on the collective wisdom and initiative of the community in planning for the tackling of this major social problem.

The Task Force has completed its work and the Government will be implementing some of its suggestions during 1987. Implementation of one of these was already started in 1986 — I refer to the beautification programme of the National Conservation Commission.

Applause.

The Government's new economic strategy which was heralded by the fiscal measures of July helped to bring some improvement in employment. The average annual unemployment rate, which stood at 18.7 per cent in 1985, fell to 17.7 per cent in 1986. Unemployment among females fell to 23 per cent, a decline of 1 per cent, while male unemployment fell to 13 per cent, a decline of 1.2 per cent from the figure recorded in 1985.

The labour force expanded significantly in 1986. There was an addition of 3 600 persons, or a 3.2 per cent increment, to 116 900 in 1086 as against 113 300 in 1985. This was the largest percentage increase in the labour force which has occurred in the last four years.

Applause.

The number of persons employed increased in 1986 from 92 100 in 1985 to 96 200 — an increase of 4 100.

Trade

In 1986, the deficit on visible trade was $628.8 million. There was a decline of 22 per cent in the vlaue of exports. The value of clothing and furniture in the total domestic exports continued to decline. The value of exports of electronic components fell by 27.2

per cent, as a result of the slump in prices and the weak market conditions which faced Barbados' chip manufacturers in 1986.

There was a fall in the national import bill from $1 221 581 000 in 1985 to $1 181 075 000 in 1986. This 3.3 per cent decline is significant, in a situation where there was an increased availability of disposable income. It is also expressive of a decline in the import content of goods and services produced within the country.

• As far as the distribution of trade is concerned, there was a reversal of the situation which obtained in 1985. The United States replaced CARICOM as Barbados' major trading partner, absorbing 23.7 per cent of Barbados' goods.

There was a fall in the level of Barbadian imports from the two major trading partners, while increases were recorded for the United Kingdom, Canada and Japan, and imports from West Germany doubled.

Balance of Payments

There was a balance of payments surplus of $4 million at the end of the year.

Applause.

Exports were depressed because of lower sales of manufactured goods and low prices for electronic components.

Foreign debt amortisation and interest payments rose to $176 million, while foreign borrowings from commercial banks amounted only to $105 million.

At March 31 this year, the gross foreign reserves of the Central Bank were $289.4 million compared with $256.6 million at the end of March 1986, the equivalent of about 3 months of imports.

Applause.

Mr. Speaker, preparation of a new five-year development plan for 1988 to 1993 has been started and will seek to build on the several initiatives which have been taken, so far, within the context of Government's stated priorities.

The long term strategy will be based on a continuation of the process of consultation with the private sector and the wider community which has begun to characterise social and economic planning, and which has been particularly evident in the case of the Task Force on Unemployment and in recent planning exercises in the Ministries of Agriculture, Tourism and Industry.

By this means, Government will be well placed to mobilise much of the latent human resources which exist in our nation, and channel them into the national development process.

Offshore Financial Services

The Government continues a programme of aggressive marketing of the offshore services sector. In the prevailing circumstances, reasonable results have been achieved. At the end of 1986 some 650 companies were registered in this sector. Of these, some 150 were active International Business Companies, and there were 220 Foreign Sales Corporations, 46 Exempt Insurance Companies, 18 Management Companies, 13 Shipping Companies and 4 Offshore Banks.

Direct contribution to revenue from the entire offshore sector amounted to some $5 million in 1986/87.

Applause.

Changes in United States legislation in recent years have permitted the creation in the United States of an entity known as an International Banking Facility which can offer many of the advantages available from a reputable offshore bank. Some provinces in Canada are in the process of following the example of the United States. This development has reduced the scope for rapid growth in offshore banking in Barbados. However, the operations of the banks doing business here continue to grow at a satisfactory rate. The assets of the four banks together in 1986 totalled US$1.1 billion, representing a positive movement of 10 per cent over the previous year's figures.

Applause.

In the area of exempt insurance there has been considerable growth in 1986. The number of companies on the register moved from 7 at December 31, 1985 to 46 by end of 1986, and now stands at 60.

Applause.

The Government considers the development of trade and investment relations with as many countries as possible desirable. It intends, therefore, to establish whatever instruments are necessary and desirable in pursuit of this objective. Among the countries with which we propose to seek to conclude double taxation treaties are West Germany, Japan and Sweden,

The last named country has given notice of its intention to terminate the existing treaty, which was concluded with the U.K. and extended to Barbados, and has expressed its interest in concluding a new treaty more in keeping with the realities of our existing economic relationship. Barbados has already mal .1 positive response to Sweden.

Monetary Policy

The Government, Mr. Speaker, had indicated that its new fiscal policy would be accompanied by appropriate monetary policy.

Ti«,. overall reserve requirements of the commercial banks were raised to 30 per cent in October, while several financial instruments were made available to the public, all of which were well supported.

The mortgage rate was reduced to 9 per cent while the average lending rate was brought down to 9.5 per cent.

The Central Bank's discount rate was reduced to 8 per cent, and the minimum deposit rate lowered from 4 per cent to 3 per cent,

The Treasury Bill rate declined from 4.5H per cent in December 1985 to 4.34 per cent by December 1986.

Investment

The capacity of an economy over a prolonged period of time to sustain increases in income and employment is critically dependent on the maintenance of an adequate level of investment. When the ratio of Gross Fixed Capital Formation to Gross Domestic Product declines for any significant period, the ability of the economy to satisfy the future demands for jobs and higher living standards, through the use of the depleted stock of fixed assets, will be seriously compromised.

In this regard, the recent marked reduction in the ratio of Gross Fixed Capital Formation to GDP in Barbados is a cause for concern, and unless the trend can be reversed as a matter of some urgency, growth in the economy will be adversely affected. On average, during the 1970s, the country was investing in fixed assets which would generate in future income an amount roughly equivalent to 25 per cent of the value of its total output. However, since then the Gross Fixed Capital Formation has decreased in both absolute and relative terms, and between 1984 and 1985 averaged only 15 per cent of GDP.

The July 1986 Budget recognised the seriousness of this problem and sought to address it. In particular, the reduction in the rate of Corporation Tax from 45 per cent to 35 per cent significantly increases the volume of after-tax profits available for investment. Similarly, reductions in the rate of Property Tax on some businesses, and in operating expenses, such as water rates, improve cash flow and, ultimately, profitability.

While reduction in the level of taxation and in the costs of business operations are necessary conditions for revival of investment activity, other supporting policies are required, especially those relating to the encouragement of exports, since the export-led strategy of Government implies that much of the desired increase in investment will be targeted for the export sectors.

In this context, there already exists a comprehensive range of policies and programmes designed to assist exporters.

Mr. Speaker, I consider that, in addition to these special schemes and incentives, there is need for additional institutional strengthening, financial support and the creation

of new financial instruments to mobilise savings, and promote investment and exports. I now propose to outline a number of specific measures which seek to achieve these objectives.

Barbados Investment Council

Now that Barbados is moving to attract industries with higher value added locally, the focus of promotion must increasingly be on these firms with special requirements, including the need for a high quality work force. Such efforts should be directed at industrial and commercial enterprises that may benefit from our regime of offshore business. Success will require much greater use of the personal and institutional contacts such as those built up by the commercial sector with their industrial suppliers or other commercial enterprises over the years.

Government, therefore, proposes to establish the Barbados Investment Council, to promote the mobilisation of domestic resources for investment. The Council will consist of no more than 12 persons drawn from the public and private sectors.

Applause.

Securities Exchange

One of the major aims of Government is to increase the flow of domestic savings going into equity investment. A number of concessions have been introduced in the past to stimulate purchase of new share issues, but the main obstacle to development of the equity market has been identified as the absence of institutional machinery which would facilitate the transfer of shares from sellers to buyers. Because of the costly and time consuming process presently involved in share transfers, potential buyers are discouraged from investing their savings in equity.

For some time now, work has been progressing on the establishment of a Securities Exchange in Barbados. Such an exchange would provide a legally regulated market for the buying and selling of listed shares, and would permit shares to exchange hands in a speedy and orderly fashion, thus removing many of the obstacles to the growth of the equity market. It is also proposed to trade Government securities on the exchange in order to make it easier for the small investor to participate in the regular issues.

Another serious impediment to increased trading in shares has been the transactions costs incurred in transferring share ownership. At present, Property Transfer Tax of 5 per cent is payable by nationals on sales of shares valued over $25 000; similarly, Property Transfer Tax of 8 per cent is paid by non-nationl vendors and 10 per cent by non-national purchases on amounts exceeding the same limit. In addition, Stamp Duty, which is payable on shares sold, inhibits the regular and free transfer of local securities.

To improve liquidity in listed issues, and to encourage publicly held companies to list their shares on the exchange, it is important that these transactions costs, which would be completely prohibitive for short-term traders, be eliminated as far as possible.

Accordingly, it is proposed that transfers in respect of transactions in shares of listed companies, made through and in accordance with the rules of the Securities Exchange of Barbados, be exempt from the Property Transfer Tax and Stamp Duty.

Applause.

It is anticipated that the exchange will become operational by mid-year.

The revenue loss will be $500 000, based on 1985 returns.

Venture Capital Corporation

I turn now, Sir, to a new concept. The establishment of the Investment Council and the launching of the Stock Exchange will provide powerful institutional support for investors generally.

Equally important, however, is the need to ensure availability of financial resources on appropriate terms, and in this regard, the lack of adequate risk capital is seen, in many cases, as a major handicap to the development of viable business entities. While medium and long-term loans are available from the commercial banks and the Barbados Development Bank, a recurring problem facing local business is the lack of equity financing, and the consequential unfavourable debt/equity ratio which create almost insurmountable difficulties when there is a downturn in the market and arrears of debt accumulate.

A study of the financing needs of the private sector has been undertaken, and it is proposed to establish a Venture Capital Corporation.

Applause.

Such a corporation, by purchasing shares directly, would help to improve the high debt/equity ratios evident in many companies in the industrial sector. The corporation would also equip itself to provide advisory services in finance, management and marketing, and in this way would help companies to enconomise on the cost of support services through cost sharing.

The corporation will be a private sector company, with Government and the Central Bank of Barbados as small shareholders.

Government views the creation of the Venture Capital Corporation as fulfilling a glaring need in the capital market of Barbados, and has mandated the Central Bank to initiate discussions with banks and other interested partners with a view towards early implementation.

Equity funding is essential, and the initial capital is expected to be of the order of $24 million. The Central Bank will take 20 per cent of the equity and the Government 5 per cent.

Micro-Business Window

While this corporation, like the other existing financing institutions, will serve principally those small and medium-sized businesses which have a capacity for further growth, there is a category of business which at present is not catered for at all. This consists of those micro (often one-man) businesses which will never expand, but which have the potential to provide a satisfactory living for the self-employed.

Such enterprises need access to capital as well, and so it is proposed to set up a Micro Business Window in the Barbados Development Bank to cater exclusively to the needs of this group of entrepreneurs.

Loud Applause.

It will initially be capitalised in the amount of $500 000, with the bank and Government each contributing $250 000. This window will become operational in this financial year.

Applause.

Public Investment Instruments

Mr. Speaker, restoring investment to the levels needed to sustain satisfactory economic growth over the medium term requires raising the level of financial savings in the community and channelling these savings, through financial intermediaries, into productive activities. To encourage the public to save part of their increased disposable incomes, it is proposed to make attractive financial instruments available for purchase.

A special issue of National Housing Development Bonds, in the amount of $10 million, will be issued by the Barbados National Bank. The proceeds of these bonds will be used to cater to the needs of the lower income groups for mortgage finance and will be disbursed by the Barbados Mortgage Finance Company.

Applause.

I also propose to make up to $5 million available to the Barbados Mortgage Finance Company and a further $5 million to the National Housing Corporation during this fiscal year.

Applause.

These measures are designed to enhance the capacity of the two organisations, which cater to lower income groups in the community, to meet the housing needs of that sector of our population.

The programmes will include home repairs and home improvements, sites and services, starter homes and increased availability of mortgage finance.

Additionally, a $10 million issue of National Development Bonds will be put on the market by the Barbados Development Bank.

I should mention that more jobs will be created by this activity.

Applause.

Also, Mr. Speaker, I propose to introduce two new instruments which will assist individuals and corporations with their tax planning, and which will be useful sources of investment.

Firstly, there is the Tax Reserve Certificate. The purpose of this certificate is to provide an instrument which is attractive and convenient for individuals, as well as corporations, to set aside a portion of cash against their future income tax liability.

These certificates can be tendered as payment for tax and will bear interest at the rate in effect at the date of issue. The interest will be paid for each complete month from that date to the date on which the tax is due, but not exceeding 24 months, and will be tax free.

Secondly, there will be a Tax Refund Certificate. This certificate is being introduced to accommodate those persons who are receiving refunds and are desirous of investing them.

It can be encashed at any time after a period of six (6) months from the date of issue but not exceeding five years, and will bear interest at a rate to be determined each fiscal year. The interest will be tax free.

Mr. Speaker, I wish to stress thai; all taxpayers are entitled to receive their refunds in the usual manner, and this instrument is being made available only for those who wish to invest their money in this way.

Since August last year, I have been holding consultations with the private sector with a view to mobilising private sector resources to assist and to facilitate Government's objectives of export-led growth.

It was recognised that tourism offers the best opportunities in the short term for expanding export earnings and generating new jobs.

A group of large private sector companies, which use foreign exchange but which is also an important earner of foreign exchange, has proposed that a fund be established by voluntary contributions from the private sector for the purpose of supporting increased marketing of Barbados as a tourist destination.

The proposal is for participating private sector companies to contribute 3 per cent of pre-tax profits to the fund, which will be a corporate entity, managed by a committee of the contributors, with Government representation.

On the basis of firm commitments, it is estimated that the fund will realise some $3 to $4 million per year over the three year period during which the contributors have covenanted to contribute.

Applause.

The Government has approved the proposal in principle, and has agreed that the contributions to the fund will qualify for the benefit of the Market Development Allowance under Section 12F of the Income Tax Act.

The Government considers this is an initiative of greatest significance. Not only does it represent an expression of confidence on the part of the private sector in Government's policies, but it also represents an encouraging response from some of the biggest companies in Barbados to Government's new fiscal measures.

The fund will be used for market development of the tourism product, and will be aimed specifically at improving the summer trade, and, by increasing year-round occupancies, will make fuller use of the under-utilised capacity presently existing in the tourism industry.

International Competitiveness

Mr. Speaker, I wish now to say a few words on the matter of competitiveness of Barbados'export sectors.

It must by now be abundantly clear to us all that in order for this economy to grow and provide the jobs and increased living standards we all deserve, our foreign exchange earnings capacity must continuously expand.

While fuller utilisation of existing productive capacity can in the short term sustain output, eventually increased output requires increased investment, local and foreign, and such investment will only be forthcoming if goods can be produced and services provided in Barbados, at prices which permit those goods and services to be profitably marketed.

Available evidence indicates that wage rates in Barbados since 1980 have increased faster than prices and the growth of real output per employee, with the result that unit labour costs of production here have grown faster than is the case with our major competitors.

It is essential that we all recognise that if our exporters are to be able to exploit the market access provided through Barbados' participation in various preferential trading arrangements with the United States, Canada and Europe, it is essential that our costs of production do not increase at a faster rate than those of our major trading partners.

In this regard, Government in the July 1986 Budget introduced measures, some of which were mentioned earlier, to reduce the operating costs in tourism and manufacturing.

The Government, as I have repeatedly stated, is committed to maintaining the present parity of the Barbados dollar with the US dollar. A stable exchange rate regime confers significant benefits on a small, open economy, such, for example, as maintaining investor confidence.

However, it is imperative that such an exchange rate policy be accompanied by fiscal, monetary and wages policies which ensure that Barbados' competitiveness is not eroded.

Government has put in place appropriate fiscal and monetary policies, and it is essential that, in future, increases in wages do not exceed productivity growth.

In this regard, I am heartened by the recent wage settlement in the tourist industry which, hopefully, will be regarded as setting the example for future settlements.

Nonetheless, Government considers continuous improvements in the standard of living to be a fundamental objective of economic policy.

Fiscal Review

I turn now to the long awaited fiscal review.

Current revenue was originally estimated at $704.7 million. The concessions in the July 1986 Budget were estimated to result in a gross revenue loss of $67 million and a net revenue loss of $53 million.

The revised estimate of current revenue was therefore $651.7 million.

Provisional data at March 31, indicate that current revenue was $670.5 million, $22.4 million or 3.5 per cent more than for fiscal year 1985/86.

Personal Income Tax, compared with the fiscal year 1985/86, fell by $57.1 million. However, Consumption Tax increased by $20.9 million, Import Duties increased by $18.6 million, Stamp Duties increased by $10.9 million, Corporation Tax increased by $14.2 million and Property Taxes increased by $7.8 million.

It will therefore be seen that the reduction in Personal Income Tax was more than fully compensated for by increases in revenue in these other areas.

Current expenditure was originally estimated at $701.7 million. During the year, supplementary provisions of $22.5 million were approved by Parliament, making a total of $724.2 million.

The fiscal programme introduced in the July Budget called for a reduction in current expenditure to $688 million.

Provisional data at March 31, indicates that current expenditure was $681 million, $17.9 million or 2.7 per cent more than for fiscal year 1985/86.

The deficit on current account was therefore $10.5 million compared with current account deficits of $21.1 million for fiscal year 1984/85 and $15 million for fiscal year 1985/86 under the high tax regime of the previous Administration.

Applause.

It should also be noted from the above, that if the fiscal programme of the former Administration had remained in place, the current account deficit would have been $20 million.

Capital expenditure was originally estimated at SI90.1 million. During the year, supplementary provisions in the sum of S48.8 million were approved by Parliament, making a total of S238.9 million.

In the July Budget, I indicated that capital expenditure would be reduced to SI50 million. Provisional data at March 31, 1987 indicates that capital expenditure was SI63.5 million, inclusive of a sum of SI 1.7 million, relating to the Industrial Credit Fund, which is administered by the Central Bank.

Of this expenditure, $1.04 million occurred in 1983/84, $4.26 million occurred in 1984/85, $4.96 million occurred in 1985/86 and only SI.52 million occurred in 1986/87. Through an oversight, these expenditures were not brought to book until 1986/87.

The true capital expenditure in 1986/87 was therefore $153.3 million.

In summary, the fiscal targets set by the Government in July 1986 were achieved.

The overall deficit of the Central Government was S163.8 million or 6.1 per cent of GDP.

However, when amortisation is excluded from the current expenditure and shown as a financing item net of capital inflows, as is the custom, and the surplus from the National Insurance Fund is included, the consolidated public sector deficit is reduced to 3.2 per cent of GDP. This is to be compared with 3.5 per cent for the fiscal year 1985/86, calculated on the same basis in the last Budget.

The data presented indicates that under the fiscal regime of the previous Administration, the deficit would have been 187.1 million, or $23.3 million higher than what was achieved by us. This is based on the information provided in the approved estimates for 1986/87.

However, when supplementary provisions by Parliament are taken into account, the deficit under that fiscal regime could have been as high as $258.4 million, unless additional revenue measures were introduced, or drastic cuts in expenditure made, or some combination of both.

It should also be abundantly clear that the measures which were introduced in July did not increase the fiscal deficit.

On the contrary, the deficit was substantially reduced through steps taken by the new Government to reduce Capital Expenditure from $190.1 million to S153.3 million, while the deficit on current account was only S10.5 million.

To emphasise this point, I wish to compare the fiscal out-turn over the past three years.

In fiscal year 1984/85, the current account deficit was S21.1 million, Capital Expenditure, S147.6 million, and the overall deficit $168.7 million or 7 per cent of GDP.

In fiscal year 1985/86, the current account deficit was SI 5.0 miJlion, Capital Expenditure, $146.0 million, and the overall deficit was $161.0 million or 6.5 per cent ofGDP.

In fiscal year 1986/87, the current account deficit was $10.5 million, Capital Expenditure, $153.3 million and the overall deficit was $163.8 million or 6.1 per cent of GDP.

Public Debt

Mr. Speaker, in recent weeks they have been many statements to the effect that Government has been borrowing excessively on the foreign market to finance current expenditure.

The data I presented on current revenue and expenditure demonstrates that this is not the case.

Capital expenditure has been financed in its totality in recent times by local and external borrowings, and it was reducecf by some $37.0 million.

Mr. Speaker, no one has to warn me about the implications of excessive foreign borrowing, because, for many years, I have been cautioning the last Administration against the rapid expansion in the foreign debt, and if my advice had been taken seriously, we would not have been faced with such massive repayments of foreign debt during fiscal years 1986-1990.

At March 31, the public debt -- that is, the Central Government's debt - was $1.26 billion, of which the sum of $662.0 million was borrowed locally and $604 million from external sources. The gross domestic product at market prices was $2.67 billion, and total export earnings from goods and services $1.6 billion. The Foreign Debt Service was 2.6 per cent of GDP and 4.4 per cent of earnings from the export of goods and services.

In the future, Sir, I will include in the Estimates a schedule showing the total National Debt, which will show the Public Debt, which I have just outlined, Public Guaranteed Debt, Central Bank Debt, privately held debt and any other relevant information over a period of 20 years.

Appla use.

Objectives of Budgetary Policy

The 1987 Budgetary Proposals, therefore, are being presented against the background of an economy which has shown encouraging signs of resurgence, but which is yet characterised by an unacceptable level of unemployment and a fragile balance of payments situation since 1981.

This Budget, therefore, must seek to address both the short-term need to increase the number of jobs available and the longer-term need to increase productive investment and improve the balance of payments, by increasing export earnings and dampening the growth of certain imports.

These policies are firmly set in the framework established in the July 1986 Budgetary Proposals — reduction in the level of personal and corporate Income Tax to increase disposable incomes and stimulate economic activity, assistance to the private sector, the main engine of growth, in the form of a reduction in the costs of business operations, incentives, institutional support and financial assistance, and a reduction in the size of the public sector.

Applause.

The main objectives of budgetary policies in 1987 may be stated as follows:

(1) Expansion of employment opportunities.

(2) Progressive reduction of the deficit of the Consolidated Public Sector to 3 per cent in 1987/88 and 2 per cent in 1988/89 through a judicious com bination of expenditure control and non-inflationary revenue measures.

(3) Strengthening the productive base of the economy by expanding capital markets, mobilising domestic savings, encouraging wider share ownership and boosting investment through institutional support and fiscal incentives.

(4) Improvement of the balance of payments.

(5) Stimulation of local manufacturing and agricultural production in certain selected areas, particularly garments and processed food-stuff, by taking steps to enlarge the size of the domestic market.

Mr. Speaker, the revenue measures I shall be proposing relate to these objectives, and are also designed to create employment opportunities, ensure adequate levels of health care in an expanded health delivery system, meet the financing requirements of the public transport system for this fiscal year, and finance the $26 million bill arising from the increases in the public servants' salaries.

They have been carefully designed to achieve specific macro-economic and sectoral goals, and to ensure that there is no reversal of the momentum generated by the fiscal measures implemented in July 1986.

Income Tax

In July 1986, I gave significant relief in the area of Income Tax and sought to bring basic principles of equity to bear on our Income Tax structure. I look forward to making further concessions in the future, o

Consistent with the principles I outlined in July last year, there is a need to make certain adjustments.

The Income Tax changes have removed a large number of persons from the tax net and they derive no tax benefit from allowing the various levies as a deduction. This situation should apply to all.

Therefore, with effect from income year 1987, the various levies will not be allowed as a deduction for Income Tax purposes. This change will result in additional revenue of only $1.5 million.

The present Income Tax laws make provision for covenants to be allowed as a deductible expense. In recent years, there has been susbtantial and increasing abuse of this facility, and it has largely degenerated into a mechanism for tax avoidance.

Therefore, with effect from income year 1987, except in the case of covenants with charitable organisations, which will continue to be 10 per cent, covenants will be restricted to 5 per cent of assessable income instead of the present allowance of 15 per cent. This proposal is expected to result in additional revenue of $500 000.

I also propose to make an adjustment to the present method of dealing with Dividend Credits. At present, the Dividend Credit is 50 per cent. However, that rate was set at a time when the Corporation Tax rate was 45 per cent, and before the new Income Tax structure was put in place. As a result, there is no longer any justification for such a large Dividend Credit, and, effective from this income year, the Dividend Credit will be reduced from 50 per cent to 15 per cent. The revenue to be saved from this adjustment is 1700 000.

Corporation Tax

Last year, I reduced the Corporation Tax from 45 per cent to 35 percent. All indications are that that decision has had a beneficial impact on the various companies. In addition, I appointed a committee to make recommendations on further changes to the corporate tax structure. The committee handed in its report recently and the contents of that report are now being studied by the Ministry of Finance. Therefore, at this time, I do not propose to make any major changes in this area.

However, I consider one minor change to be in order. The present Building Allowance of 2 per cent for commercial buildings is extremely generous, for two reasons.

In the first place, it is not limited to any period of time, but companies will be able to claim the allowance every year for as long as they are in existence.

Secondly, the rate of tax has been reduced from 45 per cent to 35 per cent, and when the recommendations of the Corporation Tax Review Committee have been studied, further changes will be implemented.

Therefore, effective from this income year, I propose to reduce the Building Allowance from 2 per cent to 1 per cent. The allowance for listed buildings of historical interest will remain unchanged. This change will result in additional revenue of $750 000.

Employment

Despite the significant success of the Government in generating new jobs so far, the level of unemployment remains unacceptably high.

All those in employment have a moral duty to contribute towards the generation of new jobs and towards equipping the young with skills to enable them to take advantage of any new job opportunities.

I therefore propose to introduce two measures to enable the Government to make a greater contribution in these two areas by implementing some of the recommendations of the report of the Task Force Committee on Employment established by the Minister responsible for Employment.

With effect from May 2, the Training Levy will be increased by 0.5 per cent of insurable earnings, and this will be payable by the employee. At present, employers pay 0.5 per cent of insurable earnings and this will remain the same. This is expected to yield $2.75 million.

As a temporary measure, a new Employment Levy will be introduced. This Employment Levy will be used to finance specific programmes relating to new job opportunities. Effective from May 2, employers and employees will each pay 0.5 per cent of insurable earnings. This is expected to yield $9.2 million.

Health

Experience has shown that the introduction of National Health Service programmes place ever increasing burdens on the financial resources of countries, without commensurate improvement in health care delivery.

The past Administration chose to ignore all the evidence emanating from all parts of the world, and implemented a programme which is now making ever increasing demands on the country's limited resources.

This year, the Glebe Polyclinic becomes operational, while steps will have to be taken to ensure that the other aspects of the Health Service already in place, do not result in sub-standard levels of medical care in the community.

I therefore propose to increase, with effect from May 2, the Health Levy by 0.5 per cent, payable by employees. This measure is expected to yield $4.6 million.

Public Transport

Since the decision taken by the previous Administration to nationalise the entire public transport system the Transport Board benefitted through increases in bus fares from 25 cents to 75 cents, while transfers from the public by way of direct subsidies and levies have amounted to over $98.0 million.

Clearly this situation cannot be allowed to persist, and drastic steps will have to be taken to correct this problem, which constitutes an embarrassment and a blot on the reputation of this country for reasonably sound financial management.

I will not be increasing bus fares, since this will place the burden of what is a national problem solely on the poorer sections of the community who use the public transport system.

However, the requirements to finance the deficit at the Transport Board this year are in excess of $25 million, when one brings to book all the outstanding commitments which were either hidden or brought forward year after year.

With effect from May 2, and on a temporary basis, I propose to increase the portion of the Transport Levy payable by employees by % of one per cent and give the new Board an opportunity to demonstrate whether it can bring reasonable levels of efficiency to bear on that operation. This will yield $6.875 million.

These adjustments in the levies are designed to avoid increases in the non-wage costs of labour, which are already high and affecting the competitiveness of Barbados in the economic environment in which we have to function.

Mr. Speaker, to put these increases in levies in a clear perspective, they amount to a mere 2/4 cents in the dollar for employees. This is a small price which I am sure all of us will be happy to pay to help find jobs for the unemployed, improve the skills of the young provide better care for the aged, the chronically ill and the young, and tide over the Transport Board for a year until, with better management, the financial situation there can be improved.

Stamp Duty

Last July, I reduced the rate of Stamp Duty on certain import items from 12 per cent to 10 per cent.

As you know, Mr. Speaker, there has been a call from certain member countries of the CARICOM region for the removal of the Stamp Duty on CARICOM goods.

However, while we are sympathetic to the call, such a course of action, on our part, must await the resolution of the many problems which inhibit Barbados' access to the CARICOM market.

Nevertheless, with immediate effect, as a clear signal of our commitment to CARICOM, I now propose to reduce Stamp Duty on CARICOM imports from 12 per cent to 10 per cent, and to increase the rate of Stamp Duty on extra-regional imports from 12 per cent to 15 per cent. These measures will enhance the competitiveness of CARICOM goods *vis-a-vis* non-regional goods in the Barbados market.

The net effect of these adjustments in the Stamp Duty regime is expected to yield additional revenue in the sum of $11.0 M.

Consumption Tax

Mr. Speaker, I consider it necessary to take steps to dampen demand for certain extra-regional imports, expand the domestic market for our local manufacturers of garments and other products, including non-sugar agricultural products.

These are the guiding principles behind the changes which I propose to make in the Consumption Tax structure, and, as you will appreciate, Sir, an inevitable consequence of these changes is that there will be some increase in revenue.

With immediate effect, the basic rate of Consumption Tax, as shown in the existing Consumption Tax Schedule, will be 6 per cent instead of 5 per cent.

Secondly, I have established a new regime for charging Consumption Tax on extra-regional imports which are in direct competition with regionally-produced garments.

With immediate effect, the Consumption Tax on these items will be 30 per cent, as shown in Appendix 'A\ Also, in agreement with the Ministry of Trade and Commerce, it has been decided that the minimum C.I.F. value on these items will be increased by 25 per cent.

With respect to composite sets of garments (e.g. tops and bottoms), which can be sold as individual items, it is proposed that such composite garments be given a minimum C. I. F. value, based on the sum of the individual items, so as to discourage the sale of these sets as individual items. Also, import licenses will be required for such items.

Mr. Speaker, the Ministries of Agriculture and Trade and Commerce have identified for us a number of items which are either in competition with our local non-sugar agricultural products or are of a luxury nature.

Some of these items are not subject to Consumption Tax at present, and I have decided to add them to the Schedule, with immediate effect.

But of even greater importance is the fact that I have decided to introduce a special rate for those items from extra-regional sources. Details of these items are shown in Appendix 'A' but they include such items as caviar, smoked fish, crustaceans and molluscs, frog legs, grapes, apples, soups and broths, dates, cashew nuts, string beans, pigeon peas, fresh carrots and tomatoes, to mention only a few.

Also, it is considered appropriate at this time to increase the tax on whisky, brandy, gin, vodka from $10 per litre to $12 per litre.

The tax on cigarettes will be increased irom 35 cents per 5 to 40 cents per 5 cigarettes.

While on the question of Consumption Tax, there are certain adjustments which I propose to make in respect of motor cars.

For some time, there have been complaints from garages about difficulties which they experience as a result of the two-tier system of Consumption Tax. I have examined the problem carefully, but while I am of the view that it is desirable to have a more equitable tariff structure, any major change at this stage may have undesirable social consequences because of the wide fluctuations in exchange rates which we are presently experiencing.

However, the Hire Purchase Regulations as they affect motor cars and vans are being studied, and will be changed if it is found to be desirable.

Finally, on this subject, I wish to address the question of the rebate on motor cars. It is my understanding that the rebate was granted at a time when the garages were facing severe competition from private importers.

Prevailing evidence suggests that this competition no longer exists. Therefore, with immediate effect, I propose to reduce the rebate from 20 per cent to 15 per cent.

Mr. Speaker, the changes in -Consumption Tax which I have outlined above, as well as those set out in the Appendix 'A', take immediate effect and are expected to yield additional revenue of $14.0 million.

Drivers Licences and Related Charges

The Government continues to provide better roads for motorists and other members of the public, improved parking facilities, as well as various improvements to make travelling on the road safer. Therefore, I feel that some small contribution should be made by users to help finance the cost of these improvements. As a result, with immediate effect, I propose the following changes:

Drivers Licences etc.	(f) *•esent*	*Proposed*
(a) Driver's Licence for 1 year	30.00	$ 40.00
(b) for 3 years	75.00	S100.00
(c) Drivers Test	30.00	$ 40.00
(d) Drivers Permits	20.00	$ 30.00
(e) Renewal of Permits	15.00	$ 25.00

Parking Fees		*Present*	*Proposed*
(a) Daily (i)	1 hour or part thereof up to 5 hours		
(ii)	Over 5 hours	$ 3.00	$ 4.50
(b) Monthly		$100.00	$150.00

Private Motor Cars — Annual Registration Fee

Exceeding	*Not exceeding*	*Present*	*Proposed*
	1150 Kgs	S200.00	S240.00
1150 Kgs	1350 Kgs	$250.00	$300.00
1350 Kgs	1550 Kgs	S450.00	$540.00
1550 Kgs		$800.00	$960.00

Inspection of Motor Vehicles			*Present*	*Proposed*
	Exam.:	*Cert.*	*Exam.:*	*Cert.*
Heavy Motor Cycles Light Motor Cycles	$ 5.00	$ 2.00	$ 7.50	$ 3.00
Motor Bicycles	$ 5.00	$ 2.00	$ 7.50	$ 3.00
Private Cars	$ 5.00	$ 2.00	$ 7.50	$ 3.00
Public Service Vehicles	$25.00	$10.00	$37.50	$15.00
Goods Vehicles, Tractors, Trailers	$25.00	$10.00	$37.50	$15.00
	$25.00	$10.00	$37.50	$15.00

The above changes, which take immediate effect, should yield additional re venue of ..5 million.

Banking Licences

Legislation is now before Parliament to change the formula which was used for determining the tax on the assets of commercial banks. This change of formula will lead to an improvement in the finances of the banks, and I consider it reasonable to increase the licence fees. Therefore, with effect from January 1988, the licence fees will be as follows:

(a) banking licence, $100 000 instead of $50 000;

(b) in respect of each branch, a fee of $5 000 instead of $2 500.

These changes are expected to yield additional revenue of $442 500 in a year.

Franchise Licences

The present Franchise Licence fees have been in effect for the past eight years, arid I consider that an increase is in order. Therefore, with immediate effect, all franchise licences will be increased by 100 per cent as follows:

Original Licence	Duplicate Licenc	e Renewal of

Licence	*Present*	*Proposed*
	$5 000	$10000
	$ 200	$ 400
	$1 000	$ 2000

These changes are expected to yield $60 000.

Licence Fees for Certain Salesmen

As is the case in other CARICOM countries, non-national salesmen promoting the sale of extra-regional goods in Barbados, with effect from today, will be required to pay an annual licence fee of $750.00.

Gaming and Betting

At the moment, the existing regime which permits gaming and betting is being studied. However, there is no doubt in my mind ~hat the existence of large scale gambling creates a number of social problems for any society. In addition, substantial sums of money are involved in this activity and the revenue which accrues to Government is minimal. I propose to make certain changes to the fees involved with immediate effect as follows:

	Present	*Proposed*
(i) *Pool Betting*		
(a) For the grant or renewal of a certificate or registration	50.00	$ 150.00
(ii) *Racing Service Business*		
(a) A whole-year certificate	50 000	$ 60 000
(b) A half-year certificate	30000	$ 35000
(iii) *Gaming Machine Licence (other than Amusement Machine Licences)*		
(a) A whole-year licence	$ 3 500	$ 8000
(b) A half-year	$ 2 000	$ 5 000
(iv) *Amusement Machine Licences*		
For such machine (excluding a pool table) constructed or adapted for purposes only of amusement a yearly fee of	750.00	$ 1 200.00
(v) *Amusement Arcade Licences for the issue or renewal of*		
(a) A whole-year licence	$ 60 000	$200 000
(b) A half-year licence	35 000	$105 000

These changes are expected to yield additional revenue of $2.9 million.

Travel Tax

Barbados is a tourism-oriented economy, and it is essential that facilities at the airport be upgraded on a continuous basis. At this stage it is undesirable to impose any additional charges which may have a negative impact on the tourist industry. With the increase in disposable incomes, Barbadians have been travelling in increasing numbers to various destinations, utilising a significant portion of the country's foreign exchange earnings on consumer items.

While I have no desire to prevent our citizens from travelling abroad as they wish, I feel that it is only reasonable that some of the money should be retained at home to help with our improvements at the airport.

Therefore, with immediate effect, I propose to increase the travel tax from 10 per cent to 15 per cent up to a maximum of $300.00.

It is expected that this increase will yield additional revenue of $2.0 million.

Other Stamp Duty

The public is reminded that, under the existing legislation, stamps should be placed on all receipts for the sale of goods and services in excess of S10.00. This reminder has become necessary, because there is evidence to suggest that this requirement is not being observed in many cases.

Mr. Speaker, the Estimates of Revenue and Expenditure for the fiscal year 1987/88, provide for revenue of S698.1 million and current expenditure of $711.6 million leaving a financing gap of $13.6 million.

In addition, the increased wages and salaries for public servants during fiscal years 1986/87 and 1987/88 amount to approximately $26.0 million.

The revenue loss and commitments occasioned by the proposals I announced this evening total $11 950 000 as follows:

(1)	Securities Exchange	$ 500000
(2)	Venture Capital Company	1 200 000
(3)	Barbados Development Bank	250 000
(4)	Barbados Mortgage Finance Company	5 000 000
(5)	National Housing Corporation	5000000

The above information shows that the gap which has to be covered by additional revenue is $51.6 million.

The revenue raising proposals which I have introduced arc expected to yield additional revenue this fiscal year of $51.9 million, as follows:

(1)	Adjustment in respect of certain deductible expenses	$ 2 700 000
(2)	Adjustment to Building Allowance	750000
(3)	Training Levy	2 750 000
(4)	Employment Levy	9 200 000
(5)	Health Levy	4 600 000
(6)	Stamp Duty	11000000
(7)	Consumption Tax	14 000 000
(8)	Drivers Licences etc.	1500000
(9)	Banking Licences	422 000
(10)	Franchise Licences	60 000
(11)	Gaming and Betting Fees	2900000
(12)	Travel Tax	2000000
		$51 902 000

As indicated earlier, the additional revenue from the Transport Levy will go directly to the Transport Levy Fund, and that is why I have not included it above.

Thus, Mr. Speaker, it is clear that the additional revenue which is being raised will be used to meet the increased salaries for public servants, create additional job opportunities for the unemployed, provide a stimulus for housing development, with particular emphasis being placed on the needs of the lower income groups, and assist businesses at all levels. The new taxes relate exclusively to new expenditures.

The manner in which both the household and business sectors of the economy have responded to the fiscal measures introduced in July 1986 bears testimony to the intelligence and sense of social responsibility of workers and employers alike.

It is to this sense of social responsibility that I appeal, as I exhort all Barbadians to work for the attainment of a substantial improvement in productivity and efficiency in all areas of economic endeavour.

It is also to this sense of social responsibility that I appeal, as I urge all income earners to save and invest wisely.

In this regard, I especially wish to urge support for all bond issues. Such support would constitute a further vote of confidence in the fiscal policy of Government, and in our national capability to progress as a people.

As always, confidence is a key to success, and mutual confidence is a formula for happiness. This Budget is another expression of Government's confidence in the resilience of the Barbadian economy.

Applause.

The fiscal out-turn has strengthened me in my conviction that with expenditure restraints, fiscal deficits are self-eliminating, while associated tax reductions induce a growth response which leads to revenue recovery. I remain firm in this conviction, and I have presented today a low tax, investment and employment-oriented Budget with significant benefits for all in our community.

Let us all now join together as one nation, as we take the next step forward, our confidence strengthened by the pleasant experiences of the past ten months.

Loud Applause.

SUMMARY OF BUDGETARY AND OTHER PROPOSALS

(1) The Barbados Investment Council will be established to promote the mobilisation of domestic resources for investment.

(2) The Securities Exchange is expected to be operational this year.

(3) Securities traded through the Securities Exchange will be exempt from Property Transfer Tax and Stamp Duty. The revenue loss is expected to be $500 000.

(4) A contribution of $1.4 M. will be made as equity in the Venture Capital Company.

(5) A contribution of $250 000 will be made to the Barbados Development Bank to assist micro-businesses.

(6) A special issue of National Housing Development Bonds in the sum of $10.0 M. will be made by the Barbados National Bank.

(7) A contribution of $5.0 M. will be made to the National Housing Corporation.

(8) A contribution of $5.0 M. will be made to the Barbados Mortgage Finance Company.

(9) The Barbados Development Bank will place a bond issue of $10.0 M.

(10) Tax Reserve Certificates will be available for individuals of companies to set aside a portion of cash against their future income tax liabilities.

(11) Tax Refund Certificates will be made available for persons who wish to invest their Income Tax Refund.

(12) Contributions by private sector companies to the special Marketing Fund will qualify for benefit under the Market Development Allowance section of the Income Tax Act.

(13) Effective from Income Year, 1987, Levies will not be allowed as a deduction for Income Tax purposes. Revenue of $1.5 M. will result.

(14) Effective from Income Year, 1987, covenants, except for those with charitable organisations, will be restricted to 5 per cent of assessable income. Additional revenue of $500 000 will result.

(15) Effective from income year', 1987, the Dividend Credit will be reduced from 50 per cent to 15 per cent. Additional revenue of $700 000 is expected.

(16) Effective from income year, 1987, the Building Allowance for commercial buildings will be reduced from 2 per cent to 1 per cent. Additional revenue of $750 000 is expected.

(17) Effective from 2nd May, 1987, employees will contribute 0.5 per cent as Training Levy. Additional revenue of $2.75M. is anticipated.

(18) Effective from 2nd May, 1987, there will be an Employment Levy of 1 per cent to be shared equally by employers and employees. Additional revenue of $9.2 M. is expected.

(19) Effective 2nd May, 1987, employees will contribute an additional 0.5 per cent as Health Levy. Revenue of $4.6 M. is expected from this measure.

(20) Effective 2nd May, 1987, employees will contribute an additional 0.75 per cent as Transport Levy. Expected revenue from this measure is $6.875 M.

(21) With immediate effect, Stamp Duty on Caricom imports will be reduced from 12 per cent to 10 per cent and that on extra-regional imports increased from 12 per cent to 15 per cent. Additional revenue of $11.0 M. is anticipated.

(22) With immediate effect there will be increases in Consumption Taxes as shown in Appendix A. These changes include a special regime for extra-regional garments and other imports which compete directly with local products. Also the rebate on motor cars imported by garages has been reduced from 20 per cent to 15 per cent. Additional revenue of $14.0 M. is expected.

(23) With immediate effect, there will be increases in Drivers' Test, Renewal of Permits, Parking Fees, Inspection of Vehicles, and the annual registration fees of private motor cars. Additional revenue of $1.5 M. is expected.

(24) Banking Licences are increased with effect from January, 1988. Additional revenue of $442 500 is expected.

(25) With immediate effect Franchise Licences are increased by 100 per cent. Additional revenue of $60 000 is expected.

(26) Effective from 7th April, 1987, non-national salesmen promoting the sale of extra-regional goods will be required to pay an annual licence fee of $750.00.

(27) With immediate effect, Gaming and Betting Fees are increased. Additional revenue of $2.9 M. is expected.

(28) With immediate effect, the Travel Tax is increased from 10 per cent to 15 per cent up to a maximum of $300.00. Additional revenue of $2.0 M. is expected.

Appendix 'A'

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
Ex. 02.04	Other meat and edible meat offal, fresh, chilled or frozen:	0		
	Frog legs	0	0%	15%
03.01	Fish, fresh (live or dead), chilled or frozen	0	0%	15%
Ex. 03.02	Fish, dried, salted or in brine, smoked fish, whether or not cooked before or during the smoking process other than cod	0	0%	15%
03.03	Crustaceans and molluscs, whether in shell or not fresh (live or dead), chilled, frozen, salted, in brine or dried; crustaceans, in shell, simply boiled in water	0	0%	15%
03.03.19	Other	0	0%	15%
03.03.919	All other		0%	15%
05.01	Human hair, unworked, whether or not washed or scored; waste of human hair	0	0%	6%
05.02	Pig's, hogs and boar's bristles or hair; badger hair and other brush making hair ; waste of such bristles and hair	0	0%	6%
05.03	Horse hair and horse hair waste, whether or not put on a layer or between two layers of other material	0	0%	6%
06.01	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower	5%	10%	10%
Ex. 06.02	Other live plants including trees, shrubs, brushes, roots, cutting and slips: Other than banana, coconut and cocoa plants	5%	10%	10%
06.03	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	15%	20%	20%
06.04	Foliage, branches and other parts (other than flowers or buds) of trees shrubs, bushes and other plants, and mosses, lichens and grasses, being goods of a kind suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	10%	15%	15%
Ex. 07.01	Vegetables, fresh or chilled		0%	15%
07.01.2	Tomatoes, whole or peeled		0%	15%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
07.01.41	String beans		0%	15%
07.01.42	Pigeon peas		0%	15%
07.01.43	Black-eye peas		0%	15%
07.01.5	Carrots		0%	15%
07.01.92	Cucumbers		0%	15%
07.01.99	Other		0%	15%
08.01.3	Brazil nuts	0	0%	10%
08.01.4	Cashew nuts	0	0%	10%
08.01.7	Dates	0	0%	10%
08.01.62	Mangoes •		0%	• 15%
08.04	Grapes fresh or dried Nuts other than those		0%	10%
08.05	falling within heading No. 08.01 fresh or dried, shelled or not	0	0%	10%
08.06	Apples	0	0%	10%
08.06.2	Pears and Quinces	0	0%	10%
Ex. 08.07	Stone fruit, fresh	0	0%	10%
08.07.1	Maraschino Cherries		0%	15%
11.08.1	Arrowroot starch	0	0%	15%
11.08.9	Other	0	0%	15%
12.01	Oil seeds and oleaginous fruit, whole or broken	0	0%	10%
16.01	Sausages and the like, of meat, meat offal or animal blood		0%	15%
16.04.4	Caviar and caviar substitutes	0	0%	10%
16.04.5	Salmon	0	0%	10%
16.04.9	Other	0	0%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
16.05	Crustaceans and molluscs, prepared 01 preserved	0	0%	10%
17.02.3	Maple sugar and maple syrup	0	0%	15%
17.02.9	Other	0	0%	15%
17.04	Sugar confectionery, not containing cocoa	0	0%	10%
18.06	Chocolate and other food preparations containing cocoa	0	0%	10%
20.01	Vegetables and fruit, prepared or preserved by vinegar or acetic acid with or without sugar, whether or not containing salt, spices or mustard	0	0%	15%
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid	0	0%	15%
20.06	Fruit otherwise prepared or preserved whether or not containing added suear or spirit except peanuts and pineapples		0%	15%
20.07	Fruit juices (including grape must) and vegetable juices, whether or not containing added sugar, but unfermented and not containing spirit	5%	6%	20%
21.04.1	Tomato ketchup and tomato sauce		0	15%
21.05	Soups and broths, in liquid, solid or powder form; homogenised composite food preparations		0%	15%.
21.07.3	Preserved corn	0	0%	10%
21.07.5	Flavouring preparations for making beverages	0	0%	15%
22.01	Waters, including spa waters and aerated waters; ice and snow	5^ Per Container	10£ Per Container	10)6 Per Container
Ex. 22.02	Lemonade and flavoured spa waters	5^ Per Container	lO^Per Container	10^ Per Container
22.03	Beer made from malt	50#1	75^ per litre	75^ per litre

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
Ex. 22.09	Spirits (other than those of Heading No. 22.08); Liqueurs and other spirituous beverages; Compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages:			
	Whisky: In bottles of a strength not exceeding 80% proof spirit	$10.00 per litre	$12. 00 per litre	$12. 00 per litre
	Other	$ 9.00 per litre	$12.00 per litre	$12.00 per litre
	Brandy: In bottles of a strength not exceeding 80% proof spirit	$10.00 per litre	$12. 00 per litre	$12. 00 per litre
	Other	$.9.00 per litre	$12. 00 per litre	$12. 00 per litre
	Gin: In bottles of a strength not exceeding 80% proof spirit	$10.00 per litre	$12. 00 per litre	$12. 00 per litre
	Other	$ 9.00 per litre	$12. 00 per litre	$12. 00 per litre
22.09.5	Vodka	$10.00 per litre	$12. 00 per litre	$12.00 per litre
22.09.91	Cordials and Liqueurs	$ 5.00 per litre	$ 7.50 per litre	$ 7.50 per litre
22.09.99	Other spirits	$15.00 per litre	$15. 00 per litre	$15. 00 per litre
24.02.1	Cigars & Cheroots; cigarillos	$15.00/kg	$20.00/kg.	$20.00/kg.
24.02.2	Cigarettes	35^ per 5 Cigarettes	40^ per 5 Cigarettes	40^ per 5 Cigarettes
Ex. 33.06.3	Shampoo (excluding toothpaste and tooth powder etc.)	5%	10%	10%
33.06.4	Perfumes and Toilet Waters	10%	15%	15%
33.06.5	Cosmetics and other products for the care of the skin	15%	20%	20%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
33.06.6	Manicure preparations	15%	20%	20%
33.06.7	Products for care of hair	10%	15%	15%
33.06.9	Other	10%	15%	15%
34.01	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes or moulded pieces or shapes, whether or not combined with soap	0%	0%	15%
34.02	Organic surface-active agents, surface active preparations and washing preparations, whether or not containing soap	5%	10%	10%
34.03	Lubricating preparations, and preparations of a kind used for oil or grease treatment of textiles, leather or other materials, but not including preparations containing 70% or more by weight of petroleum oils or of oils obtained from bituminous minerals	5%	10%	10%
34.04	Artificial waxes 'including water-soluble waxes); prepared waxes, not emulsified or containing solvents	5%	10%	10%
34.05	Polishes and creams, for footwear, furniture or floors, metal polishes, scouring powders and . similar preparations, but excluding prepared waxes falling within Head No. 34.04	5%	10%	10%
35.01	Casein, casemates and other casein derivatives; casein glues	5%	10%	10%
35.02	Albumins, albuminates and other albumin derivatives	5%	10%	10%
35.03	Gelatin (including gelatin in rectangles whether or not coloured or surface -worked) and gelatin derives; glue derived from bones, hides, nerves, tendons or from similar products, and fish glues; isinglass	5%	10%	10%
35.04	. Peptones and other protein substances (ex-cluding enzymes of heading No. 35.07) and other derivatives; hide powder, who! her or not chromed	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
35.05	Dextrins and dextrin glues; soluble or roasted starches; starch glues	5%	10%	-10%
35.06	Prepared glues not elsewhere specified or included; products suitable for use as glues put up for sale by retail as glues in packages not exceeding a net weight of 1 kg.	5%	10%	10%
35.07	Enzymes; prepared enzymes not elsewhere specified or included	5%	10%	10%
36.06.1	Matches (excluding Bengal Matches) in containers of 60 matches or less	$2.00 per 100 containers	$4.00 per 100 containers	$4.00 per 100 containers
36.06.2	In containers of more than 60 matches	$2. 00 per 100 containers	$4.00 per 100 containers	$4.00 per 100 containers
37.01	Photographic Plates and Film in the flat, sensitised unexposed. of any material other than paper, paper-board or cloth	5%	10%	10%
37.02	Film in rolls sensitised, unexposed, perforated or not	10%	15%	15%
37.03	Sensitised paper, paperboard and cloth unexposed or exposed but not developed	5%	10%	10%
37.04	Sensitised plates and film, exposed but not developed, negative or positive	5% -	10%	10%
37.05	Plates, unperforated film and perforated film, (other than cinematographic film) exposed arid developed, negative or positive	5%	10%	10%
37.08	Chemical Products and flash-light materials of a kind and in a form suitable for use in photography	5%	10%	10%
Ex. 40.11.21	Other pneumatic tyres for motor cars	0%	10%	10%
40.13	Articles of apparel and clothing accessories (including gloves) for all purposes, of unhardened vulcanized rubber	5%	10%	10%
40.14	Articles of unhardened vulcanized rubber	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
40.15	Hardened rubber (ebonite and vulcanite) in bulk, plates, sheets, strip, rods, profile shapes or tubes, scrap, waste and powder, or hardened rubber	5%	10%	10%
40.16	Articles of hardened rubber (ebonite and vulcanite)	5%	10%	10%
41.02	Bovine Cattle leather (including buffalo leather) and equine leather, except leather falling with-in heading No. 41.06 or 41.08	5%	10%	10%
41.03	Sheep and lamb skin leather except leather falling within heading No. 41 .06 or 41 .08	5%	10%	10%
41.04	Goat and Kid skin leather, except leather falling within heading No. 41 .06 or 41.08	5%	10%	10%
41.05	Other kinds of leather, except leather falling within heading No. 41 .06 or 41 .08	5%	10%	10%
41.06	Chamois-dressed leather	5%	10%	10%
41.08	Patent leather and imitation patent leather; metalized leather	5%	10%	10%
41.10	Composition leather with a basis of leather or leather fibre, in slabs, in sheets or in rolls	5%	10%	10%
42.01	. Saddlery and harness, or any materials (for example, saddles, harness, collars, traces, knee-pads and boots), for any kind of animal	5%	10%	10%
48.10	Cigarette paper, cut to size, whether or not in the form of booklets or tubes	5%	15%	15%
48.11	Wallpaper and lincrusta; window transparencies of paper	5%	10%	10%
48.13	Carbon and other copying papers (including duplicators stencils) and transfer papers, cut to size, whether or not put up in boxes	5%	10%	10%
48.14	Writing block, envelopes and philatelic material, letter cards, boxes, pouches, wallets and writing compendiums, of paper or paper board, containing only an assortment of paper stationery	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
48.15	Other paper and paperboard, cut to size or shape	5%	10%	1-0%
48.16	Boxes, bags and other packaging containers, or paper or paperboard, box files, letter trays and similar articles, of paper or paper-board, of a kind commonly used in offices, shops and the like	5%	10%	10%
Ex. 48.18	Registers, exercise books, memorandum blocks, order books, receipt books, diaries, blotting pads, binders (loose leaf or other), file covers and other stationery or paper or paper board; sample and other albums and book covers of paper or paper board ; other than exercise books and looseleaf binders	5%	10%	10%
48.19	Paper or paperboard labels, whether or not printed or gummed	"5%	10%	10%
48.21	Other articles of paper pulp; paper, paper-board or cellulose wadding	5%	10%	10%
49.08	Transfer (decalco manias)	5%	10%	10%
49.09	Picture postcards, Christmas and other picture greetings cards, printed by any process, with or without trimmings	5%	10%	10%
49.10	Calendars of any kind, of paper or paper board, including calendar blocks	5% •	10%	10%
50.04	Silk yarn, other than yarn of noil or other waste silk, not put up for retail sale	5%	10%	10%
50.05	Yarn spun from noil or other waste silk not put up for retail sale	5%	10%	10%
50.07	Silk yarn, and yarn spun from noil or or other waste silk, put up for retail sale; silkworm gut; imitation catgut of silk	5%	10%	10%
50.09	Woven fabrics of silk, of noil or other waste silk	*5%*	10%	10%
51.01	Yarn of man-made fibres (continuous), not put up for retail sale	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
51.02	Monofil, strip (artificial straw and the like) and imitation catgut, of man-made fibre materials	5%	10%	10%
51.03	Yarn of man-made fibres (continuous) put up for retail sale	5%	10%	10%
51.04	Woven fabric of man-made fibres (continuous) including woven fabrics of monofil or strip of heading No. 5 1 .0 1 or 5 1 .02	*5%*	10%	10%
52.01	Metallized yarn, being textile yarn spun with metal or covered with metal by any process	*5%*	10%	10%
52.02	Woven fabrics of metal thread or of metallised yarn, of a kind used in articles of apparel, as furnishing fabrics or the like	*5%*	10%	10%
53.06	Yarn of carded sheep's or lambs' wool (woolen yarn), not put up for retail sale	*5%*	10%	10%
53.07	Yarn of combed sheep's or lambs' wool (worsted yarn), not put up for retail sale	*5%*	10%	10%
53.08	Yarn of fine animal hair (carded or combed), not put up'for retail sale	*5%*	10%	10%
53.09	Yarn of horsehair or of other coarse animal hair, not put up for retail sale	*5%*	10%	10%
53.10	Yam of sheep's or lambs' wool, or horse-hair or of other animal hair (fine or coarse), not put up for retail sale	*5%*	10%	10%•
53.11	Woven fabrics of sheep's or lambs' wool or of fine animal hair	*5%*	10%	10%
53.12	Woven fabrics of horsehair or of other coarse animal hair	*5%*	10%	10%
54.03	Flax or ramie yarn, not put up for retail sale	*5%*	10%	10%
54.04	Flax or ramie yarn, put up for retail sale	*5%*	10%	10%
54.05	Woven fabrics of flax or ramie	*5%*	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
55.05	Cotton yarn, not put up for retail sale	. 5%	10%	10%
55.06	Cotton yarn, put up for retail sale	*5%*	10%	10%
55.07	Cotton Gauze	. *5%*	10%	10%
55.08	Terry towelling and similar terry fabrics of cotton	*5%*	10%	10%
55.09	Other woven fabrics of cotton	*5%*	10%	10%
56.05	Yarn of man-made fibres (discontinuous or waste) not put up for retail sale	*5%*	10%	10%
56.06	Yarn of man-made fibres (discontinuous or waste) not put up for retail sale	*5%*	10%	10%
56.07	Woven fabrics of man-made fibres (discontinuous or waste)	*5%*	10%	10%
57.04	Other vegetable textile, fibres, raw or processed but not spun; waste or such fibres (including pulled or garnetted rags or ropes)	*5%*	10%	10%
57.06	Yarn of jute or of other textile bast fibres of heading No. 5 7. 03	*5%*	10%	10%
57.07	Yarn of other vegetable textile fibres; paper yarn	*5%*	10%	10%
57.10	Woven fabrics of jute or of other textile bast fibres of heading No. 57.03	*5%*	10%	10%
57.11	Woven fabrics of other vegetable textile fibres; woven fabrics of paper yarn	*5%*	10%	10%
58.01	Carpets, carpeting and rugs, knotted (made up or not)	10%	15%	15%
58.02	Other carpets, carpeting, rugs, mats and matting, and "kelem" "schumacs" and "karamani" rugs and the like (made up or not)	10%	15%	15%
58.03	Tapestries, hand-made, of the type gobelins, flanders, aubusson, beauvais and the like, and needleworked tapestries (for example, petit point and cross stitch) made in panels and the like by hand	10%	15%	15%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
58.04	Woven pile fabrics and chenille fabrics (other than terry towelling or similar terry fabrics of cotton falling within heading No. 55.08 and fabrics falling within heading No. 58.05)	5%	10%	10%
58.05	Narrow woven fabrics, and narrow fabrics (bolduc) consisting of wrap without weft assembled by means of an adhesive, other than goods falling within heading No. 58.06	5%	10%	10%
58.06	Woven labels, badges and the like, not embroidered, in the piece, in strips or cut to shape or size	5%	10%	10%
58.07	Chenille yarn (including flock chenille yarn), gimped yarn (other than metallised yarn of heading No. 52.01 and gimped horsehair yarn); braids and ornamental trimmings in the piece; tassels, pompoms and the like	5%	10%	10%
58.08	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), plain	5%	10%	10%
58.09	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), figured, hand or mechanically made lace, in the piece, in strips or in motifs	5%	10%	10%
58.10	Embroidery, in the piece, in strips or in motifs	5%	10%	10%
59.01	Wadding and articles of wadding; textile flock and dust and mill neps	5%	10%	10%
59.02	Felt and articles of felt, whether or not impregnated or coated	5%	10%	10%
59.03	Bonded fibre fabrics, similar bonded yarn fabrics and articles of such fabrics whether or not impregnated or coated	5%	10%	10%
59.04	Twine, cordage, ropes and cables, plaited or not	5%	10%	10%
Ex. 59.05	Nets and netting made of twine cordage or rope, and made up fishing nets of yarn, twine, cordage or rope: Other than fishing nets	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
59.06	Other articles made from yarns, twine, cordage, rope or cables, other than textile fabrics and articles made from such fabrics	5%	10%	10%
59.07	Textile fabrics coated with gum or amylaceous substances of a kind used for the outer covers of books and the like; tracing cioth; prepared painting canvas; buckram and similar fabrics for hat foundations and similar uses	5%	10%	10%
59.08	Textile fabrics impregnated; coated, covered or laminated with preparations of cellulose derivative or of other artificial plastic materials	5%	10%	10%
59.11	Rubberised textile fabrics, other than rubberised knitted or crocheted goods	5%	10%	10%
59.12	Textile fabrics otherwise impregnated or coated; painted canvas being theatrical scenery, studio back-cloths of the like	5%	10%	10%
59.13	Elastic fabrics and trimmings (other than knitted or crocheted goods) consisting of textile materials combined with rubber threads	5%	10%	10%
60.01	Knitted or crocheted fabric, not elastic nor rubberised:	*5%*	6%	30%
60.02	Gloves, mittens and mits, knitted or crocheted, not elastic nor rubberised	5%	6%	30%
60.03	Stockings, under stockings, socks, ankle socks, sockettes and the like, knitted or crocheted, not elastic nor rubberised	5%	6%	30%
60.04	Under garments, knitted or crocheted, not elastic nor rubberised	5%	6%	30%
60.05	Outer garments and other articles, knitted or crocheted, not elastic nor rubberised	5%	6%	30%
60.06	Knitted or crocheted fabrics and articles thereof, elastic or rubberised (including elastic kneecaps and elastic stockings	5%	6%	30%
61.01	Men's and boys' outer garments	5%	6%	30%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
61.02	Women's and girls' and infants' outer garments	5%	6%	30%
61.03	Men's and boys' under garments, including collars, shirt fronts and cuffs	5%	6%	30%
61.04	Women's, girls' and infants' under garments	5%	6%	30%
61.05	Handkerchiefs	5%	10%	10%
61.06	Shawls, scarves, mufflers, mantillas, veils and the like	5%	10%	10%
61.07	Ties, bow ties and cravats	5%	10%	10%
61.09	Corsets, corset-belts, suspender-belts, brassieres, braces, suspenders, garters and the like (including such articles of knitted Or crocheted fabric), whether or not elastic	5%	10%	10%
61.10	Gloves, mittens, mitts, stockings, socks and sockettes not being knitted or crocheted goods	5%	10%	10%
61.11	Made up accessories for articles of apparel (for example, dress shields, shoulder and other pads, belts, muffs, sleeve protector, pockets)	5%	10%	10%
62.01	Travelling rugs and blankets	5%	10%	10%
62.02	Bed linen, table linen, toilet linen and kitchen linen, curtains and other furnishing articles	5%	10%	10%
62.03	Sacks and bags, of a kind used for the packing of goods	5%	10%	10%
62.04	Tarpaulins, sails, awnings, sunblinds, tents and camping goods	5%	10%	10%
64.01	Footwear with outer soles and uppers of rubber or artificial plastic material	5%	10%	10%
64.02	Footwear with outer soles of leather or composition leather; footwear (other than footwear falling within Heading No. 64 01) with outer soles of rubber or artificial plastic material	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
64.03	Footwear with outer soles of wood or cork	5%	10%	10%
64.04	Footwear with soles of outer materials	5%	10%	10%
64.05	Parts of footwear (including uppers, in-soles and screw-on heels) of any material except metal	5%	10%	10%
65.03	Felt hats and other felt headgear, being headgear made from the felt hoods and plateaux falling within heading No. 65.01 , whether or not lined or trimmed	5%	10%	10%
65.04	Hats and other headgear, plaited or other strips of any material, whether or not lined or trimmed	5%	10%	10%
65.05	Hats and other headgear (including hair nets), knitted or crocheted or made up from lace, felt or other textile fabric in the piece (but not from strips) whether or not lined or trimmed	5%	10%	10%
65.06	Other headgear whether or not lined or trimmed	5%	10%	10%
65.07	Head-bands, linings, covers, hat foundations, hat frames (including spring frames for opera hats), peaks and chinstraps, for headgear	5%	10%	10%
66.01	Umbrellas and sunshades (including walking-stick umbrellas, umbrella tents, and garden and similar umbrellas)	5%	10%	10%
66.02	Walking-sticks (including climbing-sticks and seat -sticks), canes whips, riding-crops and the like	5%	10%	10%
66.03	Parts, fittings, trimmings and accessories or articles falling within heading No. 66.01 or 66.02	5%	10%	10%
67.02	Artificial flowers, foliage or fruit and parts thereof; articles made of artificial flowers, foliage or fruit	10%	15%	15%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
67.04	Wigs, false beards, eyebrow, and eyelashes, switches and the like, of human or animal hair or of textiles; other articles of human hair (including hair nets)	5%	10%	15%
70.19	Glass beads, imitation pearls, imitation precious and semi-precious stones, fragments and chippings and similar fancy or decorative glass smallwares, and articles of glassware made therefrom, glass cubes and small glass plates, whether or not on a backing, for mosaics and similar decorative purposes; artificial eyes of glass, including those for toys but excluding those for wear by humans; ornaments and other fancy articles of lampworked glass; glass grains (ballotini)	10%	15%	15%
71.01	Pearls, unworked or worked, but not mounted, set or strung (except ungraded pearls temporily strung for convenience of transport)	10%	15%	15%
Ex. 71.02	Precious and semi-precious stones, unworked, cut or otherwise worked, but not mounted set or strung (except ungraded stones temporarily strung for convenience of transport):			
	Other than industrial diamonds	10%	15%	15%
71.03	Synthetic or reconstructed precious or semi-precious stones, unworked, cut or otherwise worked, but not mounted, set or strung (except ungraded stones temporarily strung for convenience of transport)	10%	15%	15%
71.05	Silver, including silver gilt and platinum-plated silver, unwrought or semi-manufactured	10%	15%	15%
71.06	Rolled silver, unworked or semi-manufactured	10%	15%	15%
Ex. 71.07	Gold, including platinum-plated gold, unwrought or semi-manufactured: Other than gold bullion imported by central banks and monetary authorities			15%
71.08	Rolled gold on base metal or silver, unworked or semi-manufactured	10%	15%	15%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
71.09	Platinum and other metal of the platinum group, unwrought or semi-manufactured	10%	15%	*15%*
71.10	Rolled platinum or other platinum group metals, on base metal or precious metal, unworked or semi-manufactured	10%	15%	15%
71.11	Goldsmiths', silversmiths' and jewellers'' sweepings, residues, lemels, and other waste and scrap, of precious metal	10%	15%	15%
71.12	Articles of jewellery and parts thereof; of precious metal or rolled precious metal	10%	15%	15%
71.13	Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or rolled precious metal, other than goods falling within heading No. 71.12	10%	15%	15%
71.14	Other articles of precious metal or rolled precious metal	10%	15%	15%
71.15	Articles consisting of, or incorporating pearls, precious or semi-precious stones (natural, synthetic or reconstructed)	10%	15%	15%
71.16	Imitation Jewellery	10%	15%	15%
84.12.1	Air conditioning units	5%	15%	15%
84.15.11	Electrical refrigerators, complete for domestic use	5%	10%	10%
84.15.12	Non-electrical refrigerators	5%	10%	10%
84.15.2	Deep freezers complete for domestic use	10%	15%	15%
84.15.3	Refrigerators and refrigerating equipment, other than for domestic use	5%	10%	10%
84.51	Typewriters, other than typewriter incorporating calculating mechanisms, cheque-writing machines	10%	15%	15%
84.02	Calculating machines; accounting machines, cash registers, postage-franking machines, ticket issuing machines and similar machines, incorporating a calculating device	10%	15%	15%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
84.53	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data on to data media in coded form and machines for processing such data, not elsewhere specified or included	10%	15%	15%
84.54	Other office machines (for example, hectograph or stencils duplicating machines, addressing machines, coin sorting machines, coin-counting and wrapping machines, pencil-sharpening machines, perforating and stapling machines)	10%	15%	15%
84.55	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of a kind falling within heading No. 84.51 , 84.52, 84.53 and 84.54	10%	15%	15%
84.58	Automatic vending machines (for example, stamp, cigarette, chocolate and food machines) not being games of skill or chance	10%	15%	15%
85.12.51	Electric stoves	5%	10%	10%
Ex. 85.15	Radiotelegraphic and radio-telephonic transmission and reception apparatus; radio-broadcasting and television transmission and reception apparatus (including receivers incorporating sound recorders or reproducers) and television cameras; radio navigational and apparatus, radar apparatus and radio remote control apparatus	0 10% - 15%)	20%	20% .
Ex. 85.19	Switch gear for motor vehicles	5%	10%	10%
Ex. 87.06.9	Brakes fittings for motor vehicles	5%	10%	10%
90.01.1	Lenses, prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked; sheets or plates, of polarising material:	10%	15%	15%
90.01.9	Other	5%	10%	10%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
90.02.1	For photographic or cinematographic apparatus including projectors	10%	15%	*15%
90.02.9	Other	5%	10%	10%
90.07	Photographic cameras; photographic fi:> blight apparatus and flashbulbs other than discharge lamps of Heading No. 85.20	10%	15%	15%
90.08	Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles:	10%	15%	15%
90.09	Image projectors (other than cinematographic projectors); photographic (except cinema-tographic) enlargers and reducers	10%	15%	15%
90.10	Apparatus and equipment of a kind used in photographic or cinematographic laboratories, not falling within any other heading in this chapter; photo-copying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens for projectors:	10%	15%	15%
91.01	Pocket-watches, wrist -watches and other watches, including stop-watches	10%	15%	15%
91.02	Clocks with watch movement (excluding clocks of heading No. 9 1 .03)	10%,	15%	15%
91.03	Instrument panel clocks and clocks of a similar type, for vehicles, aircraft or vessels	10%	15%	15%
91.04	Other clocks	10%	15%	15%
91.05	Time of day recording apparatus; apparatus with clock or watch movement (including secondary movement) or with synchronous motor, for measuring, recording or otherwise indicating intervals of time	10%	15%	15%
91.07	Watch movements (including stop-watch movements), assembled	10%.	15%	15%
91.08	Clock movements, assembled	10%	15%	15%

TARIFF HEADING NUMBER	DESCRIPTION OF GOODS	PRESENT RATE	PROPOSED	
			LOCAL AND REGIONAL	EXTRA-REGIONAL
91.09	Watch cases and parts of watch cases:	10%	15%	15%
91.10	Clock cases and cases of a similar type for other goods of this chapter, and parts thereof	10%	15%	15%
91.11	Other clock and watch parts:	10%	15%	15%

Mr. Speaker, before I cede occupancy of the floor, I beg to give notice of and move the following Resolution:

"WHEREAS the Government is committed to the upliftment of the living standards and the quality of life of all Barbadians, and

"WHEREAS in this regard with considerable success the Government has been pursuing measures and has introduced a new fiscal package directed towards the promotion of stability, growth, employment and a sound investment climate in the economy, and

"WHEREAS the measures announced in the 1987 Financial Statement and Budgetary Proposals by the Minister of Finance are aimed at the further strengthening of the national economy,

"BE IT RESOLVED that this Honourable House of Assembly take note of the 1987 Annual Financial Statement and Budgetary Proposals, approve the measures contained therein, and commend the Government for its sound management of the economy."

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to second that Resolution and reserve my right to speak. 6.25 p.m.

SUSPENSION OF SITTING

Hon. L. E. SANDIFORD: I beg to move that this sitting b,e now suspended until 4.30 p.m. tomorrow, Wednesday, April 8, 1987.

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

The question that the sitting be suspended until 4.30 p.m. on Wednesday, April 8, 1987 was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the House accordingly. 6.26 p.m.

ON RESUMPTION

Mr. SPEAKER: This sitting is resumed.

When the suspension was taken, the Honourable Minister of Finance had completed his Financial Statement and Budgetary Proposals and had moved the Resolution to that effect.

I now call on the honourable Member for St. Peter.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, there is an old Barbadian proverb which says that you can hide and buy land, but you cannot hide and work it. This piece of folk wisdom, rather than any economic or financial argument which I can advance, best captures the spirit of the economic and political events which have unfolded in this country over the past year, and which are now, Sir, to be brought to a head by this large package of taxation which is now to be visited upon the people of this country. For if, Mr. Speaker, there is one thing, and only one thing, that this year's Budget has established, it is a complete contrast between the promises of the Government and its performance, the complete contrast between what Barbadians were led to believe could have been accomplished in a short time and what has been achieved, and what, Sir, is now to be visited upon them.

The Budget also sounds a note of warning to the people of this country. It says, Mr. Speaker, that economic and financial policies conceived for political effect, as political gimmicks, have no permanent place, nor role to play, in this country's economic affairs, and that while, Mr. Speaker, it may be possible to buy an election as you , iv buy land, the management and the development of a country's economic affairs is an entirely different matter which cannot be based on tricks, on gimmicks or on sleight of hand, but must be sensibly rooted, Mr. Speaker, in sound and constructive economic policies.

What is abundantly clear, above all, Mr. Speaker, is that the people of Barbados have foisted upon themselves

a Government which has taken hold of the land, but which does not have the first clue as to how to make it work to the people's advantage. And I must say this; separate and apart from the economic burdens which the new tax measures will put on the people of this country, Mr. Speaker, particularly the working class and the middle class, the spirit of this Budget will create a crisis of confidence in the Government and will undermine the stability for which Barbados has become renowned.

A Budget, Sir, is as much a political as it is an economic statement. The new economic policies contained in this year's Budget sends a disturbing political signal to the people of this country. It tells them that they have been conned, that they have been made, Mr. Speaker, the victims of the whimsical policies of an Administration concerned more with political gain than with economic stability and development. They will seek, Mr. Speaker, their own devices to defend themselves from the vagaries of the so-called democratic process.

Many perople in this country would have made commitments, having taken the Government at its word, that it would permanently increase their disposable income. They now, unfortunately, Sir, find themselves exposed and left in the lurch. And when the Minister of Finance invites them, now to share in the confidence as he calls it, engendered by "the pleasant experiences of the past ten months," I am sure they will ask themselves the question which the citizens of another country asked another Richard who found it impossible to play it straight, "can we truly buy a used car from this man?"

As a statement of economic policy, Mr. Speaker, this Budget has been dressed in a lot of tinsel designed to disguise its true purpose. It is supposed to stimulate savings, at a time when there is no shortage of savings, and to expand employment opportunities by making import substitutions possible. I am putting, Mr. Speaker, the most charitable interpretation on the tone of the measures.

I will establish in the course of my presentation that the structure of the consumption taxes designed to stimulate local production are such that they do not, in most cases, make a distinction between the rate of tax on local as against imported goods, and that, to this extent, the measures cannot bring about import substitution and will have no impact on employment generation as intended.

I shall have to read out the consumption taxes chapter and verse, because there is a view being held that the burden of consumption taxes imposed by the Minister has fallen on things like frog legs and caviar. But the range of taxes contained in the appendix to this year's Budget, Sir, must be read out chapter and verse so that the people of this country can have a true understanding of the real burden which this Minister of Finance intends to visit upon them.

I shall also establish, Mr. Speaker, that the whole purpose of these new taxes is merely to raise funds to extricate Government from the deep financial hole in which it has lodged itself. I will further establish that if the real purpose was to raise enough taxes to cover the cost of the wage increases, then even that limited objective will not be met, because of the incompetence of th. Ministry of the Public Service in computing the real cost of the wage increases and the naivety of his Minister of Finance in accepting his Estimates.

I will establish, Sir, beyond a shadow of a doubt, that the real burden of these new fiscal rearrangements will be borne less by those who have received the most from the June Budget of last year, but that they will be carried, Mr. Speaker, by the low and middle income earners of Barbados, and that they will also be carried by persons who did not benefit from the measures of July 15, 1985.

These taxes will be massively inflationary and will definitely erode the improvement in the standard of living which, the Minister himself now confesses, that the Barbadian people have enjoyed in large measure since 1980. 4.40 pjn.

The House, Mr. Speaker, will also have to be told that, if these measures are seen in conjunction with the Task Force Report, they will succeed in laying to rest what we all knew was merely a still-born baby.

Aside.

Mr. O. S. ARTHUR: I told you I will deal with you later.

That Task Force Report, Sir, recommended that the tax measures could have no effect on employment within the first 18 months, and that they would have to be kept intact to allow the increase in disposable income caused by the tax cuts to work beyond that period. By introducing the largest increase in taxes in this country's history, the Minister has now ensured that the Task Force recommendations will not only have no effect in the short term, but that they will have no possible effect in that period beyond the 18 months of which that group of experts spoke.

Again, Mr. Speaker, if we were to analyse the tax measures in conjunction with the proposed pattern of expenditures as contained in the Estimates laid in this House earlier this year, then what will stand out is that this year we will not only have rising unemployment, falling disposable incomes and rising prices, but we will

also have a massive cut in the quality of services on which the standard of living of our people depends, and that, in the final analysis, the aged, the handicapped, the fatherless and the dispossessed in this society will have also to pay part of the price of the financial mischief of the Democratic Labour Party. This, Sir, is the full picture that the Minister of Finance should have put before the country.

Barbados stands on the brink. What we have seen, and what we have been presented with, is merely the tip of the iceberg. There are other measures, Mr. Speaker, already set in train, which will affect persons' disposable income and will also cause distress to the population, and these will also be revealed this afternoon.

The Minister of Finance was careful not to say anything in his presentation about energy prices and energy policy, but the people will wish to know what they will have to expect, given the recent increase in crude oil prices to nearly $18 as compared to the $8.15 where it was when last energy prices were set by this Administration.

We are also now borrowing more to do less, and this House will have to press the Minister to give us his frank assessment of what he proposes to do with the vast sums of money that he has raised in this country's name.

I must also add, Sir, that the Government has in • recent times been making a number of pronouncements regarding the possible disposal of state enterprises, and there is a general air of uncertainty surrounding the security of employment, and the persons employed at those establishments, and we have need to have the air cleared regarding Government's real intentions in respect of those enterprises. I found it strange, Mr. Speaker, that, in the course of a two hour presentation on the state of the economy and on Government's economic and financial policies, the Minister had not one word to say to remove that air of uncertainty regarding the security of employment of the persons employed at Government state enterprises.

If I may go forward, Sir, the real problems which face the sugar industry, the real problems which face non-sugar agriculture, the pr6blems facing the small hoteliers and our export manufacturers have not at all been addressed in this year's Budget. These are issues which this Opposition wish to have put on the agenda.

It is against this background, Sir, that I will proceed to deal with the substantive issues raised by this Budget, focussing on the state of our economy, its immediate prospects and the meaning and the likely effect of the new tax proposals which have just been introduced to the House.

I deal first. Sir, with the economic review. As I said in the Estimates Debate, if I have to err in my interpretation of economic development, I prefer to err by following the judgments of the Central Bank rather than following the judgment of the Minister of Finance. The Annual Report of the Central Bank is not to hand, for reasons which we do not want to go into, but we 'do have the Economic Reviews for September and December of 1986, written by the professional staff of the Central Bank, which if anything, should caution the Minister of Finance against continuous "largening".

Aside

Mr. O. S. ARTHUR: That is a fine Barbadian word, "largening". He likes to "largen".

The Minister has cited the outturn for the whole year and has claimed full credit for the whole year's performance without giving credit where credit is due. I wish this evening to set the record straight.

The Barbados economy, Sir, did in fact, by the Central Bank's estimates, grow by 5 per cent in 1986, but the Central Bank Economic Review of September 1986 said this:

> "The Barbados economy maintained its first quarter momentum into the second quarter with real output for the first half of the year rising by 4.5 per cent above the level for the same period in 1985."

Let me repeat it, Sir. The economy grew by 5 per cent for the whole year but that in the first half of the year when this country was being managed by the Barbados Labour Party, that the rate of growth was 4 per cent higher than that for the preceding year in 1985. And the Minister wants to claim credit for the growth realised in 1985! 4.50 p.m.

The Central Bank Report also indicates, Mr. Speaker, that all major economic sectors contributed to the higher economic activity during the first six months of 1986.

.Sugar produced in the first half of the year increased by 11 per cent. The Democratic Labour Party wants to claim credit for that performance!

The review also indicates, Mr. Speaker, that tourism continued to expand and that home building and the public road improvement programme spurred activity in the construction sector, helping to reduce unemployment to'its lowest levels in two years.

The manufacturing sector grew by 14 per cent in the first half of 1986. House construction expanded as mortgage rates continued to fall, and there was an increase in mortgage lending of more than twice the amount in 1985, reflecting a spurt in building activities.

But more significantly, Mr. Speaker, the Economic Review of the Central Bank for September 1986 says that nearly 8000 more people were employed at June 1986 than at June 1985. I want to repeat this - nearly 8 000 more people were employed at June 1986 than was the case at June 1985! The former Minister of Finance introduced an employment generating Budget in 1985, and the Central Bank is now telling us that the results of his efforts in that regard are there for all to see!

The Central Bank report also said that the 12 month average rate of inflation as at June 1986 was *2[l]/i* per cent, and that on a point-to-point basis, the rate of inflation realised for the first half of the financial year last year was 1.6 per cent.

I have said all of that, Mr. Speaker, to say that we left a strong and growing, economy, with growth experienced in all the major sectors. We left office with a rate of unemployment at 15.6 per cent, low rates of inflation, a continuation of the pattern since 1983, confirming not only our economic policy leading up to the elections, but the effectiveness of the strategy pursued by the Barbados Labour Party to adopt such policies that would enable this country to ride out the effects of the early recession and so maintain the productive capacity of our economy intact, so as to allow this country to take the fullest possible advantage of any improvement in economic conditions.

The reserves of this country have been built up in each year since 1982. I must remind the House, Sir, that at September 1981, the net foreign reserves of Barbados were $82 million and that we left office with international reserves of $313 million, contrasting, Mr. Speaker, with the experience of every Caribbean country which faced the same and exact conditions that we faced in the wider world and that we did all this while carrying out our projects, while paying our bills and while putting in place ingenious mechanisms to care for our old, our young and the dispossessed of this society.

Mr. Speaker, if there were ever any doubts about the general improvement in the standard of living of the Barbadian people, all these doubts must now be removed by the confession of the Minister of Finance himself, on page 29 of his budgetary presentation, when he said: "Available evidence indicates that wage rates in Barbados since 1980 have increased faster than the prices and the growth of real output per employee." I must repeat it, Sir, because there has been a tremendous amount of controversy, aroused by mischievous people in this country, on this issue. But the Minister of Finance is now telling us that all available evidence now indicates that wage rates in Barbados since 1980 have risen faster than prices and the growth of real output per employee.

The House, Mr. Speaker, will find it strange that the Minister of Finance, in outlining his Budgetary Proposals, has not presented us with an outlook for the year to come such as would have been contained in the Central Bank Annual Report, which is now being revised. But the signs are there for all to behold, and persons of an independent mind are now telling us that we are in for trying times, that things are tight and that things will get even tighter.

The manufacturing sector, Mr. Speaker, has since June 1986 had to experience many body blows. Intel has gone, and there is no hope for recovery, because this Government continues to pursue a policy in relation to export manufacturing that is based, Mr. Speaker, more on -*• political considerations than on economic realities. I will probably have to deal with that later in my presentation.

Sugar output for 1987 is declining, and the Central Bank Report will' show that tourism, on which so much is now made to depend, had a winter season which did not live up to expectation. Their only bright spark was the growth in cruise ship arrivals, and we know to whom that achievement can be accomplished — Mr. Leroy Sisnett!

The strategy which is now being pursued by the Minister of Tourism is a strategy which seeks to give rise to the greatest growth at the lowest end of the market. He wants to play a numbers game — large number of tourists at the lowest end of the market. But this strategy will not give rise to any substantial receipts, and you can be sure that if the small hoteliers, to whom this strategy -*• is being presented as a solution, are forced to cut rates even more, we can end up very well, Mr. Speaker, with a situation where the strategy being pursued by the Minister of Tourism will put the small hoteliers of this country in even greater grief. 5.00 p.m.

We are even hearing, Mr. Speaker, of disturbing developments in the distributive sector, which ought to have benefited greatest from the tax proposals of the Democratic Labour Party, that layoffs have occurred and that layoffs are pending in major establishments like T. Geddes Grant, Plantations Limited and Harrison, and we know what has already happened to DaCostas.

There is, therefore, Mr. Speaker, if one were to take an objective assessment of the immediate economic outlook facing this country, absolutely no hope for major employment generation. Our export sectors are weak and weakening, and prices are bound to surge again as a result of the fiscal proposals which the Minister has brought to the House.

And what about our foreign reserves position? I have already indicated, Mr. Speaker, that, despite the recessionary situations we had to face, the Barbados Labour Party managed to increase this country's foreign reserves from $88 million in September 1981 to $313 million in May 1986, of which, Sir, the reserves of the Government and the Central Bank, in net terms, stood at $267.9 million. These foreign reserves fell to $222.9 million by September 1986, of which the reserves of the monetary authority and the Government stood at only $199 million, and the Minister of Finance knows why. The Minister of Finance caused these reserves to fall by pursuing exactly the same policy of which he has always condemned the Barbados Labour Party. The first thing he did when he went to office was to involve himself in the printing of money.

Asides

Mr. O. S. ARTHUR: The Minister of Finance, Mr. Speaker, obviously does not understand what he did.

In 1985, we borrowed funds and we put the funds borrowed in the foreign reserves. The reserves in 1985, Mr. Speaker, increased by $85 million. But we also were determined to ensure that we would do nothing to cause a drain of those reserves, because we understood that a time might come in the future when we would have to call upon them. So what did we do? We put the foreign exchange in the reserves and invested them, and we did not ask the Central Bank for the domestic currency equivalent of it. We put that $50 million in a special account at the Central Bank, and despite going through an election, we did not touch a penny of it. What did the Minister do? He came to office, gave away the taxes, and in order to finance his way out of the hole in which he put himself, asked the Central Bank for the domestic currency equivalent of the monies that we had put there, and kept there through an election, to keep this country's reserves sound.

Asides

Mr. 0. S. ARTHUR: You do not understand what is meant by the net domestic assets of the Central Bank. The $50 million that we put in the Central Bank in a suspense account, Sir, is a liability of the Central Bank, and you get the net domestic assets by reducing your liability from the assets that the Central Bank has for the Government. All that you did was to increase the net domestic assets of the Central Bank faster than the rate of growth — this is Mr. McClean's theory, too — of the monetary liabilities of the country, and by even Mr. McClean's predictions, once you do that, you will have a corresponding effect in terms of a reduction of the country's reserves. I stand on the point, Sir, that without knowing what he was doing, the first thing he did to compensate for the shortfall in revenue was that he changed the net domestic assets position of the Central Bank bringing about a corresponding change in the country's reserves. He does not know what he was doing!

The reserves fell, Mr. Speaker, by the Minister following exactly the same policy which he has always accused the Barbados Labour Party. And what did he attempt to do? He borrowed money and attempted in December to give an artificial impression of the country's true external position by bringing the borrowed loans to book for a time, for in December, Sir, some of the loans that were borrowed were put on the books of the Central Bank to make the Minister look good - he had to make an end of year statement! So whereas by September the reserves had fallen to $222 million, by December they had increased to $279 million.

The Minister, Mr. Speaker, should tell the country what has happened since then. They stood at $279 million in December and the reserves of the monetary authority fell to $266.5 million in January, and they fell again in February to $248.9 million, at a time when the economy is operating at its foreign exchange earning peak, because that is the time when you are getting in the tourist dollars. And you know you have a balance of payments problem if your reserves are falling at a time when the country is at the peak of its foreign exchange earning capabilities! But he has sought, Mr. Speaker, to camouflage the true balance of- payments position of this country by again trying to bring to book at the end of March some of the loans that he has borrowed.

So, Mr. Speaker, the economic background against which this Budget is prepared is one in which the country is faced with the prospects of falling economic activity in most of its main sectors, rising unemployment, and a considerable deterioration in our balance of payments and our external reserves position. I challenge the Minister of Finance to contradict that. I also challenge the Minister of Finance to contradict that by letting us have access to the first draft of the Annual Report prepared by the professional staff of the Central Bank of this country. 5.10 p.m.

Asides.

Mr. 0. S. ARTHUR: I want, Mr. Speaker, to now turn to the Financial Statement of the Minister. If I wish, Mr. Speaker, to be nasty and uncharitable towards the Minister of Finance ....

Laughter.

Mr. O. S. ARTHUR: .....I would simply agree - hear me carefully — to accept his own version of the financial outturn for last year. For in trying to create the

impression that the revenue outturn for last year was not as bad as we said it would be, he made out a case which attempted to show that, contrary to our prediction, his tax proposals of 1986 gave rise to a net increase of revenues for that year. He is therefore saying, Mr. Speaker, that having given away nothing last year, he will now have to take away $51.9 million this year..But I do not want to be uncharitable towards him, so I will not accept that.

Laughter.

Mr. 0. S. ARTHUR: To go further, I must ask, because this is the question that will nag the people of Barbados, how is it that the Minister of Finance, by his own account, tried to give away $67 million last year, when he said the Treasury was broke, but finds it necessary this year to raise $51.9 million, the largest ever tax increase in the history of this country, when, by his own account, the Treasury is in better shape than it has ever been and is full to overflowing? I want, Mr. Speaker, to repeat the point. How is it that the Minister, by his own account, tried to give away $67 million last year from an empty Treasury, but now has to raise $51.9 million, not including the levy, when the Treasury is full and overflowing?

I will therefore not, accept the Minister's own account of his financial position since, obviously, it will embarrass him. My purpose. Sir, is to try to set out as clearly as possible the true financial position that faces the Government so that we may better understand why these new taxes now have to be imposed.

Mr. Speaker, last July, in responding to the Minister of Finance, I made a number of observations. The first is that the full cost of the July tax measures, if allowed to have full effect for a full financial year, would cost the Treasury over $100 million and that - and these were my words, Sir — although they appeared to be attractive, tax measures of that order of magnitude would within 18 months undermine Government's financial position and put the balance of payments of this country in jeopardy.

I also said that we had to see the tax measures in effect for a full 18 months because of the manner in which they had been introduced. As you would recall, Sir, the tax measures were designed in full, but most were designed to have effect only for part of the year, in some cases for nine months, in some cases for four months, in some cases beginning January of 1987, and in the case of the reduction of Land Tax to home owners, indeed not until December of 1987.

I therefore predicted, Sir, that the day of reckoning would come in April of 1987, and that if the Minister of Finance tried to take the package into a full financial year, he could only be prepared to do so, Mr. Speaker by indulging in massive foreign borrowing and by some form of new taxation. Those were my words, Mr. Speaker, which are part of the Official Record of this Honourable Assembly.

Let me be clear on the point that we need to see the tax measures in operation for at least a full financial year, and that, given the manner in which they have been spaced out, we need also to see them in effect for a full 18 months so that we can decide how large a cut in tax they would give rise to.

In the Estimates Debate, I felt the need to liken the Minister to an Indian spinner called Chandresakar, a back of the hand spinner who sought to deceive with flight and spin, and whom you had to watch very carefully through the air and off the pitch. I did a disservice, though, to Mr. Chandresakar, because he could have at least maintained his place on the Indian Test Team. I should have likened you to Inshan Ali, a wrist spinner nonetheless, a mystery bowler nonetheless, who could not maintain his place in his Test Team.

The truth, as the Minister knows, is that our predictions have proven to be correct, and the Minister is forced to make adjustments, Mr. Speaker, because he sees the writing on the wall, despite everything that he has said in this Budget this year. He should have seen it before, however, if he had not allowed himself to be misled by the Lickmout Lou of the local economic profession, a political carpetbagger who flits from party to party and whose grouse against the Barbados Labour Party, as set in a letter to the Press, was that Bree St. John and Owen Arthur would not allow him to run the country. But you should have seen it if you had carefully read his comments.

(Aside: Who?)

Mr. 0. S. ARTHUR: The Lickmout Lou of the local economic profession! 5.20 pjn.

If the Minister was careful, he would have seen from as early as April 9, 1980, that he was being given bad advice, based on a complete misrepresentation of what I said when I spoke in the April debate of 1986.

There is a certain economist who wrote a large and long column saying that the basis of my misinterpretation and the error in my computation of the cost of the tax proposals was that I had made an assumption that the tax rate on taxable income of less than $15000 would be zero. I made, Mr. Speaker, no such assumption. Indeed, I drew reference in April of 1986 to the case of a man earning $48 000 a year who would have a taxable income of less than $15 000, but yet will have to pay taxes at the 20 per cent rate applicable. If the Minister was serious

in dealing with the likely position that would face him, he would have realised there and then that the advice of this economist was based on a false assumption, and that, like in most things, the advice he was giving this Minister was short, simple and wrong.

We are left not to deal with that economist here, Sir, we must deal with the Minister's own finger spinning, and we must explain, Mr. Speaker, why he now understands that the writing is on the wall, and why he has to introduce taxes of the magnitude that he is introducing.

He starts by claiming, Mr. Speaker, that Income Tax for the last financial year fell by $57.1 million as compared to receipts for the fiscal year 1985 — 1986. This is no case at all. In projecting income taxes for the financial year 1986 - 1987, we set the figure at $159 million to take account of the expected growth in the Barbados economy which we knew was going to occur in 1986. Income Tax receipts for the fiscal year 1986 have, therefore, to be compared with the projections for 1986 - 1987 and not against the receipts for 1985 - 1986.

We also have to recognise, Mr. Speaker, that for the first three months of the financial year 1986 - 1987, the country was operating under the Barbados Labour Party's taxation system. So we cannot just take the outturn for the whole year even, but we must look at the outturn for the last nine months if we are to come to terms with what has been the true cost to the Income Tax from the Democratic Labour Party's tax proposals.

What does this analysis tell us, Sir? That in the last financial year the Income Tax yielded $80 million in revenue, off by $79 million against the amount that we had projected. The question is, were our projections reasonable? Of the $80 million raised, Mr. Speaker, $41 million were raised in the first three months, when the country was operating under the Barbados Labour Party's taxation system. So the country was well on the course — you multiply 41 by four — well on the way to realising the projection of $159 million in Income Tax for the year. But it also tells us, Sir, that if $41 million were raised in the first three months of the financial year, beginning April, then only $39 million were raised in the last nine months, when the system was operating unuer the Democratic Labour Party's tax regime, and that, therefore, in a nine months period there was a cost to the revenue not of $57 million, as you want to claim, but in a nine months period there was a cost of $79 million.

I also say, Mr. Speaker, that if we received $39 million in nine months, then the Minister of Finance cannot possibly hope to raise anything near the $100 million in Income Tax that he is projecting for next year - that he is also trying to over-estimate his revenue position. You will carry large funds into the next financial year because you did not give a tax-free month last year to those earning more than $15 000 so that they could make the adjustment, and no provision was made to refund those persons earning less than $15 000 and in the course of my discussion, Sir, of the new tax proposals being brought to this House, I will seek to illustrate the way in which the Minister, realising this, is now trying to ensure that he minimises the burden of the Income Tax refunds that you will face next year. That is part of the strategy of the new tax proposals.

Some of the measures as well, Mr. Speaker, are linked to expenditure — the unlimited mortgage allowances, the unlimited building repairs, the unlimited medical expenses — and the Minister, if he was realistic, would understand that they would not have an instantaneous effect in 1986, but that those types of tax allowances linked to expenditure would have an effect on his revenue not so much in 1986, but after the expenditures have been made.

The Minister, therefore, Mr. Speaker, now realises that our estimates were correct and he has inflated his own Income Tax projections to disguise the true deficit that you are likely to face, and he is attempting to use as I will explain later, a number of truly.....

Certain remarks made at this stage by the honourable Member for St. Peter (Mr. O. S. Arthur) were ordered by Mr. SPEAKER to be struck from the Record.

Mr. O. S. ARTHUR: He is trying to use a number of unusual means to avoid having to meet the refunds that will flog him, which I have said he will have to face next year.

As regards the Corporation Tax, Sir, the Minister knows that some of his receipts this year were based on the fact that there was some Corporation Tax payable in 1985 on which people were given an extension, and that those were brought to book in the last financial year. That is a fact. He will also know that although many companies have reported record profits, they have ended up paying less Corporation Tax. In any event, the true cost to the Treasury is the difference between the tax that they would have paid at a rate of 45 per cent and the tax that they are now paying at the rate of 35 per cent. 5.30 p.m.

He has seen the writing on the wall where the Hotel and Restaurant Sales Tax is concerned, and remember, Sir, he introduced his last year's proposals to take ' ffect in such a way that they could not have a full impact on his financial position in 1986-87. The Hotel

and Restaurant Sales Tax fell by $1 million in December as compared to the same period in 1985, despite the fact that you had more tourists and more tourist spending in Barbados in December this year as compared with 1985. He knows that the writing is on the wall.

He also knows, Mr. Speaker, that the increase in the Consumption Tax and the import duties relates to a 5 per cent rate of growth of the economy, and that such large increases, as would have been realised last year, cannot be realised this year if, as the Central Bank is telling him, there is a decline in activity in this country.

On the expenditure side, the Minister of Finance also knows that, from as early as November last >ear, spending on Current Account was restrained not because of any notion of efficiency, but simply because Government refused to pay its bills. He must also know, Mr. Speaker, that a directive was sent out from the Ministry of Finance and that there was a Permanent Secretaries' meeting in February stipulating that spending for the month of March should be limited, largely, solely, to the payment of wages and salaries. If he does not know it, the persons who receive welfare grants all across Barbados, the fatherless children and so on, would tell him that on the last receipt of their cheques the National Assistance grant was half what they are entitled to.

Aside.

Mr. 0. S. ARTHUR: That is a matter of fact, and the Minister must not express surprise at it. It is a matter of fact. If the Minister does not know, he had better check. The welfare grants were half what they were supposed to be. It is a fact.

He must know, Mr. Speaker, as every accounting officer in the Public Service knows, as all the persons to whom Government owes money knows, as all the persons receiving National Assistance grants in Barbados know, his statement of his current expenditure for last year is deflated artificially by his not paying his bills, and that he has to carry a large amount of accounts payable into the next financial year.

I say, therefore, Mr. Speaker, that, without increased taxation, the Minister will face this type of situation in the next fiscal year. The deficit, as already set out in the Estimates of Expenditure, is set at $189 million. The overall deficit, Government's borrowing requirements to run the country and to carry out projects, is set at $189 million. It does not include the Civil Service salary increases, which are, in fact, not $26 million, but are in the vicinity of $45 million, and, Mr. Speaker, if you wanted to have firm proof of the incompetence of the Ministry of the Public Service and the Minister of Finance, that proof is to be found in their inability even to cost the wage increase package.

Mr. Speaker, it is a simple exercise. The civil servants are to be granted a 9 per cent increase in the first year and a 2 per cent in the second. That 9 per cent increase is a 9 per cent on wages and salaries for 1985. The 9 per cent for 1986 amounts to $18 million, but the Minister of the Public Service — and we are spending a lot of money on a Ministry of the Public Service — seems to forget that that 9 per cent is also carried on over into the next financial year and that a 2 per cent has to be added on to it as well. You have a 9 per cent increase in wages and salaries in 1986 over 1985, that leads to $18 million increase in wages. It is also carried on into 1987 plus the 2 per cent increase on wages and salaries that the Government has granted. So the full increase in the wage bill is not $26 million, but it is in fact in the vicinity of $45 million.

The financial position would be this: $189 million in the deficit in the Estimates; $45 million which he has to find to pay the back pay, to increase the civil servants' salaries also for 1987; his accounts payable, Sir, which could be as high as $20 million, and also, Mr. Speaker, it is a question of judgment, he will also, if he is realistic, know that he has over estimated his Income Tax receipts, and that, by the best professional judgment, his revenue projections are over stated by as much as $20 million. When you add it together, the full amount of the overall deficit for 1987-88 would be in the vicinity of $274 million. That is a fact.

How has he proposed to deal with it, Sir? Last year, Mr. Speaker, he borrowed $137 million from abroad, from foreign commercial banks, plus $50 million from multilateral institutions and $60 million from local sources.

For this year, he has recently borrowed almost $100 million from Barclays abroad. The Estimates of Expenditure show that you will raise $76 million from multilateral institutions, such as the World Bank, the IADB and so on, that is $176 million. Fifty two million dollars is now to be raised in taxes. That brings you to $228 million. And, no doubt, he will have to have an additional go at the local banking system to make up the rest of his deficit!

Do you truly believe, Mr. Speaker, that if the Minister's deficit was only $189 million, as he wants to say, he would have borrowed SI00 million from Barclays, make provision to borrow $76 million from the multilateral institutions as set out in the Estimates and also come to raise $52 million in taxes? He knows that his overall deficit, Mr. Speaker, will be in the vicinity of over $270 million, and this range of taxes that he is imposing is meant to help take him out of his financial bind, 5.40 p.m.

I want, Sir, to deal very specifically with some of the new measures that the Minister has introduced. He proposes to set up an Investment Council, aimed at dealing with the industrial and commercial enterprises that may benefit from a regime of offshore business. Another Task Force! It is just another Task Force, part of the Government's philosophy which says that if you cannot run the country, you must call in Kirpalani.

He has, Mr. Speaker, decided to give concessions to the Securities Exchange, and he will waive Stamp Duty and Property Transfer Tax on transactions passing through the Stock Exchange. That was something that was always conceived of from the time the Stock Exchange was conceived, and I announced it even before him.

He also, Mr. Speaker, intends to set up a Venture Capital Fund, based on recommendations coming from the Barbados Employers Confederation. It is not a bad idea, Mr. Speaker, but I think that the Minister should, in a responsible frame of mind, tell us what are some of the conditionalities that will be attached to that Venture Capital Fund.

I make this a document of the House — The Barbados Employers' Confederation Proposals submitted to the Task Force appointed to consider and report on Measures to Relieve Unemployment in the Country. It says: "We support efforts to establish.....

Mr. SPEAKER: On what page? Mr.

0. S. ARTHUR: Page 17, Sir.

"We support efforts to establish a Venture Capital facility which will help to encourage risk taking by our entrepreneurs in new ventures. The state should, under any such scheme, guarantee a portion of any losses which may be incurred during the first five years of any approved enterprise."

The state should under any such scheme, guarantee a portion of any losses which may be incurred during the first five years of any enterprises! So the operation of this new venture capital facility, Mr. Speaker, could well'put this Government in a position where it will have to be underwriting the losses of private operators at a time when the Government is finding it against its own declared policy to underwrite the losses of its own state corporations incurred during the first five years of those corporations' operations. I, therefore, Mr. Speaker, would be very glad if the Minister would not just announce this venture capital facility as a grand design, but tell the people of the country exactly what may be the fine print attached to it.

In regard to the specific tax measures, the Minister of Finance proposes to make Tax Reserve Certificates available. This will allow people, Mr. Speaker, to pay taxes in advance. And the only reason why the Minister of Finance would want you to pay your taxes in advance is that he is expecting difficult financial times.

I also want to say, Mr. Speaker, that the only people in this country who will be able to take advantage of any such tax certificates are the persons particularly in the commercial corporate sector, who had $130 million at the end of 1985 in reserves in the banks, who have had their Corporation Tax reduced, and who will now find themselves in a position to lend to the Government, knowing that they will avoid the low rate of tax that they are getting on their deposits in the banking systems, and that they will be getting a higher rate of interest from the Government tax free, because it is tax free. He will end up only adding to the cost of running Government by this measure and putting more money in the hands of the people who have benefitted most from the July tax proposals.

He plans, as well, Mr. Speaker, to introduce what he calls Tax Refund Certificates. In September of last year, the Barbados Labour Party reacted to statements appearing in the Press that, because of financial difficulties, the Government was going to ask people to accept Income Tax bonds in lieu of the receipt of their tax refunds. The Government then said, "No way!" We know, now, that tax refunds in September of 1986 amounted to $18 million, and that to avoid the embarrassment of issuing bonds at that time, the Government resorted to using $8 million of the Health Levy to help carry itself in that month. It is all in the Accountant General's Report! You netted off in November, but you said then that there could never be any bonds issued against Income Tax refunds!

Asides

Mr. O. S. ARTHUR: Income Tax Certificates, Income Tax Bonds!

All you did was postpone it from September last year to April this year. And you must now tell us, if you are not expecting to have a large amount of Income Tax refunds for next year, why are you put to the necessity of having to ask people, if they so wish, to take Income Tax bonds in lieu of Income Tax refunds!

In regard to the 3 per cent of pre-tax profits that the Minister is now getting from the commercial sector to he!p finance market development, I want to make a number of points. First of all, Mr. Speaker, this type of development is linked not so much to a policy introduced by the Democratic Labour Party, but to the market research and development allowances introduced by the former Minister of Finance. 5.50 p.m.

The second point, Sir, is that by allowing it to be paid out of pre-tax profits, and then also allowing the large commercial businesses in Barbados to take advantage of the Market Development Allowance, you are going to put those persons able to benefit from this type of tax proposal in a position where they actually will end up reducing their taxes as a result by as much as $2.67 for each $100 put into it.

I deal now, Sir, with the levies. The Democratic Labour Party went on record, as far back as 1983, as saying that, if it were ever to win office in this country, it would abolish the Health Levy and the Transport Levy. The Minister of Finance is on record as having said that. But the use of the levies this year, Mr. Speaker, to raise funds for budgetary purposes is a move which will take away the full benefits of the wage increases that certain sections of the Barbadian population have enjoyed recently.

The Training Levy is already going into the Consolidated Fund. The Training Levy amounts to $4.5 million, but only $3 million is being spent by the Government on Training for the next financial year. It, has a surplus of $1 million to help buy stationery!

Without indicating supplementary provisions for increasing Training, as he has done for Housing, the monies he is raising under the guise of a Training Levy merely constitute a new revenue measure which will simply go into the Government's Consolidated Fund, without leading to one young person in this country being trained! Because, Mr. Speaker, if some of these funds were to be put into Training, the Minister would have to indicate by how much he is going to supplement the Training vote in the same way that he has indicated by how much he is intending to supplement the Housing vote.

That is to be paid by employees. The increased Health Levy is also to be borne by employees, and the House must know that there is already a surplus of $12 million in the Health Levy over and above that necessary to finance those parts of the National Health Service that this Government has decided to retain.

The Transport Levy, as I understand it, is to help finance part of the losses of the Transport Board.

But what will be the impact of these levies on people? For those persons who did not benefit from the Democratic Labour Party's Income Tax proposals, they will find immediately that they have now, Mr. Speaker, to pay these new levies, and that their disposable income will be reduced immediately. Those persons, Mr. Speaker, who are earning over $15 000 will find that they have got a double lick — not only have the levies increased, but the income against which they have to pay taxes will also be increased, because the Minister has also decided that, as for the future, you are no longer in a position to deduct your payments of the levies from your assessable income in determining how much tax you should pay. For a lot of civil servants who have received $54 and $74 as an increase, Sir, these levies will completely erode any wage advantage that they have experienced!

Mr. Speaker, I really must deal with the Consumption Tax changes, because these really are the he'irt of the Government's new fiscal adjustments. The Government made us believe that the Minister of Finance was only trifling with a few things like caviar and frog legs. But, as I said, he is a finger spinner, he will beat you with flight and spin, and you have to watch him through the air and off the wicket.

What are the facts, Sir? Before in this country — and I will read them chapter and verse — fish was never subject to a Consumption Tax. For fish, fresh, chilled or frozen, the present rate of tax is 0; the proposed tax on fish local and regional is now 6 per cent, and for extra-regional fish, 16 per cent. So you start paying Consumption Tax on fish!

Fish, dried, salted and in brine, no Consumption Tax before; a Consumption Tax now of 6 per cent on all fish, local and imported!

He has imposed taxes on things like human hair and horse hair, but those should not detain us. Before, Mr. Speaker, there was never a Consumption Tax on vegetables....

Asides.

Mr. SPEAKER: I must remind honourable Members that there is a Standing Order which says that when an honourable Member is speaking, all other Members must be silent. I can hardly hear the honourable Member.

Mr. 0. S. ARTHUR: Mr. Speaker, they are trying to distract me, but I shall not be deterred!

Mr. Speaker, before there was never a Consumption Tax in Barbados on vegetables. With this Budget, you are going to have to pay a Consumption Tax of 6 per cent on local tomatoes, string beans, pigeon peas, black eye peas, carrots, cucumbers! There was never a Consumption Tax on mangoes. You will pay a Consumption Tax even on mangoes; local mangoes and imported mangoes. On nuts, on grapes, apples where there was no tax before, you have to pay a tax now.

There was never a Consumption Tax on sugar confectionary, sweets for children. That now has to be paid. On chocolates there was never a Consumption Tax before, now one must be paid.

A Consumption Tax, Mr. Speaker, has now been put on vegetables and fruit, on tomato ketchup and tomato sauce, on soups and broth, where there was none before.

Consumption tax has been imposed on beer, increasing from 50 cents a litre to 75 cents a litre, Mr. Speaker, for both local beer, regional beer and extra-regional beer. Of course, there have been Consumption Tax increases on spirits, which the Minister has also announced.

Consumption taxes, Mr. Speaker, on things like shampoos have been raised from 5 per cent to 10 per cent on locally produced products, and 10 per cent on products brought from abroad. On perfumes, cosmetics, manicure preparations, products for hair care, the Consumption Tax has been increased.

There was never a Consumption Tax on soap, Mr. Speaker, and a Consumption Tax of 6 per cent has been imposed, on soap local and regional, and 15 per cent on products from outside the region! 6.00 p.m.

He has even imposed Consumption Tax on shoe polish!

(Aside: Hon. B. M. TAITT: On what?)

Mr. O. S. ARTHUR: Shoe polish!

Laughter

(Aside: Mr. D. A. C. SIMMONS: Shoe polish and shoes!)

Mr. O. S. ARTHUR: All photographic equipment,....

Asides

(Aside: Mr. D. A. C. SIMMONS: Shoe polish.)

Laughter

Mr. 0. S, ARTHUR: There are some items here like cattle leather....

(Aside: Mr. D. A. C. SIMMONS: Do not worry with that.)

Mr. O. S. ARTHUR: Sheep leather....

(Aside: Mr. D. A. C. SIMMONS: Get down to the shoes!)

Mr. O. S. ARTHUR: There has been an increase in the Consumption Tax on shoes, on all form of clothing, even on walking sticks ....

(Aside: Mr. D. A. C. SIMMONS: And umbrellas!) Mr.

0. S. ARTHUR: ....and umbrellas!

The fact, Mr. Speaker, is that there is no item used by the ordinary man in Barbados, including matches that is not now to be subjected to a Consumption Tax. And the Minister will want to pass it off to the country that the only thing that he has touched up a little bit are things like frog legs, caviar, whiskey, crab meat and other luxury goods!

The truth is that vegetables, whether locally produced or imported, all forms of clothing, whether locally produced or imported, refrigerators, stoves, typewriters — every form of office equipment and material have now been subjected to Corporation Tax.

(Aside: Mr. D. A. C. SIMMONS: Even exercise books.)

Mr. 0. S. ARTHUR: Exercise books, Mr. Speaker, stockings....

(Aside: Mr. D. A. C. SIMMONS: The poor girls!)

Mr. O. S. ARTHUR: ..... brassieres, under garments, whether locally produced or imported, will all have to bear an increase in Consumption Tax.

(Mr. D. A. C. SIMMONS: Because it's rubber!)

Laughter

Mr. SPEAKER: Order, please.

Mr. 0. S. ARTHUR: Mr. Speaker, the Government want to treat this as a laughing matter. But if we were to proceed, Sir, things like bed linen, toilet linen, kitchen linen, curtain linen, sacks and bags, all forms of footwear, head gear, every conceivable item in Barbados is now to be subjected to Consumption Tax.

If that is not bad enough, in addition to the consumption Tax which is to be imposed, a 3 per cent in Stamp Duty is to be added on top of the Consumption Tax. The Minister should really tell the House what is likely to be the full effect of those increases.

The facts are, Mr. Speaker, that whereas the Consumption Tax may yield only SI 1.9 million, by his estimate, and the Stamp Duty may yield $14 million, the Minister must remember that when such taxes are paid at the point of entry, there will usually be a mark-up by the commission agents of at least 10 per cent, there will be a 15 per cent increase by the wholesalers and a 25 per cent increase by the retailers. And although it may appear that the cost to the taxpayers will only be $25 million, once

those mark-ups have been increased, the full effect of these tax measures on the people of Barbados, as measured in the only possible way in which they should be measured, will be in the vicinity of at least $50-odd million.

When you take the tax, plus what will have to go to the commission agents, the retailers and the wholesalers, the full cost will be between $53 million and $60 million. And you are doing that at a time when you are reducing the disposable income of all those in this country earning less than $15 000 a year by clapping levies on them. You are doing that at a time when you are decreasing the disposable income of those above $15000 a year by removing the levies as deductions against assessable income and adding on additional levies for them to bear.

I say, Mr. Speaker, that these taxes are wider in scope than the Minister has led this country to believe, and the difference, except in a few instances, between the Consumption Tax for locally produced goods and foreign goods is not wide — and in most cases, they are set at the same — so you are not providing a basis on which locally produced commodities can have a competitive advantage against imported commodities, and you are going to bring about in this country a level of price increases that will completely set back and erode any benefits that may have accrued to the taxpayers of this country by recent changes in taxes.

The old person who now has to buy a cake of soap, to buy a cucumber, will now have to pay a Consumption Tax on those where there was no consumption taxes before. That an old person now has to pay increased taxes on matches, without any change at all in their pensions. All persons in Barbados, who would have in the past throughout our long history never had to pay a Consumption Tax on a locally produced vegetable — and we in the Barbados Labour Party could not understand why you should put Consumption Taxes on locally produced vegetables - will now have, as a result of the financial mismanagement of this Minister, to pay consumption taxes on such commodities. Nobody in Barbados, nobody at all, has been relieved by the complete range of the Minister's list of consumption taxes, which range from walking sticks to caviar. 6.10 pjn.

Mr. Speaker, I want to raise a few other matters Sir, that the Minister did not talk about, but which could also have an effect on people's disposable income.

There is a circular which has been sent to Government departments which need careful explanation. It purports, Mr. Speaker, that departments should add the arrears for the period April — December to the income received by civil servants in that year, then, having added the arrears, calculate the gross assessable income as if they received the back pay in 1986, and thereafter compute the tax payable as if the back pay had been paid out in 1986.

This will have two very serious effects if it is followed through on the civil servants of this country. You are asking them to pretend that they received the back pay in 1986, and add the arrears for the period April — December to income received. So their taxable income will go up, and they would become entitled to less tax refunds, than is the case as it stands. That is a fact.

In addition, Mr. Speaker, Income Tax is paid in an income year on income received. The back pay was not received in 1986. It is to be received, we hope, in April 1987. So if you ask the Government departments to add that portion of the back pay applicable for the period April — December 1986 to income received, you are finding an unusual way of reducing the amount of tax refunds to which people are entitled. That is a fact. And thereafter, Mr. Speaker, having reduced the amount of Income Tax refunds to which persons will be entitled, when the back pay becomes payable in 1987, it becomes subject to tax as well on that portion of the back pay for the period January 1987 - March 1987.

Mr. Speaker, if that is the approach that Government wants to follow, it will be putting a double lick on the civil servants of this country. It will be asking them to reduce their tax refunds by pretending that they have received the back pay last year, and also, Mr. Speaker, having drawn out for a long period of time the payment of wages due to the civil servants of this country, you will be putting them, when it becomes due and payable in April, in a higher tax bracket and charging them taxes on that income, purely because of the long —* drawn out process of negotiations between the Government and the civil servants.

That, Mr. Speaker, is an administrative arrangement which is going to worsen the lot of civil servants precisely at a time when they are being asked to carry a larger Consumption Tax burden, a larger levy burden, as well as to have their levies removed as deductions against their tax liability.

I want, Mr. Speaker, to touch on the question of energy. At February' 1976, when the Democratic Labour Party was asking for gasolene prices to be dropped to *95$* a gallon, crude oil prices were then $26 a barrel. When we set energy prices, Sir, it was in the light of a fall of crude oil prices and the reference to $15.14 a barrel, ^ and the manner in which we set our energy prices was of a character that allowed part of the fall in the energy price to be passed on at the pump, to be passed on by a massive cut in the Consumption Tax on fuel oils, and Mr. Speaker, we also decided to retain piece, because it was

our intention to maintain a minimum exploration and drilling programme in the knowledge that we will be keeping people at work and we will be expanding the reserves of gas in Barbados, making projects such as the LPC Plant and the wider distribution of natural gas in this country possible.

By July, when the Democratic Labour Party dropped the price of gasolene to 95^ a litre, the price of crude oil had dropped to as low as $10, and you dropped the price of gasolene to 95^ per litre by reducing the Consumption Tax on gasolene, for sure, but making up for such loss as you incurred by increasing the Consumption Tax on fuel oil and kerosene. If you had not increased the Consumption Tax on fuel oil and kerosene, you would have been able to pass a larger part of that price increase throughout the wider society, to the benefit of the productive sectors.

In September of last year, crude oil prices dropped again, and the benefits were passed on to nobody. They were taken in full by the Minister of Finance increasing the Consumption Tax on gasolene and diesel by way of an Order.

The fact, Sir, is that we now know that fuel prices are not at the levels which allowed you in July and September last year to bring down prices to levels which now prevail. And we are telling the Government, Mr. Speaker, that if there are changes to be made in the prices of energy products to compensate for the fact that the price of energy increased, then the Government has a responsibility to let the people know. Because in a sense, Mr. Speaker, -what we are doing this evening is trying not only to discuss how Government proposes to get itself out of a financial bind, we are also discussing the price that will be paid by various sections of the population for the tax changes and the other price changes that Government is bringing about, and we need to see those price changes and tax changes in their totality. 6.20p.m.

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

Mr. O. S. ARTHUR: So we can give a full accoum to the House that reflects the true position that all sections of this population will face.

Mr. Speaker, when I reflect on the range of taxes that have been introduced, the way in which these taxes will fall on different sections of the Barbadian community, when I reflect on the change in the economic prospects of Barbados brought about by the policies of the Democratic Labour Party, I am reminded of that quotation from Shakespeare in two parts, Sir, immortalised in the mouth of Brutus in Julius Caesar.

The first part says that there is a time in the affairs of men which taken at the flood leads on to fortune. There was a time, Sir, in the affairs of people in this country, a political time, taken at the flood and it has led on to the political fortune of the Democratic Labour Party.

But the second part of that quotation is instructive. It says; "omitting all the voyage of their lives is bound in shallows and miseries." On such a full sea are we not afloat.

I am obliged to you, Mr. Speaker.

Hon. L. E. SANDIFORD (St. Michael South): Mr. Speaker, I must confess that this is one of the most disappointing replies to a Financial Statement and Budgetary Proposals that I have witnessed or heard during my years in this Parliament. The reason for this is certainly not lack of ability or understanding on the part of the honourable member for St. Peter (Mr. O. S. Arthur), because 1 know he is a person of ability and of understanding — and I am being very charitable here, Sir. I arn sure that this weak performance here this afternoon has been due to the fact that the Member for St. Peter finds himself torn between his work as a politician and his professional training as an economist. Economist tend to be caught on the horns of that kind of dilemma.

Perhaps in historical times, the economist who has been perhaps best able to rise above that, or to combine both callings with perception and achievement, has been John Maynard Keynes, a liberal politician as well as one of the outstanding economists in the profession. But what we have had here is the Member trying to prove that what he said was not incorrect, and I have to put it in the negative, and at the same time trying to prove that the approach of the Barbados Labour Party Government over the ten years that it was in power, from 1976 — 1986, and the policies pursued were appropriate to the circumstances and situations of this country, and that everything that the Democratic Labour Party has done both before and since 1986 has been false and to the detriment of the public affairs and public policies of this country.

Let us understand from the start that we have had predictions of doom and gloom, and this has been characteristic of the honourable Member for St. Peter in Opposition. He has predicted that the Budgetary Proposals introduced in 1986 by the Democratic Labour Party's Minister of Finance would have cost between $100 million and $139 million, depending on which time the Member was speaking. That prediction has turned out to be incorrect, as we have heard from the Minister of Finance.

He predicted that the cost resulting from the reduction in the Hotel and Restaurant Sales Tax would be in the vicinity of $6.5 million in an entire financial year. There is no evidence anywhere, based on present predictions, to prove that that figure would be correct. In fact, the Minister of Finance has given the best estimate of that particular position. 6.30 pjn.

He has also predicted that the Corporation Tax when reduced from 45 per cent to 35 per cent would cost some $18 million. No where is there any evidence to indicate that that prediction is correct. On the contrary, that and the others are incorrect and will be incorrect.

He has predicted that there will be a conflict arising out of an increase in domestic spending and the availability of foreign exchange to support it, which would lead to a devaluation. More doom and gloom! On more than one occasion this Democratic Labour Party Government, through its spokesman on Finance, and now through its Minister of Finance, has indicated that there will be no such devaluation, and no such devaluation has occurred.

All of the predictions to date made by the chief spokesman for the Opposition on Finance relating to the dire consequences which would result from the implementation of the proposals and the package of the Democratic Labour Party as far as the financial and economic matters are concerned have turned out to be false. And we have no reason to believe that anything that he has said today relating to predictions in respect of what the Minister of Finance has said in his Annual Financial Statement and Budgetary Proposals will, in fact, turn out to be correct, because he has now built up a record of making predictions that have turned out to be false.

The fact is that he has a particular problem. He is trying to put the Barbados Labour Party's record in a favourable light and conversely, trying to put the outstanding record of the Democratic Labour Party in an unfavourable light. But the fact is, Sir, that the Minister of Finance has delivered a very brilliant Budgetary Statement. It has been widely accepted by the people of this country, and no words of gloom, no talk about finger spin and flight, and not only flight but sleight of hand, can really cause the people of this country and this House to have an opinion or impression of the Budgetary Proposals that is not favourable.

Let us get one thing out of the way from the start. Towards the end of his speech, he made a big song and dance on Consumption Taxes. It is not the intention of this Government that there will be taxation on those locally produced vegetables, as the honourable Member has stated. I am giving this assurance here now that he will not see that kind of imposition on locally produced vegetables at all. You will not see it on mangoes, nor on whatever other vegetables he made reference to. That will not obtain in this country.

If you misunderstand what has been said, and misunderstand the efforts of this Government to give further protection to the local farmers in this country, and try to raise a big scenario that there will now be Consumption Taxes on locally produced vegetables, then, that is your misunderstanding, and you and your colleagues will flounder further in the area of misunderstanding. It will not be so, and that is the assurance I give this Honourable Chamber and the people of Barbados.

Asides

Hon. L. E. SANDIFORD: You are waiting for explanations and the explanations will come.

Mr. SPEAKER: Address the Chair, please.

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

What this- House is actually debating at this time, Sir, is a Resolution which is very clear in its terms. It begins:

> "WHEREAS the Government is committed to the upliftment of the living standards and the quality of life of all Barbadians"

It starts, therefore, with a statement of the ideology of this Government as far as the people of this country are concerned, to uplift the living standard and the quality of life of all Barbadians. It goes on to state:

> "WHEREAS in this regard with considerable success the government has been pursuing measures and has introduced a new fiscal package directed towards the promotion of stability, growth, employment and a sound investment climate in the economy, and
>
> "WHEREAS the measures announced in the 1987 Financial Statement and Budgetary Proposals by the Minister of Finance are aimed at the further strengthening of the national economy,
>
> "BE it resolved that this Honourable House of Assembly take note of the 1987 Annual Financial Statement and Budgetary Proposals, approve the measures contained therein, and commend the government for its sound management of the economy."

We are challenging the members of the Opposition, if they believe in the statements that they have been

making, to vote against this Resolution.

Let us look at the goals that we have talked about. First of all, the goal of stability. In the area of prices, wages and inflation, the record shows that the average rate of inflation for 1986 was 1.3 per cent. That is in keeping with the objectives of the Government to maintain a level of stability in the country, and 1.3 per cent average rate of inflation is something which this country and this Government should be commended for achieving. 6.40 p.m.

The wage increases average some 4.5 per cent, and that is something this country can live with. Increases were negotiated through the processes of collective bargaining, and, therefore, that also contributes to the stability in the country. We will wish and hope that sensible settlements continue to be arrived at through these processes, because we would not wish to see rampant inflation coming into the economy again, no matter what fuels the inflation, whether it comes from cost of production or wage push.

So we have the goal of stability, and far from being critical of the approach of this Government to the management of the economy, the Opposition should be praising the Government for the work that has been done during this period.

Let me look at the second goal, the goal of growth, because if we are to achieve upliftment of living standards and the quality of life of Barbadians, there must be growth in the economy. What does the record show? That during the year 1986, growth increased by some 5 per cent compared to a growth rate of 1.1 per cent in 1985. I think it is remarkable that this country can record that kind of growth when compared not only with other countries in the region, but with some of the industrialised countries as well.

No growth, or low growth can threaten the quality of life and also prevent the living standards of the people from being enhanced. Growth, on the other hand, leads to new jobs, increased profits, investments, buoyancy in the economy and also to better care, depending on the stance of the Government, for the underprivileged in the community.

The third goal which this Government has set for the country is one of employment and again what we have had here is a case in which the resident population at the end of December 1986 was some 253 491 persons, given in the Economic Report, and a labour force of 116 900 persons, which was an increase of 3 600 over 1985. I think it is an achievement that, in spite of the growth of the labour force, the country has been able to register a decline in unemployment from 18.7 per cent in 1985 to 17.7 per cent in 1986. We are expecting that with these three objectives which the Government has set itself for dealing with the public policies and the economy of this country, we will be able to manage, through our fiscal, monetary and physical policies, in such a way that we will be able to register further growths in these three areas.

I, for one am, and this Government is, committed to a policy of full employment. There is a lot of misunderstanding when such terms as "full employment" are used. Those who are untrained in the discipline believe that full employment means that everybody is at work. It does not mean that, because at any time, there are persons who may be changing jobs or who may decide that they do not want to work at a particular time, and there are other components which go into the term full employment. Some countries have said that an unemployment rate of 5 per cent would be the kind of objective that they would be looking at, and that includes some of the developed countries. In a country like Barbados, maybe if we can aim at 10 per cent in the medium term, to reduce our employment in stages down to that particular level, and if we can achieve that, we will be doing very well in the medium term. That is the kind of objectives we would be looking at.

So what this objective does, in addition to the package presented last year, is to further strengthen the country and I believe that the Opposition is so mesmerized by the fact that their dire predictions of gloom and doom have not materialised, and that growth has been registered in almost every sector of the economy, that they have found themselves now in a difficulty as to how to deal with the Budget that has been presented, and hence they have had to have recourse to other kinds of gloomy predictions. You shift from one position to another position, and I would make a prediction, that next year when you come again, you will be looking for a different ground on which to base your criticisms.

Let me take the matter of education and training because some talk has been raised, I believe by the honourable Member for St. Peter, about employment and training. The Minister of Finance made it clear that the funds expected to be raised will be directed towards the provision of employment opportunities in this country, and he did refer to training opportunities during his address. We want to make one point very clear. It is impossible in this country to increase employment significantly without taking into account the requirement to provide additional and different kinds of training for our labour force. So it must be an implicit part of the projections and the thinking behind the formulation of this Budget that additional funds will be made available for training. Employment and training will go together. 6.50 p.m.

Let me also say that, from my own observations, and from the kinds of comments that have been made on the Financial Statement and Budgetary Proposals, wide acceptance has greeted the presentation.

(Aside: Mr. D. A. C. SIMMONS: The presentation!)

Hon. L. E. SANDIFORD: The people of St. Michael South are numbered, among those, because that particular constituency, like the people of the country .....

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

Hon. L. E. SANDIFORD: .... are very pleased that steps have been taken to rescue this country from the very difficult and dark days during the 1980s, and they look forward to having their fair share of the increase in the economic cake, which would lead to an improvement in their living standards and in the quality of life.

The operative part of the Resolution calls upon this Honourable House to take note of the Financial Statement and Budgetary Proposals — I know you cannot vote against that — to approve the measures contained therein and to commend the Government for its sound management of the economy. We have presented evidence on the sound management of the economy, which included the positive growth rate of five per cent, a fall in the annual unemployment rate and other measures for the stimulation of the economy, for creating the right investment climate and for giving the people of this country once again some hope that they can look forward to an improvement in the quality of life in this country.

I commend the Financial Statement and Budgetary Proposals to this Chamber, and I call upon all Members to support the measures and also to take heed of a job well done by the Democratic Labour Party on behalf of the people of this country.

Loud Applause.

(Aside: Mr. D. A. C. SIMMONS: What have you said, Sandy?)

SUSPENSION OF SITTING

Hon. L. E. SANDIFORD: Mr. Speaker, 1 beg to move that this sitting be now suspended until 8.00 o'clock this evening.

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

The question that the sitting be now suspended until 8.00 o'clock this evening was put and resolved in the affirmative, and Mr. SPEAKER suspended the Sitting, accordingly.

6.56 p.m.

ON RESUMPTION Mr.

SPEAKER: This sitting is resumed.

The honourable Member for St. James South, the Minister of Health.

Hon. N. K. SIMMONS: Thank you, Mr. Speaker.

Mr. Speaker, I want to begin this contribution by congratulating the Honourable Minister of Finance for the excellent job he has done since taking office, and also for keeping his promise to relieve the people of this country from the heavy burden of taxation which was experienced under the Barbados Labour Party's Administration.

I do not want to comment too much on the contribution made by the honourable Member for St. Peter (Mr. 0. S. Arthur), except to say that it will be remembered more for his scathing remarks about a fellow colleague than anything else. Personally, I will remember it for giving me the worst headache I have had in a very long time.

I am more than happy to see that the Honourable Minister of Finance has decided to inject some additional monies into the health services. I believe that he, as a medical doctor, would recognise that this is one sector which needs to be given careful consideration, because it has a great impact on the productivity and economic development of this country. In effect, if I may use an old saying, "a nation's health is its wealth".

Mr. Speaker, I believe it important to say a few things about conditions in the Ministry of Health when I took up office just after the elections of May 28, 1986. If I were to go into great detail, it would take too long, but I just want to give some indication of how things were. For one, in the area of preventative maintenance it was obvious that there was insufficient attention paid to the institutions. Some time in July or August of last year, one of the roofs of the district hospital at St. Thomas just caved in, and we had to transfer about 30 patients to the St. Philip District Hospital. Fortunately, they are now back, but it did cause some inconvenience to staff, which had to go to St. Philip to look after these patients. In particular, I can recall that one lady who lived just a stone's throw distance from that institution had to take two buses and leave home at 4.30 on mornings.

If I were to look at the training, this was reduced to a minimum over the last five years of the Barbados Labour Party's Administration. Things became so bad at

the Psychiatric Hospital that female nurses were asked to work on the male wards in a supervisory capacity. One call well appreciate the problems that this would have created. None of the persons recruited over the last five years of the Barbados Labour Party's regime was trained at all in that institution to bring them up to the level of a qualified male nurse.

Turning to the National Health Service. I believe that because the Barbados Labour Party Government was unable to meet its commitment to the people of this country as it related to that service, they then had to plan very quickly, and implement very early, the General Practitioner Service in the poly clinics. This in itself has created severe problems, because there was little or no planning for the implementation of that service. Of course, one can recall that the District Medical Officers were fired with a day's notice and the old people, to whom my friend, the honourable Member for St. Peter, referred, went without the medical coverage to which they were accustomed. 8.05 p.m.

The Ambulance Service. I believe that I made specific mention of this some time earlier in this session. The Ambulance Service, as I understand it, is supposed to be a key element in any system of emergency health care, but that service, as introduced by the Barbados Labour Party, did not have qualified persons in leadership roles. I do not want to become personal - all I will say is that even the persons at the lower level were better trained than persons at the leadership level.

The Barbados Association of Medical Practitioners. One can recall how they were treated by the last Administration. It seemed as though they were singled out to be criticised in a manner which I hope we will never see again in this country. Of course, the end result of that treatment was that there was no dialogue between the medical profession and the Ministry relating to vital issues affecting the health of our community.

Generally speaking, Mr. Speaker, the staff in the health sector seems to lack motivation, because, for one, in a number of instances, persons who had served for long periods in various capacities found that they were replaced by other persons who had inferior qualifications, and sometimes did not have suitable qualifications for the job at all. There was one particular case in which a domestic, put it that way, was sent to relieve a qualified nurse in Holetown. These are the facts, and I believe that the country should know what we experienced under the Barbados Labour Party, and they should be glad that they have relieved themselves of such a burden.

Looking at this, one has to remember that the Health budget accounts for 15 per cent of Current Expenditure in Barbados. In 1985-1986 we spent $90 million, and in the Estimates for this financial year, 1987-1988, we expect to spend some $112 million. With expenditure of such a magnitude, it is necessary to ensure that we get maximum value for our money.

I found on taking up office that it was essential to institute a number of measures to improve.the delivery of health care within all the institutions falling under the Ministry of Health. I would like to publicly pay tribute to all staff — doctors, nurses, administrative staff, general workers — for the warmth with which they have greeted me in the Ministry and the support they have given me over the last ten months. Very often they worked beyond the call of duty, and on many occasions they worked ignoring the call of their families, when we had weekend seminars and workshops. I am very grateful to them.

To address the problems I outlined earlier, I gave priority to trying to obtain first hand knowledge from all health workers, persons at all levels, to find out the difficulties which they were experiencing, and I also tried to solicit their views on measures which we should implement to improve the morale, on the one hand, and the delivery of health services on the other. I considered this important if we were to get on with the job of providing what is said in our manifesto on page 19:

> "The Democratic Labour Party pledges upon attaining office that it will immediately carry out a comprehensive consultation with the health professionals and with all interested sectors of the community with a view to developing and putting into place an affordable comprehensive health coverage programme that is widely acceptable and within the resources of the country."

These meetings I have spoken about are really on an ongoing process. We meet all Heads of Departments every two months to ensure that there is some integrated approach between one department and the other and also that health professionals can make some input into what is happening in all areas of our health care.

In relation to training, I am happy to say that, from September of last year, we started our Emergency Course at the Community College. Twelve persons are in training. That course had been stopped since 1981. Similarly, in September the shortened Registered Nurse Programme for Psychiatric Trained Nurses was started. That, too, had been stopped by the last Administration in 1981. To deal with the situation at the Psychiatric Hospital where female nurses were working on male wards, and where the latio of untrained to trained nurses was getting out of proportion, a three year RMN Programme was started in January of this year. Here I would like to express my thanks and appreciation to the Minister of Education, our Deputy Prime Minister, who has allowed us to run that as an in-service training programme when all nurse training is

supposed to be under the Ministry ot ^dtiuition through the Community College. The need was so great that, were we to do it that way, we would not have the full .compliment of qualified psychiatric male nurses. Twenty-three are in training at this time. 8.15 p.m.

I would also like to state that in relation to those student nurses who graduated last November, the Minister of Finance was most generous and allowed them to have six months' salary, whereas under the Barbados Labour Party they would have had nothing at all.

Next Saturday, April 11, a course will begin for all supervisors working in the Sanitation Services Authority in an effort to strengthen the supervisory capabilities within that organisation.

I am also happy to know that the Ministry of the Public Service has indicated that there will be a liberal approach to training and study leave. This enlightened approach will allow those health workers who wish to do so to improve their qualifications, and it follows that the health services will benefit from that training.

As far as the question of maintenance is concerned, Mr. Speaker, this will be a very long term matter and therefore we have what we consider to be a phased-in programme. Again I must thank the Minister of Finance, for despite the fact that the Member for St. Peter believes that our finances are not so good, at a time when he did not even plan for it, the Minister gave the Ministry of Health $1.9 million to upgrade the Geriatric Hospital in Beckles Road. Work has already been started — it is not promised, it has been given. That money will be upgrading two wards, so you can imagine how much will be needed to complete the whole area. 1 also want to express my thanks and appreciation to the nurses of that institution who will have to work under very trying circumstances to ensure that all goes well and that the patients are very happy.

The Minister of Finance in his address said that the National Health Service, as planned by the last Administration, would have been an impossible financial burden, We all knew that. They knew it as well, and that is why they never implemented it in full. Our philosophy of providing health care is well set out in our manifesto, and I want to add that the polyclinic system about which the Barbados Labour Party tried to boast so much about was really started under the Democratic Labour Party, when the Deputy Prime Minister was the Minister of Health and they were called multi-purpose clinics. Those are the facts. All that happened was that the Barbados Labour Party changed the name in an effort to fool the people, but the people were not fooled.

To have that system organised properly - as I said earlier, it was started rather hastily and therefore badly — we have had a series of meetings with the health workers in rhe poly clinics, and also with the Executive of the Barbados Association of Medical Practitioners. We have begun to institute certain measures which will ensure that the health team spends adequate time with each patient. The problem was that, because of the changeover, adequate staff and adequate planning were not put in place to ensure that Barbadians got the proper care.

1 would like to turn, Mr. Speaker, to the St. Joseph Hospital, because I guess a number of people must be wondering what has happened about the St. Joseph Ho tal. A number of circumstances beyond our control have prevented us, so far, from opening the hospital. I believe that the Honourable Leader of the Opposition is aware of all the circumstances. For one, when we visited the hospital, we realised, for the first time, that most of the equipment and beds were removed, and that set us back a bit. Then we were told that the Sisters of the Sorrowful Mother owned the place and they had one agent who had to come down and discuss it with us. He came down and said he had to send back his engineers to re-open the hospital because all the plumbing and the services were closed down. When they came down, we sent in our engineers as well, and realised, for the first time, that the plumbing and electrical wiring were not to the standard as was expected of the sewerage system, and that that to all intents and purposes, would have to be replaced.

After one year, again for the first time, we realised, through a message from the Vatican, that the Sisters of the Sorrowful Mother were not the owners of the property arid that we would have to negotiate with the Vatican, and that is where we are now. We have just sent a message to the Vatican to ask with whom we should negotiate because -> and I do not think I am divulging any Cabinet secrets - we have agreed at a price at which we will buy it, and if negotiations fall down, we will acquire it compulsorily. We do not want to do that, we want to negotiate. In any event, the Democratic Labour Party Government will purchase the St. Joseph Hospital and will open it to meet the needs of the people of this country.

More people in this country are taking out health insurance and Barbados has been identified as the area to which most of the eastern Caribbean countries will send their people who will be taking out health insurance. I need not say any more on that.

If I were to look at the Ambulance Service, Mr. Speaker, I have taken a personal interest in this service, and one of my first tasks was to ensure that they got the proper leadership. Within another seven days, an Ambulance Officer, who was recruited by advertisement, not hand-picked, will be taking over the running of that service, and with him will be someone who was trained in England and worked with the Ambulance

Service as well. I am sure, and I can guarantee the people of this country, that the Ambulance Service will be in better hands as from next week.

The Sanitation Services Authority. I had to meet with the members of that Authority at all levels, management and workers. Of course, it meant getting up and going there at 5.45 in the morning to speak with them and having a workshop on a Saturday which about 350 workers attended. Once more, I must express my thanks and appreciation to them for the frank manner in which they discussed their problems, and indeed recommended solutions to some of those problems. I am happy to say, too, that the Sanitation Services Authority will be holding a Week of Activities in May to identify with the community and highlight some of the problems they are experiencing. I know that when you hear them, you will see that they are offering a worthwhile service. 8.25 p.m.

Under the umbrella of the Ministry of Health also falls the Children's Development Centre. This is, indeed, a sad reflection of the attitude that the llarbados Labour Party had to the less fortunate in our community. The building to house the Children's Development Centre was built with a grant from the European Development Fund and voluntary contributions. It was the understanding of those who gave those monies that the Government of the day would have provided the monies to staff and run the place. The Barbados Labour Party fell from that commitment, and now it is left to the Ministry of Health, in consultation with the relevant Ministries, to ensure that the centre can be appropriately staffed and opened to cater to the needs of those who have these disabilities. I sincerely hope that we can conclude these discussions to have the centre running, from at least in June.

We are also trying to improve the conditions of the people at the St. Andrew's Home for the Mentally and Physically Handicapped. I would like to say that we are now negotiating with the Anglican Church to lease a parcel of land adjacent to the home so that we can provide recreational services for the children there.

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

Hon. N. K. SIMMONS: Thank you, Mr. Speaker.

In concluding, I want to again thank the Minister of Finance for providing the wherewithal to ensure that the functions and the objectives which we have enunciated in our manifesto as far as Health is concerned will be implemented. I know that, with his help, we can really achieve health for all by the year 2000.

I thank you.

Hon. E. E. GREAVES (St. Lucy): Mr. Speaker, like the honourable Members on this side who have spoken before me in this debate, I would like to offer my congratulations to the Honourable Minister of Finance for having presented a Budget which will have a positive impact on the development of this country.

Listening to the honourable Member for St. Peter (Mr. O. S. Arthur), one would get the impression that this country has become the worst place in the world since the assumption of office by the Democratic Labour Party. This, Sir, is in spite of the fact that the records could indicate that the economy of this country grew in 1986. As a matter of fact, it grew by 5 per cent, and this is a situation where Barbados, like other countries, is still experiencing difficulties in markets beyond our shores, whether these markets are in the region or in the extra-regional area. It therefore means that we have to develop a strategy to bring about improvements in our economy.

This Administration of the Democratic Labour Party is committed to an export-led strategy of growth, and it is for this reason that we regard manufacturing as one of the major areas in the promotion of this objective. We are determined to provide as much help and encouragement as our scarce resources would permit. This Budget, which was delivered by the Honourable Minister of Finance sets in place additional measures which will have the effect of creating the proper environment for growth in the manufacturing sector.

We detected some of the major problems that were experienced by the manufacturing sector over the last six or seven years: in the first place, the sector's inability to have access to capital; secondly, over taxation; and thirdly, one perceived that the battering which the manufacturers in this country received at the hands of the last Administration left them, as it were, punch drunk. We, therefore, had to put in place a package of assistance. The July 1986 Budget was the first step in this direction. Let me now, Sir, refer to some statements made by the honourable Member for St. Peter in his address earlier this afternoon. He said that the export manufacturing policy of the Democratic Labour Party was based on political considerations rather than on economic realities. He did indicate that he would have gone on later in his address to explain this statement, which he never did, Mr. Speaker, so I am to understand that the efforts which we are making to make it possible for export manufacturing to grow in this country are political. If these are political, we have no apologies to make, because, in the final analysis, we are satisfied that the efforts will mean that there will be greater opportunities for investment, and greater opportunities for employment, in this country, and as the Honourable Minister has pointed out, these are the matters which underpin the proposals contained in the Budget.

The honourable Member for St. Peter also referred to the distributive sector and to lay-offs which he claims occurred in that area, and the closure of DaCostas Store on Broad Street. The honourable Member must know that DaCostas on Broad Street had planned, in any event, before 1986, to close its operations as they existed in 1986. This was a matter of public knowledge. They have indicated to us that they propose to start a programme of reorganisation in that area which will see the establishment of a number of shops. I gather that this particular development would be started very shortly. It will, therefore, in the construction period provide employment for people, and when the shops become operational, there will be opportunities for employment in other areas. 8.35 p.m.

It is also a matter of record that before 1986 «
Harrisons on Broad Street had also planned certain adjustments to their operations. It has nothing, I am submitting, to do with the coming into government of the Democratic Labour Party or anything to do with any policies pursued by the Democratic Labour Party. I think it is important that that matter be clarified, because the honourable Member would want to give the impression that this closure resulted from measures instituted by the Democratic Labour Party.

It is clear, Sir, that the Budget, which we have had the honour to listen to yesterday, is yet another step in the direction of providing the kind of environment which is necessary for manufacturing to continue to grow. Indeed, the Budget has been specific in its thrust in the direction of the mobilisation of resources for investment which would be used for the development of the manufacturing sector.

I want, Sir, to refer first to the Stock Exchange, the opening of which has been announced to begin around June of this year, and will provide an opportunity for shares to be traded and for businesses which need and which are registered on the Stock Exchange to raise capital. Arrangements are being made for a comprehensive education programme for Barbadians to get to know about the Stock Exchange, and this will be put in place very soon. We think that this is very important for all of us.

Secondly, the Honourable Minister referred to the launching of the Venture Capital Corporation, a new concept for Barbados. This will also have the effect of providing capital for companies that are experiencing difficulties, but which have export potential.

It was rather amusing to hear the honourable Member for St. Peter trying to convey the impression that this Venture Capital Corporation was proposed by the Barbados Employers Confederation. I want to disabuse the public's mind of this. This was not proposed by the Barbados Employers Confederation. Indeed, the quotation which he took from the submission of the Barbados Employers Confederation stated very clearly, according to the quotation which he read, "we support the idea of the establishment of the proposed Venture Capital Corporation."

He went on to suggest to the pub lie'that companies under this Venture Capital Corporation would be companies which are making losses and would be supported for a period of five years. He wants to know the conditions under which this Venture Capital Corporation will be set up. In the process of time, the Minister of Finance will be presenting to the public the entire arrangements which will be put in place for the Venture Capital Corporation. The fact of the matter is that it will provide support for companies which have export potential, and we see it as one of the creative efforts of this Administration to get our export manufacturing back on stream.

Under this arrangement, it is very important that one recognises that the corporation will be providing advisory services in the area of finance, which is very important in companies, management and in marketing. These are very important areas and the Venture Capital Corporation will be addressing them.

Thirdly, the Minister has indicated that a micro business window at the Barbados Development Bank will be opened and will provide financing for small operations. We consider this to be a fundamental link in our strategy of development in this country.

The Budget specifically addresses the garment industry. I think that it is important for us to recognise that the garment industry in Barbados, in Trinidad, in the United States of America, wheresoever ti exists, is treatec"[4]" as a special case, as an area which needs protection if it is to be able to grow and develop. In Barbados, we find ourselves recognising the potential which the garment industry has for employment and to contribute to our developmental process, so we also have to offer some protection to that industry, bearing in mind, Sir, that, for a long time under the Barbados Labour Party Administration, no support or protection was given to that area. As I said, it can generate jobs, and we therefore have to provide the industry with a strong foothold in the local market, and the measures which are instituted in this Budget relating to the garment sector are directed in this particular area.

However, Sir, I want to indicate that we in this Government recognise that the consumer must at all times. be protected, and consumers do have legitimate complaints against some garments, as indeed against some other products, that are produced in this country. There are complaints about quality, variety, price and timely

deliveries. The garment industry does recognise these complaints, and its representatives have assured my Ministry that they will set about to do whatever they can' to improve in those areas. I have no doubt that they will be successful in this, particularly with the kind of arrangements which we have already in place, and which are to be put in place to give them assistance in this area.

I want to assure the public of Barbados and this Honourable Chamber that the Ministry of Trade and Commerce will insist on manufacturers providing the highest standards in this country. There will be no compromise on this, since we also have a duty and a responsibility to the consumers. The garment industry, or any other industry, must not expect that it will be given protection to produce shoddy and expensive goods. In all of this, Sir, particularly as it relates to the garment industry, one can see that the opportunity is being created for small entrepreneurs to be creative, and indeed to reach for the upper end of the fashion market. 8.45 pjn.

It is a fact, Sir, that when the Democratic Labour Party came into Government in May, 1986, we had to begin a number of initiatives in an attempt to restore our position in the regional market in particular. These initiatives began in July, when a mission from the Government of Trinidad and Tobago visited Barbados, and this was followed by a mission which I led to Trinidad and Tobago in August of that same year. It can be said, Sir, without any fear of contradiction, that, for the very first time in a long time, the Government of Trinidad and Tobago became receptive to approaches from Barbados. This led to the granting of licences for a number of products, including, for the first time in a long time, licences for garments to the tune of $3 million.

It was a source of disappointment to me and my Ministry that our efforts were not matched by similar efforts by the garment manufacturers. It has to be appreciated that a Government can only create an environment. We will create the environment, but we expect the private sector to take advantage of the environment which we create.

It is interesting to observe that whereas trade with Trinidad and Tobago - and this is a fact - dropped from its peak of just under $80 million in 1982, and every year since then it continued dropping, until it reached the lowest point of $24 million in 1986, when you examine the figures in 1986, you will see that of that $24 million, between January and September 1986 we did $13 719 534 and between October and December, that is the last quarter of 1986, the amount of trade we did with Trinidad and Tobago was approximately $6.3 million. So in the last quarter of 1986, we were able to do about half of the trade which was done in the nine months January to September. No doubt, Sir, that was the culmination of efforts which we made.

Despite the downturn in its economic fortunes, we regard the Trinidad and Tobago market as still very important for Barbados, as they regard the Barbados market for them, so we in the Democratic Labour Party have continued with out initiatives in order to regain a firmer foothold in the Trinidad market. Last weekend, the Right Honourable Prime Minister of this country led a delegation to the Republic of Trinidad and Tobago. He had a meeting with the Government of Trinidad and Tobago at which a number of matters, including matters relating to trade, were discussed. I think the public is already aware of the fact that we have been able to get the Government of Trinidad and Tobago to move in certain directions to free up trade between Barbados and that country. The discussions were cordial, and we are satisfied that the new Administration in Trinidad and Tobago is generally interested in promoting a greater amount of CARICOM trade with that country.

The private sector of Barbados and the private sector of Trinidad and Tobago, under the Chairmanship of the Executive Director of the Caribbean Association of Industry and Commerce, have been working together so that the Governments in the region could move towards a point of removing licences, and in the particular case of Trinidad and Tobago to get that country to move the ECO requirement.

There is a commitment on the part of Barbados and also on the part of Trinidad and Tobago that the removal of licences is an ultimate goal, which we hope we will be able to achieve in the not too distant future. On top of that, we were able to impress upon the Government of Trinidad and Tobago that they also have to remove the ECO requirement, because we made the point that the possession of a licence will mean nothing to us if it is not accompanied by the grant of the ECO forms, which is the grant for foreign exchange. They have taken the point, and indeed have moved to a situation where they have agreed that the grant of the licence and the foreign exchange allocation will be done — to use a phrase which we use - as a one stop shot. I think that we are beginning to see progress, and we will in the not too distant future see the impact of this initiative, which again has been conducted by Barbados, to get CARICOM trade moving.

We have set as our objective moving **CARICOM** trade from its present position of *6l/2* per cent to 12 per cent by the end of this year, and moving eventually to 20 per cent maybe in the next year or so. In any event, we believe that, for the regional grouping, there ought to be greater trade within the region, and that is the whole purpose of these initiatives. We are satisfied that we will

be able to get the support of the other countries which are members of CAR1COM in this initiative. One gets the feeling that there is a new movement, a new desire on the part of the countries in the region to really do everything possible to make sure that trade gets the kind of boost that was envisaged when CARICOM was established.

We have to recognise that the scene has been set for our manufacturing sector to take advantage of these opportunities. But our. efforts are not directed only at promoting trade in the region. We believe that our efforts must be directed at areas beyond the region, and it is for this purpose that the Export Promotion Corporation of Barbados is redoubling its efforts in the extra-regional markets — Puerto Rico, Martinique, the Dutch Islands, the United States of America and Canada. These markets have been targetted by the EPC for goods. It is our conviction that with a commitment from the manufacturing sector to match the commitment of the Government, we shall see improvements in this area. 8.55 p.m.

I want, Sir, in the last four minutes or so which are left to me, to make just a few points in further rebuttal. When the honourable Member for St. Peter was winding up, he was obviously looking for something to make up time and held on to a circular which I gather has been sent out by the Commissioner of Inland Revenue relating to how taxation on back pay should be treated. Sir, this is normally done, there is nothing new in this. I recall that in the early 1960s when I was working in the Public Service, this is how we used to treat back pay and relate it to the salary which people were getting at the particular time. If it were not treated in this way, Sir, do you know what would happen? It would mean that all the money that you receive for back pay, let us say, in the month of April, would be added to your April salary and you would be taxed on that. The result would be that you would have very little money to carry home in that particular month. All the arrangement seeks to do is to stretch the back pay back to the time that it started, and the tax would be calculated on that basis. It is a very simple arrangement. But, obviously, the Member for St. Peter at that moment was just catching at a straw to make up time, by trying to dramatise what is a normal situation.

The Member for St. Peter referred to the appendix attached to the Budget and the taxes which appeared there. We recognise that there have been a number of typographical errors in relation to fish and vegetables which were detected, and the Minister of Finance proposes in his winding up speech to make these corrections.

I want to give this House and this country the assurance, the same assurance that was given by the Deputy Prime Minister, that there will be no taxes on local fish or vegetables. It would be ridiculous to even contemplate this. How would you collect taxes on mangoes growing in St. Joseph? How would you collect taxes on fish landed at Speightstown or Six Men's? I mean it is so ridiculous, it is obvious that it is an error. When the honourable Member for St. Peter holds on to this and try to make a big issue out of it, one could understand the way in which he was scrambling, particularly when you take the statement of the Honourable Minister of Finance when he specifically stated that one of the objectives of this Budget is to stimulate non-sugar agriculture.

Sir, in winding up, let me say that this Administration, as it were, has set the wicket. We have established the environment, and this Administration now calls on the business community to do its part to rise to the challenge thrown out by them. To borrow from John F. Kennedy, "ask not what your country can do for you" — we have done enough. We now ask you to show us what you are prepared to do for your country.

Thank you very much, Sir.

Applause.

Mr. SPEAKER: Before the next honourable Member rises to speak, I would like to indicate here that this brings us to the end of live television coverage until 5 p.m. tomorrow afternoon.

The honourable Member for Christ Church West Central, the Honourable Attorney General.

Hon. M. A. KING: Mr. Speaker, as I listened to the honourable Member for St. Peter (Mr. O. S. Arthur) make his contribution in this debate, I reflected to myself that it was a good thing that the average citizen in this country .....

Mr. SPEAKER: Am I to understand that the live television broadcast has been cut off? Go ahead.

Hon. M. A. KING: Mr. Speaker, I was making the point that, as I listened to the honourable Member for St. Peter, I mused to myself that it was a good thing the ordinary citizen does not bother himself too much about economic jargon, because if the ordinary citizen tried to understand what the honourable Member for St. Peter was trying to say, I am sure he would end up being quite confused, and I say that for obvious reasons.

When one looked at the analysis of the economic situation in the country, which the honourable Member for St. Peter sought to put in the course of his presentation, one would have got the impression that things in Barbados were extremely bad. Yet the reality of the situation contradicts everything that the honourable Member for St. Peter said, because around December last year

and January of this year, just after the holidays, you would have heard ordinary people in this community talk about the relief they felt at Christmas-time. I do not know about you, Mr. Speaker, but certainly people in my constituency, and I arn sure you would have had the same experience, particularly in the low income areas like Silver Hill, Gall Hill and Sargeant's Village commented on the sense of relief they felt as a result of the management of the economy by this Government. The honourable Member for St. Peter would want us all to believe that things are so bad and chaotic that people in the country are depressed, but the reality of the economic situation in Barbados, and the way how people feel, contradicts inldetail everything that the honourable Member for St. Peter has said, and I am sure we as honourable Members in this House would prefer to go by the gut feelings of people in the country rather than by the economic jargon which, is being uttered by the honourable Member for St. Peter.

What happened in 1986, and why would people feel that sense of relief? In the years prior to 1986, people were oppressed by the taxation which bore so heavily upon them. There is no question about that. All of us felt it. The lower income earners particularly felt it. There were yearly increases in the rate of Consumption Tax in every Budget. There were yearly increases in stamp duties. In 1981, I believe there was the imposition of that unusual thing, what was called "the barefoot tax," and then there was the Health Levy. And with the incidence of Consumption Tax, stamp duties and levies, which was the new dispensation ushered in by the Government of the Barbados Labour Party, the cost of living had gradually began to rise and to rise and to rise, and the people at the lower end -of the socio-economic ladder began to feel the pinch in no uncertain terms. 9,05 p.m.

The honourable Member for St. Peter must have been in a dilemma, because he is criticising Consumption Tax, and yet it was his Government which expanded Consumption Tax. Consumption taxes before 19^{7}6 were on a very limited range of items, but the Government after 1976 expanded Consumption Tax beyond measure to embrace practically everything in the society on all kinds of items, including walking sticks, they tell me, and essential items like medicines, foods and all kinds of things. That is true. The stamp duties were a new dispensation as far as they were concerned, so the honourable Member for St. Peter could not genuinely utter concern about the impact and the incidence of consumption tax and stamp duties, nor on the levies indeed.

Asides.

Hon. M. A. KING: It is true that when I was in Opposition, 1 criticised the wide incidence of consumption taxes on essential items, and stamp duties and the levies. I do not back down, no. but we have inherited a situation created by you.

Barbados is a small economy. We have made substantial contributions to the country by way of reduction in the burden of taxation which the country has had to face over the years, but if you look at this Budget in isolation, you could be extremely critical of the incidence of Consumption Tax and stamp duties, and the levies. But when you look at it in the context of the Budgetary Proposals of July, and in the context of what has been happening in the country, I think you must recognise that because we are a small economy, because the base on which taxation is collected is so small, if we were to unscramble every single element of the oppressive taxation which you imposed on this country, we would be in a very perilous state. So it is going to take time for us to retreat, but we have already lifted a considerable amount of the burdensome taxation which you have put on this country. If you look at the Budgetary Statement of the Minister of Finance in July, you will see that in relation to the extra-budgetary funds, as he called them at page 11 he said this:

> "At present, there are certain extra-budgetary funds, which, in our view, should never have been established outside of the Consolidated Fund. Therefore, legislation will be introduced to have the Health Levy Fund, the Training Levy Fund and the Transport Levy Fund transferred into the Consolidated Funci."

My position had always been that taxation by way of levies, consumption taxes and stamp duties always tend to raise the cost of living for the people at the lower end of the socio-economic ladder who could least afford it. I think all of us recognise that. But the essential point which you have to recognise is that you have so complicated things for the economy of this country that it will take time to unscramble the mess you have left this country in, and you have to sympathise with the Minister of Finance when he has to go the route which he is going and which he has chosen to deal with the problems which the country faces.

But what did he do? No only did he give substantial relief in relation to personal Income Tax but there was a reduction in the rate of Consumption Tax, stamp duties were dealt with in the July 1986 Budget, water rates have been reduced, there is no tax on pensions and taxation on severance payments has been removed. These are the pressures which we have lifted from the backs and the shoulders of the masses of the people of this country, so if the Minister of Finance leaves on some taxation in relation to areas which we do not agree with, are you going to pillory him for that? What else can he do? Are you asking him to remove the total tax base of the country? We have to deal with Budgets as they are presented.

The honourable Member for St. Peter really had a problem, and you could see him talking almost with tongue-in-cheek when he was criticising the levies, Consumption Tax and the stamp duties, But we understand that, and we understand the way how he approached this Budget, and the inner conflict which he must have had would have accounted for some of the very vacuous statements which he made during the course of his presentation.

For instance, the honourable Member at several points in his presentation made some dramatic and perhaps frightening statements to the uninitiate, statements, I think, calculated to drive fear in the public minds, and at every point when he made those statements, he would always say "I am going to give you the details later," and I turned to my friend and colleague, the honourable Member for St. Michael West (Hon. B. M. Taitt), and kept saying to him "we need further and better particulars of the allegations being made by the honourable member for St. Peter." Although he said he was going to come back later in his speech and give details, never at any time did we get any details or the substance to back up the allegations he was making.

He made the comment that the manufacturing sector has experienced many body blows — he was talking about 1986 and persumably the first three months of 1987 - and we sat with baited breath waiting to hear what were these body blows which the manufacturing sector had experienced. And what did we hear? He said Intel had closed. Was that our fault? Was it a problem created by the Democratic Labour Party that causes Intel to be closed? We believe and know that it is on record that in 1984 Intel had signified that it was minded to close, but because an election was pending, it held on for a while. So if the honourable Member for St. Peter wants to claim credit for anything, let him claim credit for Intel having expressed the wish to close in 1984 but they held on till just after the election was over.

Apart from his reference to Intel, we heard no other details of any body blows which the manufacturing sector was experiencing. So if we discount the reference to Intel, then we have to conclude that his statement in relation to the body blows administered to the manufacturing sector was entirely a vacuous statement. There was no substance in it. He did not back it up with any details. It was a statement which was calculated to scare and to do nothing more. 9.15 pjn.

He made a statement about the complete contrast, as he saw it, between the promises and the performance of the Democratic Labour Party. Again I waited with baited breath to try to understand what he was talking about, because if he is saving that we made promises to the people of this country and have not performed, I think the record would prove that that is a total untruth. The documentary evidence is to the contrary.

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If you look at the manifesto which we presented to the public prior to the 1986 election, and look at the Budgetary Proposals of the Minister of Finance in July 1986, you would see that those Budgetary Proposals were a faithful representation of what was in the manifesto, and if you look down the summary of those Budgetary Proposals which appear at pages 14 and 15, you will see that every single one of those Budgetary Proposals have been effected and have become a reality in Barbados today. Those Budgetary Proposals are a faithful representation of what we promised to the people of this country prior to the 1986 election, and if the quarrel of the honourable Member of St. Peter is that we have faithfully carried out our promises to the people of Barbados in fulfilling our manifesto promises, let the honourable Member for St. Peter take that quarrel to the public of Barbados. We have no problem in keeping face with the public and with those who supported us and -A voted us into the Government of this country, and we will continue to honour our promises and keep face with people.

Apart from everything else, clearly the outturn figures which have been shown for 1986, as read by- the Minister of Finance and later referred to by the Deputy Prime Minister, has clearly demonstrated that the economy has performed in the way in which we predicted, and not in the way in which the honourable Member for St. Peter would suggest.

I turn to another statement which he made, which, again, does not make sense. He talked about the general area of insecurity of persons employed in state enterprises which the Government proposes to dispose of. Presum- • ably he is talking about the Hilton Hotel and Heywoods-**. — he made the statement and left it there. The position is that the Government of Barbados owns the real property, the building that is the Hilton Hotel. It owns the buildings that make up Heywoods. The Hilton Hotel is managed by Hilton International. The Barbados Government does not manage Hilton, nor does it employ the staff at Hilton, and the same thing applies in relation to Heywoods. Heywoods is managed, as far as I know, by a company called Cophthorne Ltd., and Cophthorne Ltd., employs the staff.

If Hilton decided to sell its management interest, that is not a matter about which the Government of Barbados can do anything. Hilton are the managers and they are the employers, so what Hilton does in relation to its staff is a matter for Hilton. Persumably, the only ' rationale for selling the complex is that it will be sold as a going concern, and that if Hilton has sold its hotel, some company, corporation, group of persons, call it

what you like, will buy Hilton, will carry it on as a going concern, and people will continue to be employed. It is a similar situation with Heywoods, because one would hardly imagine that anybody would buy these buildings and invest such massive sums of money in them just to close them down. The argument is so ridiculous! Employment will be there, and if the people are laid off or terminated as a result of the sale, we ensured in our time, in the first Administration, that we had passed legislation which would provide for effective severance payments coverage for any persons who lost their employment in situations of that kind. Do not mind that the last Government tried to reduce the benefits which workers would get out of severance payment, and do not mind that they even imposed taxation on severance payments. We have seen that the taxation has been lifted and that the rights of workers in relation to their rights to severance remain intact. So the workers rights are preserved, and the point which the honourable Member for St. Peter has been trying to make, as far as 1 am concerned, has fallen to the ground.

In relation to Caribbean Airways, for instance, if he is talking about that, what does he suggest? Does he suggest that we can continue, and should have continued, operating Caribbean Airways and incurring the massive losses to the finances of this country which Caribbean Airways has been causing us, or does he accept that we have done the realistic thing and, through the Right Honourable Member for St. John, in his capacity as Minister responsible for International Transport, negotiated reasonable arrangements with British West Indian Airways and British Airways which has resulted in considerable net gains to the economy of Barbados? Again, in relation to this aspect of the presentation by the honourable Member for St. Peter, his statement falls to the ground.

Another ridiculous statement which he made was when he said that the spirit of this Budget will create a crisis of confidence in the Government and will undermine the confidence for which Barbados is reknowned. Ail I can say is that I really cannot address that statement, because I really do not understand it.

Mr. SPEAKER: The honourable Member cannot say "such a ridiculous statement."

Hon. M. A. KING: I apologise and I withdraw "the ridiculous statement." It is a statement which I do not understand.

Asides.

Hon. M. A. KING: You are quite right. If I do not understand it, I cannot say it is a ridiculous statement. I cannot explain it.

The honourable Member for St. Peter, in his analysis of the employment situation in the country, talked about the level of employment at June 1986, and he went on to say that the statistics show that the level of employment at June 1986 was higher than at June 1985, a pointless reference, really, from the essential point of view that everybody knows that. The honourable Member for St. Peter must know that in May, 1986 we were running up to an election period, and everybody knows the state of employment at that time, how' every single Government member was, as they say, getting a piece of the action.

The honourable Member for St. Philip South (Hon. H. A. Blackman) can tell you about the persons who were employed in the National Conservation Commission, taken on at the last moment and given termination notices to the end of May 1986. The honourable Member for St. Michael West Central (Hon. W. W. Hall) can tell you about those in the National Assistance Board and other places. All the Ministries can tell you of the massive amount of people in the Ministry and statutory corporations under their control where persons were taken on purely in the period leading up to the General Elections, and purely for election purposes. So when the honourable Member for St. Peter wants to use the statistics in relation to May and June, 1986, as a reference point for the state of employment in 1986 when the Barbados Labour Party Administration was in office, it shows you the level and the quality of the debate and the point of reference which he would make to score his points. 9.25 p.m.

Mr. Speaker, as far as I am concerned, and this is the position of the Democratic Labour Party, budgetary policy, especially in a developing nation like ours, has always got to be biased towards the poor, towards providing the essentials that the underprivileged and those least able in the society are able to afford. We have to direct our attention towards the relief of unemployment, we have to direct our attention towards the provision of low cost housing for people who need to, we have to ensure that opportunities in education exist for all.

This Budget which the honourable Member for St. Michael South Central has presented — and you talk about the $51 million in taxes which it raises — is to set aside $10 million for low income housing. The Barbados Labour Party Administration neglected low income housing. When last have you provided low income housing for the people of this country? We are now embarking on a programme of providing low income housing for the masses of the people of the country.

Money has been set aside for the micro businessmen through the Barbados Development Bank. There are other areas in respect of which allocations of funds have

been committed for the development of the people, all in the long run directed towards lifting the economy and providing relief for the masses of people in the community.

By and large, we are not a very rich nation, we are not a nation of extremes of wealth and poverty like some of the large industrial societies in what is called the first world, but, basically Mr. Speaker, we still have a lot of inequalities in this society which need to be corrected, and these inequalities spring, in many instances, not from lack of hard work, but are usually the result of inheritance or the accident of birth, and they are in many cases totally irrelevant to the whole progress and economic development. So what we as politicians have a responsibility to do is to ensure that our budgetary, monetary and financial policies, and our whole management of Government and the economy of the country are directed towards lifting up those at the bottom of the social and economic ladder who are least able to cope with the problems which modern day life offers them.- The Budget which has been presented by the honourable Member for St. Michael South Central does just that, and like honourable Members who have spoken before me, I heartily compliment the honourable Member for St. Michael South Central on the presentation of this Budget.

[1] Dr. E. A. SIMMONS: (St. Michael South East): Mr. Speaker, I want, first of all, to compliment the Minister of Finance for presenting what must be a well researched, well thought out and scholarly Budget. I am quite sure that those of us who have taken the time to read it will know that a lot of research went into it. It follows on a Budget that brought relief to a situation in Barbados where people felt choked by the high level of taxation that was imposed by the former Administration and which gave the economy of Barbados a breathing space.

Before I get into the Budget proper, I want to make an observation. Any Budget, in order for it to have maximum effect in a country, has to have a set of conditions. Some of these conditions are that the social, psychological and moral climate in the country must be optimal, and I make that point because I want to refer to the statements that were made in this Chamber by the honourable Member for Christ Church West (Hon. H. deB. Forde), the Leader of the Opposition and the honourable Member for St. Thomas (Mr. D. A. C. Simmons) when they complimented this House for the very high level of debate, and they boasted that it was the highest level of debate that they have experienced in their term of parliamentary life.

Some time after 1986 when the Barbados Labour Party won the Government, they called a Commission of Enquiry and asked a gentleman by the name of Sir Herbert Duffus to do the enquiry. Those of us who have pride in our country must hang our heads in shame when that good Jamaican gentleman on page 101, Chapter 7 of his summary of the Duffus Report, had this to say about us in Barbados, and talking about the Parliament of Barbados:

> "Parliament and its Members have maintained the highest reputation of any Parliament throughout the commonwealth, and in all countries of the world where parliamentary democracies are still cherished."

He goes on later to make this observation:

> "However, I was left with a distinct impression that personal abuse and recriminations were rearing their ugly heads more often than good taste and manners warranted or permitted. Barbadians are noted for their good manners and their charm, and most are possessed with a superior education. Therefore the citizens of this country are entitled to expect their parliamentarians to exhibit those qualities at all times in and out of the House of Parliament."

He goes on:

> "Personal ill-feeling among politicians in small countries such as Barbados and Jamaica, to name but too such in this region, if allowed to go unchecked or to get out of hand, can easily affect the masses of people with dire consequences for the entire country or community, and it is my fervent wish that the Parliamentarians of Barbados will heed my gentle warning I give here prompted by experience in other countries and by the signs I observed in Barbados. Such debates should be conducted always at a high level and with the utmost pleasantries and politeness."

9.35 p.m.

I am therefore very proud to stand in this august Chamber, Mr. Speaker, to say that we on this side have already started to observe some of the fundamental changes that we must bring about in this country. Politicians are leaders, we must set the example, and the only way a Budget can take its maximum effect is if the climate is right, and I can say with some measure of pride that we in this Chamber have started to lift Barbados to a higher plane.

I think it is important to emphasise this sort of climate that we must bring, and I will now be quoting, Mr. Speaker, the Barbados Association of Medical Practitioners Bulletin of September 1986, and I will make this a document of the House. I think that we as Barbadians need to look at these observations very seriously. The -* Association had this to say, in EDITORIAL I:

> "However,. May 28 saw changes in the Government and thereby a change in the policy of the Ministry

of Health. Completely contrary to the previous Minister's practices, the present Minister of Health has sought to consult with BAMP on matters pertaining to the delivery of health care. To this end, two meetings have been held." And the Minister of Health has scheduled a third meeting.

It goes on to say that BAMP was not sure about what was going on in the Ministry of Health. This is very pertinent, because we can put a lot of money into an endeavour, but if the people and the personnel within the Ministries are not aware of what is going on, and if they feel that policies are pushed down their throat, very little benefits will accrue from all the money that you put in. I think that that is a very fundamental point.

Mr. Speaker, I want to turn next to another aspect. The honourable Member for St. Peter (Mr. 0. S. Arthur), as is the wont of many members of the Barbados Labour Party, has made a lot of comments about the National Debt, and I think we need to look at the National Debt with a little bit of historical perspective. Between the years 1961 - 1976, the National Debt went from $27 million, which it stood at in 1961, to $258 million, approximately an increase in 15 years of $230 million, which meant that, on average, the National Debt was raised by approximately $15 million a year or $1.3 million a month. Between 1976 and 1986, the National Debt rose to about $1.2 billion. That is equivalent to $120 million per year or approximately $10 million per month. That is the rate at which the Barbados Labour Party borrowed money.

If you were to look at another statistic, you will find that at that time when they were borrowing money at the rate of $120 million a year, the unemployment figures went from 15 per cent in 1976 to 18 per cent in 1986. Despite the massive borrowing of money, unemployment was still rising. I think that we must understand that it is not how much money you borrow, but how you utilise the money that you borrow to get the maximum benefits. That ties in with the first point I made about having a climate that is maximum for money to work in. because they had created a climate in Barbados where, no matter hdw much money they borrowed, they could not get the maximum benefits out of their money.

Mr. Speaker, twice in the history of this country the Government of Barbados has approached the International Monetary Fund. Both times it occurred under the Barbados Labour Party. The first time in 1977, and contrary to what the members of the Barbados Labour Party would make you believe, that it was the result of the policies of the Democratic Labour Party in 1976 that led them to the IMF, they know that is not true.

I want to quote, Mr. Speaker, from the Financial Statement and Budgetary Proposals of April 15, 1977, as given by the late Prime Minister of Barbados. On page 19, this is what the Prime Minister had to say about his going to the IMF:

> "Even so, Government in January 1977 took the precautionary step of borrowing under the compensatory financing facility of the IMF because of the anticipated shortfall in receipts from the export of sugar."

He explained that the reason he went to the IMF to borrow money was because he did not expect he would get enough money from sugar.

Everybody in Barbados now knows what happens when you go to the IMF. At that time we were told by the then Government that the money was our money and we could go for it, that it was cheap money and all sorts of things. But the people of Barbados know today, everybody has been sensitised to this, that the restrictions that are put on you by the IMF can have disastrous effects on any developing country. When they went to the IMF, they said that they went to it to make sure that the shortfall from sugar would have been taken care of. And so, Mr. Speaker, we have to be able to analyse our recent past and understand when the Members of the Opposition come in here and talk about finance that they have got a record that has left a bitter taste in the mouths of Barbadians because the fiscal policies which they followed were policies which did grave damage to this country.

The present Minister of Finance has had to come in here and take corrective measures, because Barbados did not start on May 28, 1986. We found situations that we had to correct. The economy of Barbados was in a terrible state. The borrowing that they are talking about did not happen in a vacuum — it happened because they had destroyed the economy of Barbados. How well do the people of Barbados know that! And, of course, the results at the poll were testimony of how well the people of Barbados knew that!

Applause.

* Dr. E. A. SIMMONS: Mr. Speaker, what the Minister of Finance did in July 1986 was to bring immediate relief to the suffering people of Barbados. He brought relief in the areas of corporation and personal taxes, he dropped the water rates, which affected everybody across the board, he dropped the price of gasolene for people who used vehicles, he lowered the electricity rates, abolished the nuisance TV licence, he increased the old age pensions, and we also advanced salaries to people working in Government offices who were finding it difficult to spend a good Christmas. All of us know that

Barbadians are very Christian people, and if it is one time that a Barbadian likes to know that he can invite somebody home, it is at Christmas time. Despite the criticisms made by the Members on the other side, the advances went a long way in making Barbadians feel once more that they were really true citizens of this great country which we have the honour to live in.

Applause.

Dr. E. A. SIMMONS: Mr. Speaker, the honourable Member for St. Peter made a comment that the Budget is a Budget that has taxed the people at the bottom but has not done anything to the people at the top. I think anybody who makes that analysis has not really read the Budget, and if you have not read it, you should not really make a serious comment on it.

I have made a slight tabulation of how some of the taxes would be raised. On one side, I see that people who are removed from the Income Tax bracket will no longer have their levies deducted. If you are getting over $15 000 and you used to get the levies deducted, they are no longer deducted, so the people above that bracket has lost that money. The covenant has been restricted only to charitable organisations. There is a reduction in the dividend credit. There is a reduction in the building allowance, and you know that poor people do not have the kind of buildings to give a building allowance. Also on this side, a banking licence has been increased, a franchise license has been increased, and, of course, one of the things that pleases me very much is that there have been heavier taxes placed on gaming and betting. My only wish is that next time it will be higher. 9.45 pjn.

On the other side, we have asked the people in the lower income groups, to help stimulate the economy and create more jobs for their brothers and sisters, to pay a half of one per cent in Training levy, half of one per cent in Health Levy, half of one per cent in an Employment Levy, and an additional .75 per cent for the Transport Levy.

Mr. Speaker, every Government knows, and the people of Barbados know, that if the Government is handing out benefits to the people, taxes have got to be raised. Barbadians are intelligent people, so when the Members of the Opposition come in here and try to create the impression that no taxes should be put on, they cannot mislead the people of Barbados. The people of Barbados are too intelligent for that.

One of the things that pleased me very much, Mr. Speaker, is that our Government has taken a serious approach to regional integration, and it has done it in monetary terms. One of the things that the Minister of Finance has done is that he has decreased the Stamp Duty on CARICOM goods from 12 per cent to 10 per cent. Meanwhile, he has increased the Stamp Duty on products coming from the extra-regional markets from 12 per cent to 15 per cent. What this does is to give our CARICOM brothers who are prepared to trade with us an advantage over extra-regional people. It is all right to stand up and say that the people in St. Vincent and St. Lucia are our brothers and sisters, but if we do not put our pockets where we think our friendship is, we are doing no good, and this is a positive move that this Government has made. Instead of sending armies into St. Lucia and St. Vincent, we are giving them monetary concessions!

Applause.

Dr. E. A. SIMMONS: Mr. Speaker, I want to say something about the taxes on garments. The garment industry is a labour intensive industry. Under the Democratic Labour Party Administration between 1961 and 1976, there was the emergence of what used to be the tailor into a fullscale garment industry manned primarily by local Barbadians that look like you and myself Mr. Speaker. Within the ten years that the Barbados Labour Party ran this Government there was a systematic dismantling of that garment industry and what do you have today? You have a situation where people take local currency, go to overseas markets, buy a lot of garbage, because most of it is garbage, and bring it back and sell it at phenomenal prices. That kind of business not only drains this country of good foreign currency, but it also decreases the job potential especially for young women who can find gainful employment in the garment • industry.

The garment industry is a $100 million industry in this country. And whereas we can get further benefits by supplying Caribbean markets and if possible extra-regional markets, it is important that we place emphasis immediately on an industry that we know will create jobs especially for our young women, because unemployment is highest in this country among young women. Therefore, I am very, very glad to see the Minister of Finance putting very heavy taxation on garments coming into this country. We have got to send signals out to our people that we are interested in getting them back in employment.

Applause.

Dr. E. A. SIMMONS: Fortunately, the Minister of Finance happens to share the same profession I share, and therefore it was no surprise to me when I saw the taxes on cigarettes and alcohol go up, because if only for the reason that we want to preserve good health in this country, it is a good move. I noticed that he has not done so in the case of rum, because, after all, we must protect our local interest as well.

Asides.

Dr. E. A. SIMMONS: No. Banks beer.

Mr. Speaker, for me, the most exciting concept that has come out of this Budget is something called the Micro Business Window. 1 think it is an excellent concept. Some of us may say that, initially, it has got a little bit of money, but I predict that out of this concept will come a growth for the small man in Barbados.

I want to expand on that a little. In Barbados, we have a lot of young people who are involved in the arts and crafts, and in my constituency we are very strong in this. The young people in St. Michael South East are among the most artistic to be found any place in the Eastern Caribbean, so the Micro Business Window is a concept that I have dreamed about, and, of course, our dreams were realised because it is in the Budget.

In that concept also, there is a group of young Barbadians who are into farming, and I look forward to the day when we can see this sort of Micro Business Window being an adjunct and a boost to the young farmers in Barbados, who, incidentally, are doing what is called in developed countries "family farming", which must become our true agricultural base.

The days of plantations, when you could get 40 and 400 people to work on your plantation, are finished. That is a realisation that we have to come to. Family farming has to be the future for Barbados, and because the economic times were hard, we are fortunate that a lot of bright young people have gone into farming. I hope that this Micro Business Window will be used to boost the expertise of these young people and bring them into line with mainstream Barbados, because when they get into financial straits, they have no place to run, because they are Barbadians as opposed to the top planters who used to be in Barbados, who, when they got into problems, packed up their bags and ran. These young farmers have no place to run to, so they have to make sure that their business is a success.

Mr. Speaker, I want to compliment the Minister of Finance for what I think is a well researched and well documented Budget which will bring benefits to the people of Barbados, not only now but in the foreseeable future, because if you analyse this Budget carefully, it has a lot for every sector in this country, now and in the distant future.

I thank you.

Applause.

Mr. SPEAKER: The honourable Member for St. Joseph. 9.55 p.m.

Mrs. M. BARKER-WELCH (St. Joseph): Mr. Speaker, it is with great pleasure that I rise to congratulate the Minister of Finance for the Financial Statement and Budgetary Proposals so ably and so clearly laid out. As the representative of the rural parish of St. Joseph, I am very happy to see that the measures therein will have a gieat effect to a great many of my constituents.

I want to preface my remarks with some comments about the Task Force. The Opposition has made heavy weather about the Task Force. They have criticised it, saying that we have to get people to tell us what to do. In setting up that Task Force, the Minister of Employment was mindful of the fact that the Democratic Labour Party has always sought to involve the mass of persons in this country in any decision it has to make. They do not think that they know everything. In the words of the Minister of Finance in the Budgetary Proposals, it is the collective wisdom and the initiative of the community, and that is in keeping with our policy. So the Task Force did not only contain members of the unions, employers and Government, the ordinary housewives and youths gave their contributions and their suggestions as to what could be done to alleviate the unemployment in Barbados, for everyone knows that unemployment is one of the most serious problems that we have to face in this country.

The Task Force set to work and came up with recommendations. These recommendations are now with a Select Committee of the Cabinet, and as the Minister of Finance reported in his Budgetary Proposals, some of those recommendations will be implemented in 1987.

The unemployment situation in Barbados is being looked at and worked on by the Democratic Labour Party Government. We are not willing to just sit and wish it to go. We are actively doing something about it, and that is why the recommendations of this Task Force are so important, because it comes from the people.

We are also in the process of having a manpower survey. This is very important for the future of employment in Barbados. This manpower survey is going to take the guess work out of it, so to speak, because at the end of this survey - it started in January and I believe that by May we should see the end of it — we will be able to know the unemployment patterns by parish, by age group and by status, and the length of time people were unemployed. Already 2 178 young, unemployed persons have been interviewed face to face, not by telephone, not by writing, for us to be able to ascertain the reasons for unemployment.

By doing this, Government will be able to come up with reasonable answers to the unemployment. The profiles which this throws up were not readily available before, so Government will now be able to plan training, and the very money that the Minister of Finance will be realising by his Employment Levy will be able to be put

to better use, because then we will know exactly in what areas we need vocational training and any sort of training. To relieve the unemployment, we have to utilise our human resources to the fullest, and our employment goals will be better reached if we know how much we have to do. We want to raise the standard of employment, and by doing that we will be raising the standard of living for Barbadians.

We also have with us at present an OAS consultant who is analysing the findings of the manpower survey. So the Ministry of Employment is actively pursuing a course which in the end will see unemployment at what we would call acceptable levels.

Right now the Minister is in Belize at a conference of Labour Ministers. Barbados has recommended on the agenda looking into the Immigration Bill in the USA and its impact; what will happen about our men who are working in America, because we are hoping to increase the quota of men working in America and in Canada. This is being discussed right at this minute in Belize, because we know that it is no good talking around the problem, it is no good blaming anybody. We have to start and do something about it, and my Ministry certainly is doing that.

We in Community Development are encouraging the teaching of skills all over the community for the purpose of encouraging young entrepreneurs. To this end, we have earmarked a portion of our Estimates this year as seed money, because when in the community centres they have learnt how to do things like pastry, dress making or stuffed toys, sometimes they find they can make a few dollars in it, but they need just that little bit, not a lot of money, maybe $300, to buy some wool or cotton or something to do crochet. In that way, the Ministry of Employment is hoping to introduce in Barbados a whole set of young entrepreneurs, because, Mr. Speaker, you will realise that the days of the big businesses, I think, are coming not exactly to an end, but people are beginning now to have to depend on cottage industries and small businesses.

I was very heartened when I went to the Careers Showcase yesterday at St. Michael's School when I saw a group of young persons all setting up their little stalls with the businesses that they themselves had been doing. The Ministry of Employment is pursuing this.

In that light also, the Ministry of Employment is starting a project in May. We have been working on it for a few months, but this project will involve 24 young women in the rural parishes of St. Joseph, St. Andrew, St. Thomas and St. John — I said the rural parishes, but this is a pilot project — and at the end of this project they will be able to have a little co-operative. Their skills will be upgraded and they will be taught how to manage it, because one of these young women will be getting a course frpm BIMAP and four of these young women will ^ be going to Jamaica to see how a similar project is carried on, so at the end of that time we expect to have those 24 women working. When — not "if - this project succeeds, we will be doing about four similar projects around the island, and I think that this is a testimony of the seriousness of the Democratic Labour Party about the unemployment problem. 10.05 p.m.

This Democratic Labour Party reminds me of the, I think it is a parable in Matthew, I am talking about all talk and no action in certain people. We did not say a great deal about what we were going to do for women, but we have done it. I know other people who have mouthed a lot about what they were going to do for women and have not done it. So this parable is the parable of the two sons that he said he wanted to go into his vineyard — I do not remember it well — I read it when I was a little girl, that is some time ago - and it said, — what would you say to a son who told his father, "yes, Daddy, I am going to do what you want me to do" and then did not-, but the son who said he was not going, or did not say anything, then he went? We in the Democratic Labour Party have not said a lot but we are doing a lot.

I want to come up now on the Community Development. This Democratic Labour Party believes in community development. I represent a parish that has been for donkey years loyal to the Barbados Labour Party, and I commend people who are loyal, but I am telling you that for all of that time the community development in that parish was almost nil.

One community centre, in Bathsheba, in St. Joseph. The Minister of Finance talked about collective wisdom and initiative — collective wisdom meaning that we are going to involve people. Where that community centre is put in Bathsheba, nobody wanted to go there, and only until I went down there and said, 'It is there already, let us use it,' did certain people realise that it could have been used.

I must say that, Government, with the Minister Wes Hall and those in Community Development, we have gone around St. Joseph and identified places. We have seen some buildings and we are trying to work on those buildings for Community Centres. We believe that the community centre can be the start of a very great nation, because it is in the community centres that you really meet people who really matter in the community. They come there to give their ideas, they spend their time -^ there, and from that small seed we get growing a community spirit, so people would no longer vandalise their community building because they are part of it. They are part of the collective wisdom and the initiative

of the community, so we see that this Budget is thinking of all of these things.

This Budget is interested in housing. Almost every day some one in my constituency is asking about housing. There is a dire need for housing in that constituency, and I am very happy to see that the Minister of Finance is going to ease that situation later.

I am sure that the people of the constituency of St. Joseph and the whole of Barbados are very happy with the Budget. I know that the honourable Member for St. Peter tried in some rigmarole fashion to suggest that people were going to be disadvantaged. I am sure he is not keeping his ears to the ground, because that is not the effect that I have seen, that is not the feedback that I have got from my people. We have to be our brothers' keepers, and every one knows that, to get certain advantages in a country, you have to get some money, and to get the money you have to have a measure of taxation, so I am sure that people understand that they have to give up something.

I know that if I was a worker in a country where there is a lot of unemployment, I would rather give up my *2lAi* in a dollar, which is what the tax amounts to, to make sure that somebody else or their children have a job. The situation with the young people looking for jobs is quite frustrating, and this money that will be got from the taxes will go a long way to help training.

That word "training" brings me to something else that the Democratic Labour Party stands for. You will remember that, during the last regime, a lot of training was stopped. You cannot stop your training and then expect to have the sort of efficient workforce that we are aiming for. This money will be properly used to train the youngsters, to train whoever is trainable, so that they can fit in with our employment goals.

Mr. Speaker, we know that the unemployment rate is higher for women than it is for men. We know that it was promised by the Barbados Labour Party that approximately 200 women workers would go to Canada on the Farm Labour Programme. That promised never came to fruition, and one of the things that we in the Ministry are investigating now is the provision of women. We are trying to get women into some overseas programme because we feel very seriously about the promises we make. As the Honourable Attorney General has pointed out, all of the Budgetary Proposals that we made last year, we have kept. We feel very strongly about keeping our promises.

You will recall that the last Government acted as though women never had a supporter until they came along. You will recall that a Women's Affairs Department was set up. In ten years that Women's Affairs Department has remained at a staff of two, and not only has it remained at a staff of two, it has moved from Ministry to Ministry. This is the fifth Ministry where the Women's Affairs Department is housed, and to be moving around like that you cannot get the effect, along with having two members of staff for all that time.

We in the Democratic Labour Party did not go about the length and breadth of Barbados trying to influence the women. What we did was to work on the whole community, and during our stay in office the people of Barbados can take it from me that they are going to see a difference in that Women's Affairs Department, because we know that the women in Barbados deserve a better deal.

When we entered the Ministry of Employment we came across some strange happenings. You know, of course, that the National Assistance Board is under our Ministry. I do not think I can say too much about that, because I know that that is the subject of an enquiry. 10.15

Mr. Speaker, I am sure 1 heard them talking about the dear old pensioners and how they v/ere feeling for these pensioners, but would you believe that several pensioners out there had their houses half done? Would you believe that those same old pensioners were told they would have home help, but when one old pensioner said whom he would vote for, no home help was given? That is a fact, and I can give you chapter and verse. This all fell under the National Assistance Board. And would you believe that some of the young, strong people got their houses done just before the election?

I am saying, Sir, that the Minister of Finance has to .take measures to suit the climate that we found. People were just taken on by the National Assistance Board by whim and fancy and so employment was swollen, but it also gave rise to a lot of inefficiency. Right now people are benefiting. The old people will tell you that their houses are being repaired properly. The National Assistance Board is once again fulfilling the duties and the tasks for which it was set up, and 1 would like to thank the officers, the ones who are now trying their best to get these old people's homes fixed.

I can tell you about it because I have some of these same old people in my constituency, and 1 have had to push before to get their houses finished. How could you take off the roof from an old man's house, or a part of an old man's kitchen, and leave it like that? I have had to get this fixed up. Thank heavens that the Democratic Labour Party is in power! They do not make a song and dance and talk about old people. What do they do? They act and they try to make the old people comfortable.

In relation to old people, Mr. Speaker, when the Budgetary Proposals removed the tax from pensions, we did a fantastic thing. Old people came to me and said "I can go home now and let a younger person get a job", because they were only working because their money was going away in tax. Now, they can take home their money! Do you think that people want to work all the days of their life? They would like to sit down or do a little gardening, grow a few flowers or tend to some pigs in the yard, or anything that they want to do around the house. They can now do that, because their pension is not taxed.

Mr. Speaker, when on May 28 the people stopped •the clock at 24 to 3, they knew exactly what they were doing, so I know that they will not be taken in by the rantings and ravings of the honourable Member for St. Peter. I am not an economist, I am only a housewife. I have done one or two things in my time, but I do not understand economic jargon, and if I had hoped to learn a little thing, I would still be at sea, because I have not learnt anything. There are few economists in the island, but there are a whole lot of people, and if you do something for the people that they understand, that is the important thing. We will leave the economists to fight out their theories, econometrics, micro-economics and all that.

Mr. Speaker, I learnt in a hard school, and I could go on and on about this Democratic Labour Party Government and what it is going to do for the people, and how I appreciate what the Minister of Finance has done. I have a great deal of admiration for the amount of work and thought that must have gone into those Budgetary Proposals to come up with such a comprehensive packet suited to every one in Barbados. We do expect that the results from these Budgetary Proposals will be seen in the coming months, and we look forward to many more proper Budgetary Proposals from the Minister of Finance.

1 thank you.

THE SUSPENSION

Hon. L. E. SANDIFORD: Mr. Speaker, that brings us to the end of our work for today.

I beg to move that this sitting be now suspended until tomorrow, Thursday, April 9, 1987 at 12 o'clock noon.

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

The question that the sitting be suspended until April 9, at 12 noon was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly. 10.23 p.m.

ON RESUMPTION

Mr. SPEAKER: This sitting is resumed. ^

The honourable Member for St. George South.

Mr. R. P. BYER: Mr. Speaker, the Advocate headline in this morning's newspaper reads: ."Arthur Blasts Budget." I believe that it should have read the other way, "Budget Blasts Arthur." Yesterday we were treated to an expose in the economics of gloom and doom. For one moment, Sir, I could not recognise that this was the country in which I live. I thought he was referring to some far off land.

For the first part of his speech, all the honourable Member for St. Peter did was to put a number of bad and doubtful propositions, some of which he never addressed after promising faithfully to do that. That aspect was dealt with by the learned Attorney General in his reply last night.

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It is unfortunate that none of the members of the Opposition is here. Maybe they are a bit punch drunk, but those propositions that the honourable Member for St. Peter sought to deal with were dealt with in a most unconvincing fashion. For 20 minutes of the last half hour of his delivery, he sought to convince the people of Barbados that we had, as it were, sharpened the cudgels of Consumption Tax to heap further, as he put it, despair upon them. Nothing could be further from the truth. I cannot understand why he approached it from that angle. I could not understand why he allowed himself to sink to such depths. Maybe, Sir, it was the pressure that he was under. I am told that from the moment the Honourable Minister of Finance delivered his Budget on Tuesday, <he had a headache and it continued into yesterday. Maybe that was the kind of pressure that he was facing.

I want to refer at the outset to three statements that the honourable Member made. He said, Sir — I will put the fairest, as I could, interpretation of what I understand him to say; no attempt is being made to quote him verbatim - that the real burden of fiscal rearrangements will be borne less by those able to bear them, the burden will be carried by low and middle class workers of Barbados, and that taxes will be inflationary.

I am certain that the Honourable Minister of Finance will deal with this statement in particular detail, but I want to say that the honourable Member is very familiar with that kind of thing. Under the regime of the Barbados Labour Party, this is what happened. We were told that we had to tighten our belts, and to oblige the -* Minister of Finance of the day, most of us did just that. We went out, if our belts could not carry another hole, and bought one

and put in a hole to accommodate him.

He also said that the economic and financial policies conceived for political gain has no place in the financial affairs of the country. This is a statement that I would subscribe to. There is all truth in that, but these Budgetary Proposals are not conceived for that purpose. Maybe, as I said before, the honourable Member for St. Peter is familiar with that. Most of the policies of that regime that he is part of might have been conceived for that purpose. I have not given them any deep analysis, but they might have been, and maybe that is why he was led to make the statement.

Another statement, which is somewhat akin to the above, is that he said the Budget will create a crisis of confidence in Government and send disturbing political signals to the people of the country. He also said that this Administration was more concerned with political gain than the interest of the people and people were exposed and left in the lurch.

Mr. Speaker, the honourable Member for St. Peter seemed to be trapped in what I would refer to as a particular psychological bind, a psychological bind that might have been brought on by him being a member of a Barbados Labour Party Administration where the most vicious climate in which one could operate was created. To emphasise my point that the economic and financial policies of the Barbados Labour Party were very vicious and were presided over by an Administration that taxed this country to the hilt, and lest we forget, Sir, I would want to put that period of Government of this country in perspective, and I will seek to rely on an article that appeared — and I am making this a document of the House, I am not so sure it is one — in the *Daily Nation* of Wednesday, June 11, F986 under the heading "The Order Changeth". It was written by a member of the Barbados Labour Party — "From My Folder — Melvin Atweli",

Mr. SPEAKER: Now the honourable Member must be aware that you should make reference but not actually quote the newspaper....

Mr. R. P. BYER: Yes. I have made it a document of the House, Sir. He said:

> "My view, which was expressed in certain semi private circles and to at least two party colleagues, has always been that Mr. Bree St. John, whether he saw it or not, had the formidable twin task of, first, undoing the damage that Tom Adams had done and then of placing his own stamp and image on the political life of Barbados before he could come near to leading the BLP to power for a third term.
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> "Many of you will recall my article, when I wrote on Sundays, which 1 called, 'A Conspiracy of Silence'. Mr. Adams, as Prime Minister, chose the international arena as his stage and he performed well there. At home he did very badly. He inaugurated a regime of fear and victimisation, I would say around 1979, that attracted support to it out of self-interest on the part of its supporters, but he endeared himself to very few Barbadians.
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> "He did a demolition job on the Civil Service and the Public Service. He stopped study leave and at the same time demanded efficiency. He is the first man in history to have put a tax on losing. I refer to severance pay.
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> "He slowed down appointments and promotions, quite often when he did "appoint", some civil servants found themselves subordinate to people they trained.
>
> "There is no intention in this article to be treacherous against the BLP. I am yet a member of the party; nor is this an invitation to agree with me. 1 express my own view of certain events in a general way as those events unfolded in relation to the man who was in power as Prime Minister. If I am called upon to be specific, you would have to lend me Gargantua's mouth." 12.10p.m.

Sir, 1 could go on, but time does not permit. But that gives some idea of the kind of climate in which Barbadians were asked to operate when the late departed was Prime Minister of this country. So when the honourable Member for St. Peter comes in here with a holier than thou attitude, pretending to be washed in the blood of the Lamb and whiter than snow, I think we should all just ignore him.

Mr. Speaker, when a Minister of Finance addresses public finance, and more specifically taxation as a component of public finance, he is faced, in my view, with a choice of alternatives. Before I give some idea of these alternatives, I want to make it clear that 1 am speaking in terms of taxation for economic development, and we certainly need that kind of development to improve employment levels and, by extension, the quality of life in Barbados. In other words, what tax policies should a Minister of Finance adopt to realise his budgetary goals? Later, 1 will say something about budgetary goals.

In my view, Sir, a Minister of Finance can resort to taxes or other compulsory levies to realise his goals. These taxes and levies will provide most appropriate instruments for increasing savings of capital formation out of domestic resources. In my view, by reducing the volume of spending by consumers, the Minister of Finance would be hoping to make it possible for the resources of the coun-

try to be devoted to building up capital assets. That is where you have situations of high taxation.

As the second alternative, he may resort to granting of incentives and the reduction of taxes. In addition, a Government, conscious of the need to promote, or, I will say, even accelerate economic growth, could provide, as said by the Honourable Minister of Finance, what he refers to at page 20 of Budget, "institutional strengthening", and I refer to the third paragraph, which I will not read to this Honourable House, where he talks about the Barbados Investment Council and so on.

A third consideration is that the Minister of Finance may be looking also at considerations of equity. If this is treated as an alternative, then it is my contention that he must further address two issues.

In the first place, there is the need to ensure that people in similar circumstances are treated alike. For example, the Minister of Finance might want to consider the position with the taxpayers' responsibilities. He may also, as a second issue to this consideration, look at the rate of progression of tax. We know that in our tax system those people who are at the lower end of the tax bracket are taxed lower in relation to those at the upper end of the tax bracket, that the higher a person's income, the higher the proportion of that income which should go to the state.

Mr. Speaker, if we are to understand the impact, if we are to get any intelligent grasp of the new path along which the Democratic Labour Party Administration is taking this country, should I say to the promised land of economic prosperity, then, it is my view that the Statement and Budgetary Proposals of July 15, 1986 and those delivered on April 7, 1987 should be read as one. In those two documents, the Honourable Minister of Finance set out a number of objectives which he is hoping to achieve during the next couple of months or years, as the case may be. You would recall, Sir, that when he introduced the Proposals on July 15, he said, and I am quoting from that document, which I think is a document of the House:

> "The proposals which I will introduce today have been prepared with the objective of strengthening the economy, creating employment opportunities, through increased purchasing power to individuals and assistance to businesses, and improving the living standard of all members of the society."

In the document delivered on Tuesday he said at page 36: "The main objectives of the budgetary policies in 1987 may be stated as follows: —

(1) Expansion of employment opportunities;

(2) Progressive reduction of the deficit of the Consolidated Public Sector to 3 per cent in 1987/88 and 2 per cent in 1988/89 through a judicious combination etc.

(3) Strengthening the productive base of the economy by expanding capital markets," mobilising domestic savings, encouraging wider share ownership ....."

He said also that the balance of payments would be improved and that he would seek to stimulate local manufacturing and agricultural production in certain select areas, and he listed what those areas were.

When these documents are read and the proposals examined, it will be seen that, realising the importance of economic growth, our Minister of Finance chose the second of the alternatives outlined above. In other words, he chose a system of incentives through reduced taxes and, as he put it, institutional strengthening. So in my view, today we have a tax system which provides the climate in which the will to work either of people in salaried occupations or in business, or in agriculture, is not impaired.

We have a tax system, Sir, which seeks to promote the growth of productive investment by domestic enterprises and by foreign-owned enterprises, and, lastly, we have a tax system which encourages savings by issuing marketable securities and other financial instruments. To my mind, the last of the three things that I have just mentioned is very important. I think that people in Barbados need to know about money and how to manage the money. It is not enough to put your two cents on the bank and leave them there to get 3 per cent interest when the Government is offering 6 per cent, should you invest in its marketable securities and the other financial instruments that are issued from time to time?

The honourable Member for St. Peter said yesterday that by issuing marketable securities, the Government was increasing the cost of running the country. That might be so, but he did not take into consideration another aspect of this whole arrangement, that people now have a chance to invest at higher rates than is offered in the commercial banking sector, and also that the Government of Barbados now has a chance to invest some of that money, if necessary, and it is something I am recommending to the Minister of Finance, abroad at higher yields, and the returns could benefit the country. 12.20pjn.

Mr. Speaker, a tax policy that creates such a climate is important, and even more so when one considers the regime of high taxation from which this country was extricated on May 28, 1986, or more precisely July 15, 1986, because you will recall that the previously administered BLP Government policy of high taxation, coupled with massive borrowings to finance domestic goals, resulted in a number of things. You will recall high unemployment resulting from massive lay-offs and an unfavourable business climate, factory closures of an

unprecidented nature, pressure on the balance of payments, reduced agricultural production — actually, agriculture was in shambles, if you will recall — and the diversification effort was a thing of the past. Actually, diversification was abandoned, and we waited hopelessly as one Minister of Agriculture after another groped in the dark for a coherent policy in agriculture. Major agricultural initiatives were abandoned with the wink of an eye.

So in closing, Mr. Speaker, I support the Resolution that is being debated before this House. I think that Barbados will benefit from the Budgetary Proposals outlined in July and in April, and I commend this House to offer all the support it can to this Resolution.

Mr. E. BOURNE (Christ Church East): Mr. Speaker, I rise to support this Resolution, but first let me congratulate the Minister of Finance for his fine presentation. Mr. Minister, I have brought you praises from the east, praises from the west, praises from the north and praises from the south. Many marvel at the way you have raised taxes without killing the poor. You are a man of great wisdom and courage. You are worthy of praise!

The proposal to stimulate the building industry and increase the housing stock for low income earners is the answer to a pressing problem in this country. In every industrialised country in this world, the pulse of the economy is monitored by the strength of the building industry, and I am certain that when we get our building industry in high gear, our economy will follow suit.

Mr. Speaker, the honourable Member for St. Peter in his debate was critical of the Consumption Tax, which is an increase of a mere 5 per cent on items not produced locally. This tax can be considered as protection for our local industries, which will stimulate employment, and the time has come, Mr. Speaker, when we in Barbados must learn that home drums beat first. I do not know about other honourable Members in this Honourable Chamber, but I learnt the hard way how the home drums beat, and that was at the far end of a coconut broom.

We must learn to protect our own. All industrialised countries have some form of protection for their industries. In North America, it is the quota system and local content. Some goods, like cars, going into Canada and the' United States must have Canadian content or US content for them to be sold in those countries. Furthermore, there is a myriad of tariffs to be paid, and over and above that there is always a Federal tax of 15 per cent plus a provincial or state tax of 5 per cent plus.

Mr. Speaker, when I consider the "barefoot tax" was started by the Barbados Labour Party in 1981 and we got nothing for it, it is more than reasonable to raise it a mere "pefuee" for a year in order to put the Transport Board back on even keel rather than raise bus fares. We have inherited the woes of the Transport Board from the Barbados Labour Party, and Mr. Speaker, you will know what an inheritance is. It can be worthwhile or it can be a bad one. It could be a palatial building with huge grounds like "Inch-by-Inch" or a 16 x 10 house badly in need of repairs . When we took over the Transport Board something we. inherited like a 16 x 10 house badly in need of repairs. To bring the Transport Board up to standard, we would have to rebuild, starting with a purge from top to bottom. We have to train the trainable and issue walking tickets to the untrainables and misfits. The Transport Board needs people of fine manners. We need conductors who will see it as their duty to help on and off the bus the old and incapacitated, conductors who are prepared to announce the next intersection or district as the bus travels on its merry way.

As far as I can see, Sir, the Transport Board has always been used as a political football, and we intend to have none of this in this regime. Buses and equipment are designed for specific duties, they are categorised. The Barbados Labour Party thought differently, but I must tell them, from professional experience, that some buses are built for city use, some for long haul use — those are the kinds where you put the pedal to the metal - and some are designed for rough and hilly work, and you must know when you are placing an order what type of equipment you intend to buy. Equipment is not bought like loaves of bread, because if you place an order, in whichever country or to whichever manufacturer, and you say you want X number of buses or X number of trucks, the first thing the Sales Department is going to do is to put the rejects on you. That is what we got under the Barbados Labour Party regime. 12.30 pjii.

What is needed in the Transport Board is people who can implement a sound preventative maintenance programme, because maintenance is the life of any equipment. We will have to institute an up-to-date workshop, fully equipped and competently manned. In that shop I would like to see an exhaust gas analyser to monitor the pollution in this country. The fuel system on a diesel engine is about half the price of the entire engine, and I would like to see the shop which services the fuel system to be a fuel system shop, and that is a shop dust free. This would call for a little airconditioning, and unauthorized persons should always be kept outside the door.

Mr. Speaker, I should like to turn to the Ministry of Transport, Works and Telecommunications. The increase of $50 on road tax, $10 on a driver's licence and the small increase on driver's permits is a welcome treat when you consider that this money will go to the repair of our

roads; which will increase the life of our tyres, suspensions and, I dare say, increase the life of our cars. Where on earth can anyone of us repair a suspension or replace a tyre for $50? You know the conditions of our roads, and I need not tell you how often you would have to repair if We continue with our roads in this state. So the tax is necessary. I have no quarrel with that and every person I spoke to has no quarrel with it either.

I hope, Mr. Speaker, that bus shelters, particularly at places like the airport and bus terminals, are installed at this time. We were promised by the last regime that we would have these bus shelters, and today I am still looking around for one. I would expect that lighted cross walks be installed for pedestrian safety on the south and west coasts. I remember mentioning this sometime ago, and a couple of weeks after that some pedestrians wanted to tangle with my front wheels.

Laughter.

Mr. E. BOURNE: So to avoid that tangling, I would prefer to see these installed.

The MTW itself needs a similar purge to the Transport Board, and I would recommend, Sir, that we implore on the workers that we get eight hours work for eight hours pay. They seem not to understand that we cannot waste time^, because time is money, and money comes out of the taxpayers. Whenever the projects fall behind, we will have to come back to this Chamber and vote more money to keep the show going. My contention is that if you cannot do in any department you should go.

Laughter.

Mr. E, BOURNE: A friend remarked to me the other day that he can always tell when he passes through Oistins on his way to Bridgetown. So I asked him how would he know if he were sleeping. He said, "Sir, the bumps".

Laughter.

Mr. E. BOURNE: So I would like our training programme to have the personnel at Highways and Transport trained in order to give us value for our money.

Turning to housing, Mr. Speaker, I find that I have been badgered day and night for housing — rental housing, people wanting to own their own houses, people wanting house spots — and yet, after all the promises by the last Administration, we are still to see what has been done with the moneies voted for these various projects. I am saying here now that the wilful waste of the Barbados Labour Party has brought us woeful want. This is why our Finance Minister has had to come to this Chamber at this time to ask for taxes to pay our way. If things were the other way around, I believe that, in all seriousness, we would have had a tax free Budget. But whenever there is waste, the taxpayers will always have to be called on to > cough up. So it is a good thing that they were smart enough and saw the light of day to throw them out and put us in, because I am sure, Mr. Speaker, that this time the only thing they would have been coughing up would have been blood.

Laughter.

Mr. E. BOURNE; Mr. Speaker, I would like to go on and on, but I realise I have just a few more minutes. What I would like to discuss would take quite a long time, and I do not believe in starting something I cannot finish.

I have no hesitation in supporting this Budget, and I urge all Members of this Honourable Chamber to do likewise.

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4 I thank you.

Applause.

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

Mr. C. L. TROTMAN: Mr. Speaker, I represent an essentially working class constituency, a constituency which has expressed over and over again within the last ten months the concern it has to find jobs and housing. That constituency is limited in land space and, therefore, I have not been making any requests of my ministerial colleagues for housing, but I would wish tc use this opportunity to indicate that 1 have been asking for road improvement, for street lighting, for natural gas, for welfare assistance and for welfare utilities assistance.-* Generally, I have asked again for the Government's superintendency of private housing, as well as for the provision of community welfare, sporting facilities such facilities complete with a community welfare officer, proficient in new innovative skills to build community-mindedness,

But, Mr. Speaker, I have a bigger constituency, that - is a constituency, as I perceive it, of organised labour, and that constituency should have a clear voice and should be recognised as having a clear voice being heard in reaction to the 1987 Budgetary Proposals. In that role, Sir, I wish to share the sentiments of my colleagues, especially the Deputy Prime Minister, in commending the goals of the 1987 Budget, which are, among others, in my language, to create employment, to provide housing, increase the productive base of Barbados and to increase manufacturing.

However, Mr. Speaker, I have a philosophical problem with levies and I have a philosophical problem with

wage restraint intimations. Levies, as I perceive it, are taxes which puts greater burdens on the lower income groups than the better off income groups. The Barbados Workers Union, of which I am a part of staff, has publicly expressed its unhappiness with that form of tax. That is a position, Mr. Speaker, that transcends political considerations. It springs from a strong socialist concern to have a progressive tax base for a relation which will allow the burden of tax properly to fall on those persons best able to pay that tax. Levies, in my view, prevent a realisation of that goal. 12.40p.m.

Furthermore, the present levies represent an imbalance of relationship between what is paid by the employer and what is paid by the worker. Originally, the Democratic Labour Party's position was one where the employer paid a greater proportion, the Barbados Labour Party made it 7.5 per cent for each, and now we have a situation where the employers are paying 9.75 per cent and the workers are paying 8.25. That is a concern which must be recognised.

However, Mr. Speaker, my colleagues will tell you that I did express my views in another place to the Honourable Minister. He reminded me, Sir, that he is a staff member of the Barbados Workers Union on leave, in the same way that the Honourable Attorney General is a staff member on leave, and the Honourable Minister of Trade is a staff member on leave, and that in such circumstances we need to recognise, and should recognise, that those levies have been put because there has been an overriding concern on his part to create jobs. I have looked at this matter, Sir, and 1 recognise that there are very many areas in which job creation is very desirable. As a matter of fact, in our limited "way in St. Michael Central, Africanity, a cultural community group of which I have the honour of being one of the directors, has been working towards community-based employment opportunities because we recognise the importance of job creation.

We realise too, that, if the opportunities are provided, persons who work two days may very well be turned into full time domestics or other workers. The occasional gardener might be turned into a full time gardener. Persons who come around from time to time may be provided with jobs as baby sitters or nurses to keep the little children if in fact there are the opportunities provided for persons to have more disposable income and those persons are encouraged by a taxation system to expend their money in such kinds of productive activities.

There have been other efforts made in that direction. There are provisions at BIMAP where small businesses are being encouraged to set themselves up. The Barbados Development Bank has got provision to assist, and is actually using retired persons to assist. The IDC has made provisions to assist and has worked in that direction. Also, a further attempt is being made now, as I understand it, Sir, to encourage persons who are now benefitting from some considerable benefits and tax rebates to use that money to improve themselves while at the same time improving the economy of the country.

I share concern, therefore, that where there are efforts being made to provide jobs, we must all take part in that, because failure to do so may result in problems which may be problems for all of us. I think we would be very unwise, Mr. Speaker, if we became self-satisfied because we were happily working and because we did not bother too much about our neighbours, and if we did not recognise that enlightened self-interest should indicate to us that our jobs are at risk every time one of our neighbours does not have a job. It makes no sense whatsoever to have us merrily go on to work, and work very happily and pleasantly, with hundreds of unemployed persons roaming the streets. I believe, therefore, that any effort which is being made to create jobs, even if there has to be some sacrifice made, is an effort that must be commended. I share concern for any society which, on the one hand, creates mansions and beneath those mansions there are huddles, because that kind of society is a society that is going to rise up one morning and find itself with a riot on its doors.

This is not the first time that the trade unions have had a proposal put forward and, while maintaining the principle in that proposal, accepted *pro tern* an alternative proposal. We put forward proposals to the last Administration for many conditions to be implemented and found that, because the last Administration had other plans and other ideas, we were able to come to different kinds of results and different kinds of understandings. We submitted proposals, for the sake of argument, last February, Mr. Speaker, in 1986, to the Establishments Department of the Government of the day, and because there were certain concessions made, we ended up having a different kind of wages and salary agreement than what.we would otherwise have had. What I am suggesting is that one can maintain one's principle and continue to negotiate for what one has as an ideal.

I should like to see the levies removed now. 1 should say I should like the levies removed in a year, because I realise that to remove them now is not practical. I believe the Minister has indicated that he wishes to remove some of them, even before this last speech he has made, but he has been minded to say that he will remove them when it is practical to do so.

As a member of a workers' organisation, and speaking for organised labour, I say that in such circumstances organise labour has the discipline to make a demand such as a demand for the removal of levies, but to wait if it is requested to do so, for organised labour can be spoken for by its leaders, since they have proven, in the

final analysis, that the leaders of organized labour, certainly the leaders of the Barbados Workers Union, have a history of placing the interest of the country first rather than sectorial interest.

Applause.

Mr. C. L. TROTMAN: Furthermore, the leaders have demonstrated that they have a history of patience and of tolerance. After all, one does not need to recognise that during the period of anti-labour regulations and controlling Government from 1976 - 1986, there were fewer work stoppages than during the previous 15 years when there was a Government supportive of the labour movement. There is no question but that we have the tolerance and the patience and that we are prepared to exercise this in the interest of the wider community, because we make that sacrifice in the interest of those many thousands who are unemployed.

Mr. Speaker, this' is not the first time that the Barbados Workers Union, or organised labour, has made such sacrifices for the unemployed. The sugar industry is a beautiful example of such sacrifices. There are myriads of examples of sugar workers, who although the Democratic Labour Party gave them the opportunity to work five days in the out of crop season, have opted to work for less than five days so that their friends, colleagues, or their relatives can get work within the said sugar industry. In the industry itself, Sir, many workers have opted to work less than a full work week, or they have agreed to work week on and week off so that their other colleagues could get work as well.

We have a tremendous training programme, notwithstanding that the Barbados Labour Party at one stage reduced the subvention they were giving the Barbados Workers Union from $20000 to $15000, for 30000 members, but then doubled that subvention to $30000 for a urion of less than a quarter of that size. They paid $30 000 to a union with less than 7 000 people but $15000 to a union that has 30000. Notwithstanding that, our training and educational programme has led us to understand that an injury to one of us is an injury to all of us, and as workers and as workers' representatives, we know the importance and the relevance of each of us working together for the welfare and the benefit of all of us. 12.50 pjn.

I will touch wage restraint only in passing, because I believe that the Minister only touched it in passing. The Barbados Workers Union, as the main spokesman for organised labour, always negotiates responsibly. We believe that, generally, we negotiate with responsible em-'ployers. Agreeably, therefore, we can be satisfied that wage settlements are negotiated from a responsible base.

It is true that the recent hotel settlement is an outstanding settlement, but I wish, Mr. Speaker, to make it clear that that was labour's sacrifice to the industry and was more in the nature of an investment by the worker in the future of the tourist industry. We expect that as a result of that sacrifice, the industry will be able to have that as one of those factors to put it back on its feet, and that the workers in the long run, will benefit from that kind of sacrifice. It is the kind of sacrifice that has led us to say that though philosophically we do not like levies, it is in the interest of the workers that on this occasion we will exercise patience and tolerance.

In terms of other agreements, Mr. Speaker, we want it to be understood that we will negotiate them, and continue to do so, within their own framework and within their own special sets of circumstances. The Minister may have done well in these circumstances when he touched on the wage restraint matter to signal his intention, as I hope he will, to revive the National ^ Economics Council which was proposed by the General Secretary of the Barbados Workers Union and which met once under the Barbados Labour Party regime, but not to carry out our perceived functions for a National Economics Council, and that it should be allowed in the circumstances of its revival to function in the way that one would expect a National Economics Council to function.

I wish, Sir, to touch on three matters within the Budget, beside what I have spoken to, of some interest to me. First of all, I refer to the Budget where it looks at the garment industry. The garment industry, properly revived, might employ as many as 10000 persons. When we recognise that one company, Barbados Children's Wear, alone at one stage used to employ as many as 2 000 workers, directly and indirectly, you will realise that such a goal is not impossible. The industry may have fared better if it got assistance from the Government from 1978 and the years immediately following, but this was not to be.

I wish to suggest that as part of the initiative which the Government might use in causing greater activity and greater confidence in the industry, especially to support those reliable companies which have remained with us for some time, the Government should establish a minimum wage for the garment industry to be policed in the same manner as the minimum wage for Shop Assistants is now policed. I wish to suggest that that minimum wage be pegged to the Grade B rate for hourly and weekly paid persons who are paid in accordance with the contract between the Barbados Workers Union and the Barbados ^ Employers Confederation, and that all persons who are working on piece rates be provided with a guaranteed minimum that is no less than that said guarantee that

I have spoken of when I referred to a minimum wage. It is my view that this would build morale within the established industries and it would free up those older workers and older employers, established employers, to employ those economic measures which would lead to increased productivity and, consequently, to increased earnings by the workers within the garment industry.

In connection with housing, Mr. Speaker, I want to laud the injection of additional money and I want to commend those independent organisations and persons who have been assisting in the building up of housing stock. Particularly in this regard I wish to recommend Phase 3 of the Barbados Workers Union's building project at Mangrove for the commendation of this Honourable House. If one does not blow one's own trumpet, the person who blows it may put spittle into it.

I have some concerns when I look at what is happening generally in the area of building and associated ancillary trades. One is that it seems as though some contractors have been getting all the work, and in some cases big contractors have been swallowing up the small ones. For example, there is an understanding that when wells were to be built at Wotton, although there were all of 112 wells and although it was known that they could not all be built within the specified time, one contractor still got them all.

I would like, therefore, to suggest, Mr. Speaker, that we establish a register — or if you prefer, Sir, a directory — of small businesses in the construction industry and that this directory or register should not only indicate the names and addresses of the persons concerned, but also indicate the areas of construction work, the numbers of workers on the regular staff and the type of equipment which the persons have. In this regard, it may even be necessary to charge a fee, perhaps $250 to S300, because that is less than if they were advertising in the daily Press.

This register or directory should be made available to all Government departments which are able to engage in discretionary hiring or contracting under specified figures. Perhaps it might be necessary to have a Ministry assigned to regulate and to ensure that one person still does not get all of the work arising out of such an ariangement, and that the persons within these trades should then be selected in accordance with whatever system is proper and agreeable. The directory, Sir, should also be made available, for a small fee, to the public at the Government sales kiosk, which I hope, if it is not now open, will be re-opened.

The Transport Board. It would be useful if we do not have ourselves in a situation where a person might be able, as happened in the last regime, to buy a bus for $100 and then sell back a minimum of $1 200 in parts to the same Transport Board. That actually happened, Sir, I can show you where the rest of the bus body is even now.

It is necessary for us to make a few suggestions in this area as well. I would like to suggest, Sir, that the licence fees being charged to conductors for being conductors should be removed as being unjust and discriminatory. I would like to suggest, as my colleague from Christ Church East (Mr. E. Bourne) suggested, that there should be training set up especially for supervisory persons, but my strictures do not go in his direction, because I believe that training will bring about the results that are required.

Government should also consider the introduction of a progressive fare structure within the Transport Board, with the beginning of that structure being less than what now obtains but proceeding beyond it.

In dealing with the minibuses, it should be recognised that the minibuses have been given concessions and that there is nothing wrong with concessions, but that where persons wish to have rights and privileges, it must be recognised that they also have responsibility, and that discussions should be held with, the Minibus Association to establish that they understand that the social service is also part of the transport system, and to arrange for the practicality of having the minibus service recognise that service element in so far as it relates to the times of beginning and starting of work so that they do not turn back during part of a journey simply because they do not have enough people on a minibus. Furthermore, they have to recognise that they should not work mainly during the peak period, but realise that if they are going to service an area, it has to be serviced during peak periods and off peak periods. 1.00p.m.

Finally, I would like to suggest that you no longer think that you can service Bathsheba, Bush Hall and Bank Hall by the same late bus, because our Bank Hall people will get into the bus. I must commend them for doing that, but I also come from Bathsheba, and I would not wish to do any violence to my member from St. Joseph at Bathsheba. I think we have to recognise that the social content in transport demands that people need to get home, whether living in Bathsheba or not, and that a last bus is what it says it is, it is the last chance to get home and to keep the marriage intact.

Mr. C. V. WALKER (St. George North): Mr. Speaker, 1 am happy to speak in this debate, but I regret that the honourable Member for St. Peter (Mr. O. S. Arthur) is not in his seat. He reminded me of an opposing team coming in to bat to face a massive score delivered by the opening team, and the honourable Member for St. Peter comes in as an opening batsman and notices that only two more men are left to bat, and he remembers that the

other team is already 240 for 1, so he swipes, he slugs, he attempts to hook, he attempts short runs and, eventually, he is run out. I believe, Mr. Speaker, that the honourable Member for St. Peter, in fact, did run out of this House.

Mr. Speaker, I support the proposals as submitted by .the Minister of Finance, and in so doing, the Resolution. In his presentation he displayed a capacity and knowledge of finance. One would assume that he happens to be a member of the National Afjsociation of Security Dealers. You would believe that he has, indeed, passed his exams. A Budget has to deal with revenue and expenditure, and he presented a Budget whiich would create expansion of employment opportunities, housing and industry.

The honourable Member for St. Peter mentioned something about a campaign. I will say to the honourable Member for St. Peter that this is no campaign Budget. The campaign is over. Th.e election is over. This is the time to work for the people,

Mr. Speaker, the honourable Member for St. Michael South Central ;and Minister of Finance did his work and presented to t his Honourable House with ideas and ideals of the Democratic Labour Party. As he said, we will continue the way forward. He is creating the new path and always remembering that we are the servants of the people and not the, parasites.

Charles Duncar i O'Neal in this Honourable Chamber in 1932 described a parasite as an animal that sits on another animal's b? ick and sucks its blood. The Democratic Labour Party is, no parasite Government. It gives blood and it started to give dollars from July, 1986. This is a Budget to help the less fortunate. This is a Budget to provide dollars /;b:r housing, and I am sorry that there is not more. Thif i ;is a Budget that supplies dollars for employment.

In baset >all, they say three strikes and you are out. The honours ,ble Member for St. Peter has had three strikes at a [T] Budget in the last 12 months, and he should recall that in all three strikes he was out. I will deal specifically with the three areas.

Mr. Speaker, in April 1986 the honourable Member for St. F >eter said that by 1977 the country was in the hands of the IMF. I ask, put there by which Government? The hor i curable Member, in April 1986, said that he had to be ' o rutally frank, and he admitted that the Barbados Labou .r Party made fiscal errors in 1981. He reminded the Hone ,ur able House then, in April 1986, that the Estimates cont erriplated a deficit of $184 million, and yet we heard the Mi nister of Finance tell us that the actual deficit was $1'53 million in 1986 - 87, a saving of $21 million. He sa'id tl icn we would lose $15 million in corporation taxes d ue t<) the reductions. He said we would lose $12 million i n a n jduction on gas and energy prices. He said we would lose $10 million in the sugar industry. He said we would lose $6.4 million in the Hotel and Restaurant Sales Tax reduction. He said we would lose $5 million in the Land ^. Tax Relief. Yet, we had an actual deficit of $21 million less than what he had proposed in April 1986. Mr. Speaker, I say that in April 1986, the people loved it; in May 1986, they voted for it; and July 1986 they got it! 1.10p.m.

Mr. Speaker, the honourable Member said in July that in less than two months he would have to rescue the DLP from the clutches of the Minister of Finance. He also said that the Minister of Finance gave away millions of dollars from the Treasury. I ask, Mr. Speaker, if he did, in fact, give away dollars, whose dollars were they? They were the people's dollars, and what he did was to give back people their own money. He did not take any from the Treasury. He gave it back to them.

Mr. Speaker, he also said in July, 1986, that the policies of the Minister of Finance would lead to the deterioration of state public finances if we gave people tax relief. He said that the Minister of Finance had postponed the day of reckoning until April 1987. Mr. Speaker, this is April 1987. The Minister of Finance has obviously calculated, he has obviously reckoned, he has, indeed, I believe, extrapolated, and we have in fact done better. I ask, who was proven wrong? I say the honourable Member for St. Peter, because in the Budget of July 1986, the Minister of Finance indeed strengthened the economy and improved the living standards of the members of this society. No gloom and doom!

This is April, 1987. He says that there are political gimmicks. This is no election, as I said earlier, so they cannot be political or election gimmicks, as he said.

The Minister of Finance, he said, was raising funds [H] to extricate himself from the financial burden. Whose financial burden? The financial burden of the honourable Member for St. Peter! He said that tax certificates are a new method of paying taxes in advance. I am sure the honourable Member for St. Peter has done some travelling in his life and should be totally aware that it is common knowledge that, in most countries, you have the option to take the taxes that you are due as a return in bonds — whether you call them bonds or certificates, it is basically the same — with the whole idea of giving you an opportunity to save some more.

Mr. Speaker, he also said that the levies will take away the increases in 1986. If you were to do a quick calculation and assume an individual was making about $100 a week, or approximately $5 200 a year, one would be quick to figure out that the cost to that indi- *« vidual in total levies that we heard so much about from the honourable Member for St. Peter would only be $2.25. If we were to take that a step further and move

from $100 and double it to $200, instead of $5 200 would be $10400, and that would be only $4.50 per week. If we were to go all the way to $1 000 per week or $52 000 a year, and after all those are not the people we are talking about, that would only be $22.50 a week.

The Minister of Finance has provided $9.2 million in what he calls temporary employment relief. If we use an average of the $200 a week, the $9.2 million, if you divided that, would equate to about 884 jobs, if you divided by 200 and by 52, and that is almost enough to pay 900 people, approximately 30 people per constituency or about 80 per parish.

Mr. Speaker, let us look at some of the proposals. Industry will benefit from the proposal on venture capital. I wish we had more in St. George North and South. There is a proposal for National Housing Development Bonds, $10 million. The low income people of this country will benefit. The Barbados Mortgage Finance, $5 million. The low income people will benefit. The National Housing Corporation and the $5 million, who will benefit? The sites and services that we so greatly need, the starter homes that we need and which will all create employment, and the poor people and the not so poor will benefit from it. The National Development Bonds, the $10 million, will create employment. I need all of these in St. George North.

Mr. Speaker, the reduction in covenants, as he said, from 10 per cent to 5 per cent will not impact on the small man. The dividend credit reduction, from 50 per cent to 15 per cent, will not impact on the small man. The corporation tax building allowance from 2 per cent to one per cent will not impact on the small man.

Mr. Speaker, the Training Levy will help the brothers and sisters in some employment. The temporary Employment Levy will also help the brothers and sisters with some employment. The temporary Transport Levy will also help to build up the Transport Board - we heard from the honourable Member for Christ Church East (Mr. E. Bourne), who made reference to the Transport Board — and also provide transport for the children of the people of this country. The Stamp Duty on the extra-regional goods will take care of all. It will encourage people to buy local, it will encourage people to help their own, and it will encourage people to create employment for other people. The Health Levy will improve the health of all the poor, including, as the Honourable Minister of Finance mentioned, the Glebe.

An honourable member in the Other Place had something to say about the Glebe Poly clinic. He said that the honourable Member for St. George North should shut up his mouth if he does not know what he is talking about, because only idiots would talk. He said that people were walking up and down the Rectory Hill for all the years and that the old clinic was always there. He obviously does not know what it is all about, because the clinic was never up the hill. The clinic was always up the almshouse hill.

Asides.

Mr. C. V. WALKER: Well, if you call him so, you are not speaking, and I do not want the Speaker to ask me to withdraw anything.

Anyway, the footpath is there. But he is wrong, and he had better be careful, because the people are waiting for the next time he passes. They promise to stop him and make him walk up that hill on that footpath to let him know the difference between that and Carrington Village.

Mr. Speaker, in closing, I must say that out of the money for the Ministry of Transport and Works, we need some for roads in St. George North, in places like Applewaite, Bailey Alley, Rock Hall and Walkers. We need some of that money for lights and roads in Cole Hole, the Valley and Locust Hall. We need some of that money from MTW again for the bus service in places like Locust Hall, Ashbury, Applewaite and Jericho. We need some for the bus shelters that we heard about, in Charles Rowe Bridge, the Glebe, Ashbury, Jericho, Market Hill, Locust Hall and Newbury. 1.20 p.m.

Mr. Speaker, we need houses and we need some house spots. We have no housing development in that area. And we need it all over St. George North, because under the last Government, the people made such a mess of the Walker's Re-development and Resiling Project that I hope the Minister of Housing will promise me that he will get up there very soon.

Mr. Speaker, the mandate was given in May. This is a new day in the sun. We have begun, let us continue.

I support this Resolution and I thank you.

Applause.

Mr. C. A. NEBLETT (St. Andrew): Mr. Speaker, I rise to support this Resolution before this Honourable House commending the Government for its sound management of the economy and, most of all, to take this opportunity to congratulate the Minister of Finance, who happens to be my able representative, for putting forward a Budget that, no doubt, will float the economy. In fact, it has moved from our July presentation, when we kept our promises to the electorate of this country offering them some relief from some of the tough measures that we had to undergo for over a ten year period.

It was strange yesterday when I heard the honourable Member for St. Peter (Mr. 0. S. Arthur), the Opposition spokesman for Finance, resorting to his usual gloom and doom prophecies. In fact, since entering this Honourable House, with every Resolution dealing with Government expenditure or any aspect of revenue we have been hearing sad stories. It had me a bit bothered and I decided to do some checking. He often likes to quote the Central Bank reports, so I armed myself with a few to look back and see where he got into this whole climate of gloom, and I did not have to look very far.

Mr. Speaker I am going to quote from the Annual Report of the Bank 1980 — I am sure it is a document of this House — from page 1, the introduction:

> "Growth in the economy slowed to about 5% from 8% in 1979 as recession abroad depressed activity in the tourist industry. Sugar production was at its highest since 1971 but non-sugar argiculture declined considerably. The combination of rising import prices and strong domestic demands resulted in a slight increase in inflation. The deficit on the current account of the balance of payments contracted substantially during the year, and capital inflows in both the public and private sectors were sufficient to finance the deficit and produce an overall surplus."

I refer you also to the Introduction of the 1981 Annual Report:

> "Real output declined by 3% after growing 5% in 1980. Sugar production was at its lowest since 1948 and visitor arrivals fell to almost 5%. Output in the manufacturing sector also declined, for the first time since 1974, but construction continued to expand.
>
> Government recorded its highest fiscal deficit ever, while the current account deficit on the balance of payments, was sixteen times that of 1980,"

I would not go on any further, Mr. Speaker, for 1981, but again, in 1982, there is another doleful story. In the introduction, Sir:

> "All three foreign exchange sectors were very much weaker in 1982 than in the preceding year. Tourists arrivals remained almost the same as in 1981 and exports of manufactured goods grew only modestly."

In 1983:

> "The Budget deficit was financed by substantial foreign borrowing, including loans for the Barbados National Oil Company and the Arawak Cement Plant. Government avoided calls on the local banking system by pre-empting the entire surplus of the National Insurance Scheme to finance * the domestic portion of its borrowing requirement. This deprived commercial banks of N.I.S. surpluses, an important source of deposit growth in recent years."

Mr. Speaker, I am still on the doleful story. In 1984, in about the fifth paragraph on page 3:

> "Government's financial position weakened somewhat in 1984 although the fiscal deficit remained at 4.6% of GDP - about the same as 1983. Total expenditure increased substantially but revenue faltered. Weak corporate taxes depressed income tax revenues and sluggish imports were reflected in the modest rise in import duties. The fiscal measures announced in the April Budget and in the October supplementary budget had only limited effects on revenue during 1984," *&

Mr. Speaker, I also refer to 1985, again the Annual Repoii of the Central Bank. *It* says on page 3, in the last paragraph:

> "Demand for credit remained weak throughout the year and considerable excess liquidity built up in the banking system. Government effort to channel funds to housing met with limited success. Heavy foreign borrowing reduced Government's dependence on domestic financial markets while the poor economic climate depressed private sector loan demand."

(Aside: What year is that?)

Mr. C. A. NEBLETT: This is 1985. Mr. Speaker, I understand why the Honourable Member for St. Peter reacts that way. I would say, in boxing terms, that he has been punch drunk over the years from the heavy punching he experienced from the Barbados Labour Party Administration.

We on this side have studied these measures, and I am sure the honourable Members who were in this Honourable Chamber over the last ten years will remember that the honourable Member for St. Michael South Central has been issuing warnings, and even offered advice, to the BLP Administration that they were imposing too heavy burdens on the people of this country. It was never heeded. In fact, it became a point of amusement. I remember that in one Budget Debate, as the honourable Member was making his presentation, it was suggested in asides by some Members that he was not speaking of Barbados, he was speaking of ^ another country. But I was glad that on May 28, the people of this country reminded them that the honourable Member was referring to Barbados. They did it well!

I remember a former Member of this Honourable Chamber, in response to the honourable Member for St. Michael South Central, saying that there was no widescale starvation, there were no widescale problems in this country. He said the people in this country do not even bother to eat sweet potatoes and yams, they eat macaroni pie. That was how he explained to this Honourable House why he thought that the honourable Member for St. Michael South Central was not referring to Barbados. When we look at all of these statements against a background of straightforward measures to get the economy going, we cannot help but congratulate the honourable Minister of Finance for doing that much to at least keep the economy moving. He started it in July and now he is continuing it. 1.30pm

One of the mechanisms he has resorted to is the Venture Capital Company. I was very happy when I heard it, because I reflected immediately on the millions of dollars in investment we have in the St. Andrew constituency in the form of a brick factory that has been knocked out for so long. In fact, friends of the other side brought in a squatter who attempted to bring this giant from its rest out of liquidation. He came, had a nice time and now he has gone. He has honoured none of the obligations that he had to meet to remove this serious investment from liquidation. Now I am seeing an opportunity for the venture company to provide some serious capital and assist in getting the kind of management that would see the brick factory getting involved in the housing thrust we are moving towards to house this nation.

I heard certain derogatory remarks yesterday about the Tax Reserve Certificates. That mechanism has been used in the developed countries for years. I see nothing sinister about it. I see an opportunity for corporations to arrange their financial affairs and at the same time satisfy their tax obligations.

Mr. Speaker, it is as simple as this. All Corporation Tax returns are made on March 15 in every year. You have companies whose year end at June 30 or September 30, as the case may be. which would be after the returns from the previous year close on March 15. Having determined what kind of tax liability they would have to satisfy by the next year, they could arrange to purchase the tax certificates and enjoy the interest payments until they are ready to settle their taxes at that stage in the next year. There is nothing sinister about that.

It was imputed that we wanted to get our hands on corporate funds. 1 know that, for quite some time, there were companies in this country happy to meet their obligations. But the cash flow just was not there. We have now stimulated the economy, we have seen corporate profits up. and no doubt they would want to take it a stage further and plan. I believe we shall be seeing long term plans by the large corporations in this country that will assist us in alleviating some of our unemployment problems and help our Administration to plan its finances in a more meaningful fashion that would be of interest to all where the economy is concerned.

Another proposal I would like to touch on is the Tax Return Certificates whereby one has the option of choosing to take cash or take a bond which can be settled at some stage later. Again, this is noble. It gives the small man a chance. He would not be interested in investing in the equity of companies or so. He is a small saver, and no doubt the interest rate that will be offered would be much higher than the one offered by the commercial bank, and he would seize that opportunity to af least make something on the side. Again this will be tax free.

I would have been happy if the Minister of Finance had gone a step further and introduced a savings bond for the small man, the sort of certificate the small saver could go into a post office or branches of the National Bank and purchase for such denominations as $20 or $50, which he could keep until he was ready for the cash and then cash it with interest. I hope that the Minister of Finance will take a close look at that as a future instrument to help the small savers.

Applause.

Mr. C. A. NEBLETT: Mr. Speaker, I would like to move a bit closer to my constituency. St. Andrew, part of the Scotland District, has been like a sleeping giant for a few years now. We have lost factories, because of the prevailing economic situation in the sugar industry, but our farmers have persisted with their sugar crops, and it is costly to them having to transport canes to factories as far away as Haymans, Portvale and Andrews. We desperately want to switch our production to other things, such as food production. I heard a former Minister of Agriculture in the last regime refer to St. Andrew as the bread basket of Barbados. Nothing happened during that time, and I am going to assure you, Mr. Speaker, that you are going to hear me very often on this matter, because we need to get our production going.

I hope the consumption taxes on extra-regional goods will spur lots of action. I grew up in a community that was peasant farming oriented, and with agricultural workers who, Mr. Speaker, planted their yams, cassava sweet potato and what not between the corn and their canes. Even their green peas were planted and when they dried, they were put in bags and stored for the harder times. We can do a bit more to use the resourcefulness of those years applying modern techniques. We even dried fish when they were cheap, and in those days no one had solar drying or otherwise. It was done on the kitchen top, which was of galvanize, and it worked wonderfully. It was solar, but we never bothered about such fancy names. 1.40 p.m.

Mr. Speaker, I think I can safely congratulate the Minister of Finance. I am sorry time does not permit me to go into more of his presentation to reflect how it is going to boost confidence in the economy of this country, but at the same time I can sleep easily after ten years of turmoil.

Thank you, Mr. Speaker.

Mr. R. L. MORRIS (Christ Church East Central): Mr. Speaker, I rise to support the Honourable Minister of Finance on the Resolution which he introduced after laying his Financial Statement and Budgetary Proposals in this Honourable Chamber on Tuesday, April 7, this year.

I think it is clear that one has to see these proposals as part of the structural adjustment process which has been initiated by our Administration. In fact, Sir, one has to note that the small open economies of the Caribbean, which have been buffetted in the international economy because of a number of factors, some of which we have little control over, have forced us to look inwardly and to rely on our own resources to improve the living conditions of our people. One could look at what has happened in some Caribbean countries as they have developed measures and methods in an attempt to improve the situation, and if we look at Trinidad and Tobago and Jamaica, we will see that certain strategies were adopted which have so far proved to be extremely uncomfortable for the citizens of those countries.

We have noted that the last Administration was a bit recalcitrant in trying to bring about the kind of structural adjustments that we have implemented in the short period that we have been in control of the administration of this country. It was clear, Sir, that bold initiatives had to be taken if we were to try to take Barbados along a path of future development in such a way as to continue to bring benefits to the mass of people in this country. I would suggest that the previous Administration suffered a severe limitation in its perception of where we had to go. They could not come up with the type of policies and plans that were very necessary at this particular juncture of our development, and it is their fear of the boldness of our initiatives, it is their fear that in such a short period of time we have shown manifest success in what we have set out to do, that causes them to take the kind of extreme views of our achievements at this time.

There was a programme, which was established by some writers and actors in Barbados, called Partners in Profit. They would like to see partners in failure. They want us to fail so that they can say we tried and failed and look at you also, but they cannot accept the success that we have shown in such a short time.

My colleague and friend, the honourable Member for St. Andrew (Mr. C. A. Neblett), who spoke before me, was able to give you, by reading from various Central Bank reports, a tale of the gloom that existed in this country before the Democratic Labour Party Administration resumed control of the destiny of the people of this country. I did a review of the fiscal measures that were introduced by the Barbados Labour Party Administration between 1983 and 1986, and I did this because it appeared to me that the leading spokesman for the Opposition wanted to suggest that he was hearing about certain types of taxation for the first time.

He wanted to suggest that this particular Budget is one which has led to the imposition of heavy taxes, tremendous burdens — in fact, created millstones around the necks of the masses of the people of this country. The facts do not support him. Although it is true, we will have to accept, that the past Administration did give some measure of tax relief to taxpayers in this country, it was *ad hoc*, unplanned, unsystematic. In fact, one got the impression that it was being used as a bait — I will give you a little bit this year; if you behave yourself, I will give you another bit next year. One could not see a coherent plan in terms of relieving the burden of personal Income Tax or Corporation Tax or any type of taxation from the people of this country.

I want, therefore, to look at the area of taxation as administered by the Barbados Labour Party over the past few years, starting with consumption taxes. In 1983, just a short while ago, and again in 1984, consumption taxes were raised on cigarettes, gin, whiskey, brandy, vodka — the same taxes that we are raising — but he is making it seem as though this is some unjustified method of raising taxes in this country.

They raised consumption taxes on building materials, tiling materials, wood and wood materials and plastic flower pots. In fact, they started to push away the consumption taxes from areas that were traditional, the areas of hard liquor, and they introduced a whole range of areas. But you will be surprised to learn that they raised it on matches also. You will remember the Opposition spokesman on Finance saying that we are putting consumption taxes on even matches, as though this was being done for the first time. Let him check the record and see that consumption taxes were raised on matches in 1984.

I will come back to consumption taxes and this Budget later on, because I want to go and look at the range of taxes that they levied on the people of this country.

In 1983, they imposed, for the first time, a travel tax of 10%. That is the one that we have increased this

time, but they raised it for the first time in 1983. They put a tax on idle land in this country. It was increased from a rate of $300 per hectare to $500 per. hectare in 1983. A useless tax, a backward tax, a discriminatory tax!

But, of all things, in 1983 they put a tax on severance payment! If you got severance over $25 000, then you were taxed!

Aside.

Mr. R. L. MORRIS: I will get to that. I will go chronologically year by year, and you will see the incremental imposition of penalties on the people of this country. They imposed increases on postal charges in 1983, increases in company registration fees. The professionals will remember, the doctors in particular, that in 1983 all of them had to pay $1 500. Bus fares went up from 60 cents to 75 cents. Licence fees were increased on television sets — you would remember that we had to scrap that, a useless tax — and because we were beginning to buy a few videos they put on a tax on video recorders for the first time, 1983.

Let us go to 1984, and this is a matter that one has to look at very carefully. I think this is a matter of concern. I am not saying that all persons in Barbados should not get some kind of pension, but when the Barbados Labour Party raised non-contributory pensions from $33 to $40 per week at one time, it put a lot of pressure on the National Insurance funds of this country. That was a serious measure.

The next blow was when they raised the limit of insurable earnings from $2-200 per month to $2 600 per month. That put a great deal of pressure on businesses in this country. The kind of non-wage labour costs that businesses had to pay escalated tremendously, and that led partly to some of the layoff problems in this country. It created severe cash flow problems for businesses, and more has to be said on that, because when we come to the levies I will show that that is what has forced us now to use the device of levies, even though we are against it. 1.50p.m.

The whole point is that we cannot now touch certain areas with taxation because they have already been overburdened by the Barbados Labour Party Administration. Stamp duties were stamped on all insurance policies. The Property Transfer Tax was increased from 3 per cent to 5 per cent. All of those vehicle taxes were increased in 1984. There was a new Entertainment Tax Act passed in that year, and that is now posing certain burdens on our musicians. The people who, for instance, would like to run the calypso tents and are suffering tremendous burdens from that.

A sides.

Mr. R. L. MORRIS: I am not making any promises.

They increased the Departure Tax from $12 to $16 per person, and at that same time also, as I said before, they brought in a range of consumption taxes.

Look at 1985. Nineteen hundred and eighty-five, as you would recognise, had certain peculiarities. It marked the departure of a certain person from the political scene in Barbados and a new boy took over. If I remember, that is what the honourable Member for St. John said in that Budget Debate, that he was going easy on the new boy.

The Budget was not really a spectacular Budget. It was a holding Budget, because, clearly, you were in the penultimate year before elections. But that did not stop two very significant measures from being introduced. One was the extension of the period from which you could claim severance from four to 13 weeks in 1985, and the second one is when they slipped in a tax on old aged pensions that never existed before.

What I am saying is that in the last years before our Administration resumed office, the people of Barbados had been burdened with a series of increased taxes in a variety of areas, areas that one would never have considered that taxation would have been placed. Whoever thought that a party that called itself a Labour Party would have imposed taxes on severance payments? Whoever felt that a party that called itself a Labour Party would have imposed taxes on those pensions and several other areas, members of Socialist International? They were imposing taxes in new areas that you never thought about. They were going for all of the old areas and putting taxes on them. Instances of taxation fell on almost every area and every citizen in this country. So I am amazed when I can hear the Opposition spokesman on Finance giving the suggestion, or hoping to give the suggestion, that the few measures that were introduced here on Tuesday are matters for concern.

Let us look, Sir, at the aims and objectives behind our taxation policy, and, as my colleagues have said before, one has to twin the 1986 measures with what is going on in 1987. We have certain aims in this Budget — firstly, to create an environment for permanent and productive work; secondly, to generate greater incentives for effort; thirdly, to enable the productive sectors to modernise productive plant in the national interest: fourthly, to produce a new lease of life for producers existing on the threshold of survival; fifthly, to reduce much of the waste in public spending, simply to restore a competitive edge to exporters, and, most important of all, to put hands back to work.

The measures that we introduced in 1986 and 1987 are clearly directed towards the achievement of these

objectives. We have restored training opportunities. We have eased the difficulties facing individuals and companies through wide-ranging measures. We have set up a wide range of investment opportunities creating new annals in the fiscal life of this country. We have attacked waste. Some of us will forget the days when we had the ML cars parading through Barbados. Some of us will forget that we just reduced the salaries of Members of Parliament. Some of us will forget the fact that we had to take measures to introduce the Ministry of the Public Service, or if not to forget it, try to decry it, to reintroduce organisation and management to take strong measures against companies that were losing, like Caribbean Airways. We are attacking waste and that is very, very important, because we are an Administration that believes in efficiency, and we are establishing policies that will minimize the public debt.

If one wants to understand why the Opposition spokesman for Finance is attacking our policy, you would have to go back to the Official Debates of Tuesday, April 17, 1984. The then Prime Minister, Mr. Adams, was speaking; and he said:

> "Calls from Opposition spokesmen and other figures for impossible levels of tax relief are part of a political game and can be ignored. They are made not because they are feasible, but they give the Opposition an opportunity of criticising the Government of what, in their hearts they know, will be for not doing what cannot in wisdom or prudence be_ done. But a higher standard of comment should reasonably be expected from the business and private sector associations represented in our community."

> "With the cost of living under control, unemployment is our problem. It is a problem that can be solved only by investment, led by Government capital investment. Government requires taxation. I have maintained taxation, and with it, Government will reduce unemployment."

That is what the then Minister of Finance had to say, so up to now they still believe what he was saying, that the tax relief, as he called it, was a political game. The people of this country know it is not a game. It is a fact of life, and we are saying that the prudent management of the economy has made that possible, and they will note that additional measures will ensure that this economy will stay on an even keel.

He also spoke about taxation, and he introduced measures of taxation, but the unemployment was very strong with us still.

Mr. Speaker, I recognise that there is not much time to get in a lot of areas that I would want to get into. I have to speak, as I said, on the levies, like my colleagues for St. Michael Central (Mr. C. L. Trotman) and Christ Church West Central (Hon. M. A. King). Philosophically, we are against the levies, for whichever reason, but I want to suggest again that we must understand clearly the reason why we are forced to use these levies, and it is because of non-wage labour costs which were foistered on the people, especially the business elements of this country, by the Barbados Labour Party 'Administration, and I mentioned some earlier, where they pushed up the limits of insurable earnings and forced a lot of pressure on various companies. We could not go that route again, so we are going, temporarily, the route of the levies. This is not a permanent thing, but an experience for this time to generate income for certain purposes.

One has to look at the reason behind the generation of that income. It is because we want to support employment that we will support the Unemployment Levy. One has to understand that it is the purpose behind the levy that we are addressing, even though we may not" agree with the methodology. I want to make that point, because, philosophically, we have to say where we stand. There are certain positions that we have to take at all times, but I am convinced that that levy will lead to the generation of about 1 000 jobs in the first year. I believe that it will be closely related to that employment task force. I cannot understand the Opposition. The Opposition ratified a convention on tripartism, and then when we set up a tripartite task force, they criticise it and indicate to us that it means we do not know how to run the Government so we have to go and ask for advice. They do not understand what tripartism is all about. They ratified the convention and now that we are using the methodology, they are criticising it. They do not understand what Government is all about basically — a process of consultation with the people. 2 00 p.m.

Mr. Speaker, I have to address the Opposition spokesman of Finance. He gets into this analogy about bowling, he likes this a lot, but he gives the impression, to me, that he is always bamboozled when the Minister of Finance is bowling. When he is bowling, it takes the honourable Member for Christ Church West Central to start flicking him, and the honourable Member for St. Michael South was backdriving him. I just want a little late cut, because I am on my way.

Sir, I would like to advise him. I heard him speaking yesterday and I was surprised, I could not believe. I recognise, Sir, the respect that lawyers have in this Chamber for lawyers, and I could not believe that a young professional economist would want to be attacking other professional economists in the way he did in this Chamber. It reminded me very much of Lionel Craig, Sir.

Mr. SPEAKER: I hope the honourable Member is not imputing improper motives to the honourable Member for St. Peter.

Mr. R. L. MORRIS: None whatsoever. I respect the Chair too much for that, Sir.

I heard the honourable spokesman of Finance for the Opposition attacking public servants in this Assembly, and I could not believe it. He attacked the civil servants in finance and in the Public Service about the quality of advice that they were supposed to have given to the Minister of Finance in a way that I never expected. He said they could not calculate this, they could not calculate that. He attacked them. He attacked their competence.

I was very surprised, because I remember an earlier debate in this Chamber when I think it was the honour able Member for St. Michael West (Hon. B. M. Taitt) who was talking about an officer in the Ministry of Education, and he was attacked at that time by Billie Miller, who said that it was unfair to attack a public servant in the performance of his duties. I agree with that, and, there fore, when the leading Opposition spokesman on Finance could attack, not by name, ...

Aside.

Mr. R. L. MORRIS: No, no, it could not be that. You are talking about the Ministry, and you know that the Minister will not be advising the Minister of Finance. You know that that is a civil service function.

On, for instance, the calculation of the cost of the Public Service salaries, now he did not tell us either whether the Minister of Finance was giving us the net cost or the gross cost of those salaries, because he knows there is a difference. If you wanted, you could put in the gross cost and then overtax people, or you can put in the net cost, and therefore you come to the House asking for a lesser level of tax increases. But he knows the difference.

In the area of the public deficit, Sir, the honourable spokesman on Finance for the Opposition was claiming that the level of the deficit would be 10 per cent. They have found that it is only 6.1 per cent. He would have liked it to be 10 per cent, because they maintain all the time that at 10 per cent you have to be thinking in terms of devaluation.

Now he is saying that we are underestimating the deficit. It is the first time I have ever heard about a Government that under-estimates the deficit. Normally, a Government would try to inflate the deficit so that it can go and call for more taxation. He is now saying that we are deflating the deficit, because he wants to hear that the deficit is near to 10 per cent to fuel their malicious talk about devaluation. That is what they want to continue doing in this country, talk about devaluation, but because the figures do not support what he wants, then he comes out and makes these kinds of generalisations.

Mr. Speaker, this is not a quick-fix Government. This is a principled Administration. Careful thought nas gone into these proposals. That is clear to anybody. I have been told by my people in Lodge Road — they called me early this morning — in Wotton: "We expect taxation. You could not give away so much money and not expect to tax people, but the level of taxation is acceptable to us. We have no problem with that." They wanted me to pass on their congratulations to the Minister of Finance, and I choose this opportunity to do that.

I want to end on a certain note, Sir. I say to whom much is given, much is expected, and that is for the private sector of this country. I do not think we need to say more. To whom much is given much is expected.

Finally, on the question of wages and productivity in this country, I will go to the kind of person that the Opposition spokesman on Finance will respect, Clyde Mascoll, writing in the Central Bank Economic Review, Volume 12, No. 3, December, 1985, on the question of wages and productivity. I will let him speak for me, because I believe the learned gentleman is a good researcher. On page 17, he says:

> "Wages tend to depress employment only where real wages rise faster than productivity and this was not the case in Barbados between 1949 and 1982."

That is a long sweep, so let us come closer now. On page 60, he says:

"The recovery in real wages was slower during the 1976—82 period as the economy was characterised by hesitant output growth and increasing unemployment. Though output per man grew by 5.4 per cent per annum, real wages recovered at the rate of 0.2 per cent over the period."

Do not libel the workers of this country and say that increases are always higher than the level of productivity in this country, because that is not true. I am speaking to anybody who would suggest in Barbados that the worker is not worthy of his hire.

Mr. Speaker, I have great pleasure in supporting these Budgetary Proposals and the Financial Statement. I think that, once again, the Minister has proven that he knows his business, and I think that the people have every reason to be confident about the Democratic Labour Party Administration, because of the way that we

have conducted our Government and because of the level of intellect that has been displayed from the time this administration came into office again. The people out there are telling me that the debates last night were very good, and I am sure they are being treated to the same level again today.

Thank you, Sir.

SUSPENSION

Hon. L. E. SANDIFORD: Mr. Speaker, I believe that this is an appropriate time for us to take our luncheon break.

I beg to move that this sitting be now suspended until 10 minutes after 3 o'clock today.

Hon. B. M. TAITT: I beg to second that, and in so doing, I am very glad to see that the honourable Member for St. Peter is back in his chair.

The question that the sitting be suspended until 3.10 p.m. was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly. 2.10p.m.

ON RESUMPTION

Mr. SPEAKER: This sitting is resumed. The

honourable Member for St. James North.

Mr. J. J. PAYNE: Mr. Speaker, the first three paragraphs of the Resolution which is before this Honourable Chamber reads as follows:

> "WHEREAS the Government is committed to the upliftment of the living standards and the quality of life of all Barbadians, and
>
> WHEREAS in this regard with considerable success the Government has been pursuing measures and has introduced a new fiscal package directed towards the promotion of stability, growth, employment and a sound investment climate in the economy, and
>
> WHEREAS the measures announced in the 1987 Financial Statement and Budgetary Proposals by the Minister of Finance are aimed at the further strengthening of the national economy,"

I will seek to support this Resolution, Mr. Speaker, and I should like to indicate that, in looking at the Annual Financial Statement and Budgetary Proposals, we also have to consider the contents of the Financial Statement which was introduced by the Honourable Minister of Finance in July of 1986.

But we even have to go further than that, Mr. Speaker. We have to remember that previous to May 28, 1986, the Democratic Labour Party went around the country telling the people of its plans for the upliftment of the living standards in this country, and-we introduced a document, our 1986 General Elections Manifesto, which is already a document of this Honourable Chamber, and the Introduction reads as follows:

> "The Democratic Labour Party, as its name implies, is a people-oriented Party, dedicated to the upliftment of all Barbadians, regardless of colour, class, creed or political affiliation."

So we have to look at the programmes set out in the manifesto, and we have to look at the Financial Statement which has been introduced by the Honourable Minister of Finance to get a clear picture of the programme and the plans which we have for this country.

I should like to start by saying, Mr. Speaker, that the Budget is a fulfilment of some of the promises which are contained in our 1986 General Election Manifesto. The Budget is aimed at employment creation. It is aimed at providing educational opportunities for the people of this country. It is aimed at providing better health standards in this island. It is aimed at the housing needs of the people of Barbados. It is aimed at creating an atmosphere for proper industrialization in this country.

We have to remember, Mr. Speaker, that to create jobs, it takes money, not talk or paper. In July 1986, in the Statement which was presented at that time, we removed the burden of Income Tax on all persons in this island who were earning $15 000 or less in income, and as a result of that, we put more money into circulation, and we have been able to see the benefits of that particular proposal.

Mr. Speaker, if we look, for example, at the Barbados Economic Report, a document which has already been presented to this Honourable Chamber by the Prime Minister and Minister of Economic Affairs, if we look at page 35, the "Labour Force", it says that:

> "In 1986 the average size of the labour force was 116.9 thousand persons, representing some 3 600 persons more, or a 3.2 per cent increment, than the figure of 113.3 thousand recorded during 1985."
>
> "The 116.9 thousand persons in the labour force during 1986 was the highest recorded and the first occasion since 1981 that the figure exceeded 114 thousand persons."

Table 4:2 sets out the statistics from the year 1976 — 1986.

Clearly, Mr. Speaker, we have already been able to see the beneficial results of the Statement introduced by the Honourable Minister of Finance in July of 1986, and I am sure that the Statement which has been presented on Tuesday of this week will go further towards satisfying the aims which this Party has been setting out to achieve.

We in the Democratic Labour Party have been always considering the needs of the masses of the people in this regard. We have to consider, therefore, that in order to have creation of jobs, we are going to need money. But in addition to that, we will have to observe proper management of that money. No matter how much money we have, if it is not properly mar aged, we will go right back down into the gutter. That is one of the problems which existed under the Labour Party. Even though they borrowed substantial sums of money, there was no proper management of that money and, therefore, we could not see the kind of results which we were looking for. So people must invest their money and we must have good management of thai money, and the first thing the Budget does is to aim at generating productive employment.

The second thing that it does, Mr. Speaker, is to try to bring the poor man up, try to remove poverty from in our midst. We must not only talk about poverty, we have to do something about it, and the best way to help the poor man is, first, to educate his children, and secondly, when those children leave school, ensure that they can find a job. So we first seek to generate investment for employment and then to educate the young people so that when they leave school they can find adequate employment.

If you are going to alleviate poverty in a society, you cannot rely on handouts, as we have been seeing in the past. We have to give a hand up — the poor man is down, you stretch out your hand and give him a helping hand up. That is what the Democratic Labour Party stands for, helping the people up, and the Budget is aimed at providing the basic necessities of life for all Barbadians. All must have education. All must have access to a good water supply. All must have access to electricity. All must have access to roads to their homes. These are some of the basic things which the individual wants and the Government must seek to provide these things. If the individual wants to go further, that is his business. We provide the individual with a basic home, and if he wants to add a balcony and put in video equipment, television and stereo, that is his business. But every individual in this country must have access to the basic necessities.

In addition to that, Mr. Speaker, he must have the security of a job. We must be able to say in this country that this is my country, I was born here, and I will only leave if I have to. We must not have people leaving the country to find employment. People must feel that they should leave because they want to and not leave because they are under pressure. Last night, Mr. Speaker, the Deputy Prime Minister spoke of our policy on seeking full employment, and this Budget will go somewhere towards achieving the ideal of full employment in this country. The Budget and our programmes on education, industrialisation and agriculture, tourism are all geared towards this end.

We also have to look at what we have. The calypsonian tells us that all we have is sea water and sand. What we have to do, therefore, is to bring whatever we have together and mobilise it. We may have sea water and sand, we may have fertile lands, we may have an educated population. We have to bring all these things together, Mr. Speaker, and work on them. If we have sea and sand, we have to concentrate our energies on tourism. If we have fertile lands, we have to concentrate our energies on agriculture. If we have an educated population, we have to concentrate our energies on industry, and look at those kinds of industries that will bring sophisticated technology to this country. 3.20 p.m.

If we look, Mr. Speaker, at the Barbados Economic Report for 1986, at oage 59, Mr. Speaker, you will see that agriculture has been performing well during 1986. There is a table here showing the increases during that period. If we compare 1985 and 1986, Mr. Speaker, in 1985 we had 245.3 thousand kilogrammes of beef produced while in 1986 we had a total of 308.1 thousand kilogrammes a percentage increase of something like 25.6 per cent. Chicken production, Mr. Speaker, in 1985 625.7 kilogrammes and in 1986 it was 743.4 kilogrammes a substantial increase. All of these efforts have been achieved because of the hard work of the Democratic Labour Party, the Cabinet and the Ministers involved in these particular exercises. We have to concentrate very seriously on this particular area.

Looking at two areas in which the Budget SCCKS to assist in this area of industrialisation, at page 21, we see that there are plans to set up the Barbados Investment Council. We are moving to attract industries with higher value locally. The focus of promotion must increasingly be on these firms with special requirements, including the need for a high quality of work. Such efforts should be directed at industrial and commercial enterprises that may benefit from our regime of offshore business. Government has therefore established the Barbados Investment Council to promote the mobilisation of domestic resources for investment. The Council will consist of not more than 12 persons drawn from the public and private sectors. This is a brilliant idea, Mr. Speaker, introduced in this Budget, something that all of us must admire in the Minister of Finance.

We also have a proposal to set up a Micro business Window. This is proposed to be set up at the Barbados Development Bank to cater exclusively to the needs of a group of entrepreneurs. The group consist of those micro, often one-man, businesses which will never expand, but which has the potential to provide a satisfactory living for self-employment.

All these are areas which we have been paying strict and serious attention to, Mr. Speaker. We must feel that when measures of this kind come before this Honourable Chamber, we should be free to speak on them and support them, because they are all good for the benefit of the country and for the upliftment of the people of this country. So I have no difficulty whatsoever, Mr. Speaker, in speaking in support of this Resolution.

Before I close, I want to take a very brief look at the area of housing, because this is one of the areas which is of some concern and which needs some attention. The Budget certainly also pays some attention to this particular area. If you look at page 25, Mr. Speaker, we see that a special issue of National Housing Development Bonds, in the amount of $10 million, will be issued by the Barbados National Bank. The proceeds of these bonds will be used to cater to the needs of the low income group for mortgage financing and will be disbursed by the Barbados Mortgage Finance Company.

It is also proposed to make up to $5 million available to the Barbados Mortgage Finance Company and a further $5 million available to the National Housing Corporation during the fiscal year. This is aimed, Mr. Speaker, at easing the problem of housing all over this country and this would include districts like Rock Dundo and Sion Hill, Weston, Mt. Stanfast and other areas in St. James where the people have been calling on their representative, this honourable Member, for assistance in these areas. I have already had consultation with the Minister responsible and we are getting some success in these areas.

I have no problem and no difficulty whatsoever, Mr. Speaker, in supporting this Resolution.

Thank you very much.

Applause.

Mr. L. BRATHWAITE (St. Michael North East): Mr. Speaker, after listening to this debate by honourable Members and trying to understand the contribution made in the reply by the honourable Member for St. Peter (Mr. O. S. Arthur), I was tempted to wonder which Barbados he was talking about. The Barbados to which this Budget addresses is the same Barbados that the Barbados Labour Party led the Government of in 1986, except for the fact that they may be shocked into realising that much of what they had said against the programmes of the Democratic Labour Party, and much of their predictions of gloom and doom, have, as it were, set up in their mouths.

Sir, I have been drawn closer to the truth of our situation in this country through the proposals made by the Honourable Minister of Finance in his Financial State- * ment and Budgetary Proposals. And when I reflect-on the speeches made on the Democratic Labour Party's side of this Honourable Chamber, Sir, I can understand why the people of this country were able to accept the package that was offered to them before the May 28 election, and why, almost without exception, they were able to support successfully a Democratic Labour Party candidate to be a Member of the House of Assembly.

Sir, we consider this document which I hold in my hand a beautiful document. We consider it a significant document. Having gone through the various constituencies of this country, we were able to understand what were the problems faced by the people of our country, and having that understanding, we made certain observations in the presentation of this document, which is the manifesto of the Democratic Labour Party. On page 3 we made the observation that:

"A Democratic Labour Party Government, assuming office in 1986, will be required to work to ensure that the manufacturing sector regains its vitality and internal growth dynamism, in the shortest time possible." 3.30p.m.

"The challenge facing the Democratic Labour Party and the peole in general, is the restoration of the social, economic and moral health of our Nation. Especial urgency attaches to the restoration of the economic ^ health of the Nation. Therefore, this shall be our first order of business."

That, Sir, is part of our commitment, and we believe that to do this, we should go further in our commitment, and we said to the people of this country: "The Democratic Labour Party will lead Barbados along a NEW PATH towards a BETTER WAY, whereby we will all be encouraged to be our brothers' keepers."

When we make promises in the Democratic Labour Party, Sir, they are very serious promises. When you peruse this very document, you will realise that the proposals which have been presented by the Minister of Finance in July 1986 have in a large measure produced what we have promised to the people of our country. What I would like the Barbados Labour Party supporters ^ and the honourable Members in this House to understand is that when the people of this country voted for the . Democratic Labour Party, they voted for the new path to a better way, and much as they may feel wedded to

their ideas of carrying out the programmes and the policies which they thought out, they have to understand that we have a responsibility, and we will carry out this responsibility in such a manner that the people can give us credit for doing the things that we promised to do for them.

The honourable Member for St. Peter spoke of a crisis of confidence while he was speaking of measures presented in the Financial Statement and Budgetary Proposals. I ask, Sir, crisis in whose eyes? What I think is lacking in the speech made by this honourable Member is a realistic resume of the related facts. It is factual that when the Barbados Labour Party was thrown out of office in 1986 the state of the economy was in a very sorry mess, such a mess, Sir, that the people spoke boldly and spoke with the kind of conviction that would send a message to us that we have to do the things which they want us to do, and in such a manner that they can give us a mandate for a further period.

We want to very clearly look at the Financial Statement and Budgetary Proposals, as produced by the Honourable Minister of Finance, against the background of the economic situation existing when we took up the responsibility for government in this country, because and as the Resolution states, we must be in a position to follow the strategies and programmes which can produce stability, growth, employment and a sound investment climate for the economy of Barbados. What that is saying to us, Sir, is that we must take into our hands and grip the responsibility that we have to take the economy of this country by its boot straps, as it was left by the Barbados Labour Party, and do something about it.

I see major props in a programme of development in a general way, and I see them because these are the ones which seem to have the greatest effect on the concerns of the constituency of St. Michael North East. I know that the Honourable Minister of Finance must be looking at the global packet, but I must also look at the needs of my constituency, and while I understand that we cannot get too much too soon, as we have been hearing in recent times, I realise that we can get a little bit at a time. I refer to matters of housing. I refer to matters of employment and, to a lesser extent, that of transport, improved transport.

1 intend to have a very strong word with the Minister of Transport in relation to a reducing incident of bus service in the St. Michael North East constituency, because it affects my constituents very badly when they have to wait on minibuses, Sir, as was mentioned by the honourable Member for St. Michael Central (Mr. C. L. Trotman), that turn around midway in their journey to and from the points of collection and disembarkation of our passengers. I think that our national transport service must itself present the kind of service that people can rely on, and if it means that we have to organise the minibus transport as it relates to the national transport service, we shall have to do that without delay.

What does the Honourable Minister do for housing? We are told that he is issuing some National Housing Development Bonds to the tune of $10 million, and that he is making a contribution of $5 million to the National Housing Corporation and a contribution of $5 million to the Mortgage Finance Company. What we are' coming around to, Sir, is the quality of the Minister of Finance in this Administration — he is not only talking about things, but he is making a positive attempt to bring about those improvements which we as a party have promised the people. I detect in his statement a distinct propensity for truth, honesty and forthrightness, and I would like to congratulate him in the way that he has looked at the whole matter of the needs of the people of this country, looked realistically at what we can do, and to come to grips with the kind of taxation that we can do it with.

Everybody understands, Sir, that nobody likes to pay out something if they do not have to. But from the responses that I have been getting from people across the country with whom 1 have spoken, the impression is that while they understand that they are called upon to pay some small additional taxes, they understand that the needs are there to be addressed, and they are quite happy, as long as the Government does not squander the money that they are taking from the people, to support the Government.

In terms of employment, I was heartened when listening to the Minister arid I saw the facial expression of hopefulness when he said that with that small imposition he would be able to produce something for the people of this country that they deserve, and for which they were long in waiting. The honourable Member for Christ Church East Central (Mr. R. L. Morris) quantified it by putting a figure of about 1 000. But, certainly, Sir, if we look at I 000 in the short term, we must obviously see the foresight of the Minister in generating more employment over the long term, and while I can understand that St. Michael North East will not get a big slice of that amount of employment, 1 hope that, with the future generation of employment, we will see more benefits.

When, Sir, we as parliamentary representatives of our constituencies are pressured by those constituents who have their problems, we are tempted to feel that we are in' it alone. But, as I listened here today, and as I listened to the presentation of the Budgetary Proposals, I got the distinct impression that we are all, in our respective constituencies, in one body, and that when we are fighting to bring to the benefit of our constituents the kinds of benefits that we want to bring, we sometimes have to temper our requirements, never mind we have the

problem of addressing our constituents in such a manner that they can understand the constraints which we have.

I think that the presentation of the Budget takes into its consideration the basic problems which we face in this country. It takes also into consideration the scope that we, as a country, have to redress those concerns and problems. We can fight this battle if, in the words of our very manifesto pledge, we consider ourselves our brothers' keepers. Therefore, when we are asked as a nation to put our hands, our shoulders and our heads together to provide the where-with-all that those of our unfortunate brethren who do not have employment can find a job, I believe that in our own way, whatever little it is, we must be able to give that degree of encouragement so that we can go forward to help those who need our help. In that regard, when I heard the honourable Member for St. Peter making the strictures against the taxation levied in these proposals, I wonder whether there was in the constituency in which he represents the kind of problems that there are in mine, because on any solution that can be found by way of levying taxation, if it is the only means of doing it, I feel we should all join our hands and our hearts together and assist our people in understanding that it is the only way out.

We must be very, very careful and very, very cautious that we do not lead them up the garden path. That has never been the history of the Democratic Labour Party. I said that from what I have seen in the commitment and honesty of the present Minister of Finance, I am led to have the utmost confidence that he will take us along the path that leads to development and prosperity. If this, Sir, is the goal of presenting Financial Statements and Budgetary Proposals, then I feel that this country can feel proud of the results of the 1986 General Election in the selection of a Government of the party of the Democratic Labour Party, which has demonstrated not only a willingness, but a commitment to serve our people the best we can at the very highest levels.

Sir, I offer my congratulations to the Minister for a job very well done, and I give my very firm support to these proposals.

I thank you.

Mr. P. J. M. MILLER (City of Bridgetown): Mr. Speaker during those trying years just prior to the now historic 1986 General Election, the people of Barbados were overcome by what can be easily termed as a very strong sense of despair. This came about because, in part, the Barbados Labour Party Administration had apparently set out on a campaign of fear that was laced with misplaced organs, the type of politics that I had termed "Tomism", or, as one of my colleagues said to me before, "Uncle Tomism". By the time 1986 had rolled around, that Administration had treated several groupings in this society with utter contempt, particularly professional groupings.

I know that all honourable Members in this Chamber, and the people of Barbados in general, will only too well recall the behaviour of the past Minister of Health, Trotman, towards the doctors. •

Asides.

Mr. P. J. M. MILLER; The Trotman on our side is looking after the workers. There is nothing bad about that.

The public and honourable Members in this Chamber will well remember the way he carried on about the doctors and called them vagabonds and things like that. What I found very interesting then, and still do as I go on — and as I go on you will see why I still find it very interesting - was that persons in the Barbados Labour Party who claimed to know better, and claimed to understand what is good behaviour, seemed to have done nothing to stop him.

But he was not alone. You would only too well recall the way the past Minister of Education treated the teachers. Mr. Speaker, I have said in another place that the bedrock development of this country is its education. The base for the education is the culture, and teachers, as professionals, are also artistes. They are there to mould the minds of the people that they have to teach, and any interference by anyone, particularly persons who know nothing about teaching, cannot be condoned. 3.50 pjn.

That Administration then continued on its merry path of alienating the sectors of the society. They went • after the manufacturers, and it was interesting when I heard the honourable Member say that a lot of body blows were delivered to the manufacturers, and then he seemed to have caught himself - he made a very confused speech yesterday, but I will get back to that - because as he talked about the body blows to the manufacturing sector, he suddenly recognised that he was talking about his party, because all the body blows which were delivered to the manufacturing sector came prior to 1986. The relief came in 1986!

You will all recall that that Administration got so carried away with this campaign of fear that they went after even the small vendors, whether they were on the streets, the beaches or at the gates of the schools. But, Mr. Speaker, what is more important is that in doing these things, that Administration, knowingly or otherwise, was stripping the people of this country of their pride and dignity, because a lot of what they were doing was, in fact, contributing to the rising unemployment, and, Sir,

I do not have to tell you that one of the first ways you can embarrass a Barbadian is to make sure that he cannot spend his own dollar, as it were. So what we recognised just prior to being elected to office was that the people of Barbados had also realised that there was immoral behaviour, as the honourable Member for St. Michael South East (Dr. E. A. Simmons) indicated, at the high level of setting the example for the rest of the society, and they recognised that, as a decent people, they would stand for it no more, and they would have to change the Government and replace it with a Government of decent people.

Mr. Speaker, I said that the honourable Member for St. Peter seemed to be very confused yesterday. Quite frankly, I can be sympathetic to that. I have heard it said that the honourable Member for St. Peter is a very brilliant young man, and it is because of that very fact, that he is a young man, that I believe, Sir, that he will have time on his side to understand what working for the masses of people in Barbados is all about. Where the confusion came was that when the Honourable Minister of Finance delivered his Budgetary Proposals, in a professional capacity the honourable Member for St. Peter really could not see anything wrong with it, so all he could do was to come in here and try to score a few political points. I guess that as politicians, we do not see too much wrong with that, providing he understands the difference between scoring those political points and dealing with the economic issues in the Budgetary Proposals, but I think this is where the confusion came, and this is why we were treated to the speech that we got from the honourable Member for St. Peter yesterday. I believe this is probably the reason, too, why a lot of Members on our side had not seen it fit to really go after him, because we recognise he was totally confused. In fact, he liked the Budget, but he had to score some political points to make sure that the honourable Member for Christ Church West (Hon. deB. Forde) be not too hard on him. That is the genesis of his confusion.

When we assumed office on May 28, 1986, Mr. Speaker, we had the first job of reversing despair. We had the job of returning dignity and pride to the people of Barbados, and one of the first ways to start achieving that objective would be to try to return employment opportunities. It is obvious to any right thinking person that there are a number of ways that we can go about trying to create employment. We cannot do it with any gimmickry, we cannot do it with what has now been called the "employment generating Budget" that we saw, I believe, in 1985, presented by the Barbados Labour Party, and we cannot do it with the type of rush, crash, quick fix, whatever you want to call it, programme that we saw just before the election last year. We had. of necessity, to start what may appear at first glance, and I believe this is another area where the honourable Member for St. Peter is very confused, to be the same crash programme that you had, or the same debushing programme. But on closer examination, it would be seen to be different, because of two major factors. There is no election imminent, firstly, and secondly, the programme is an on-going programme, whereby you will not only be debushing, but there will be beautification and landscaping involved.

The Honourable Minister of Finance, and rightfully so, continues to allow this Chamber to understand that the private sector will have to play a significant role in assisting government in providing this employment, and we continue to hear Members on the other side, particularly the honourable Member for Christ Church West, and I believe he will probably be into that again, criticising the private sector. He seems to firmly believe that the private sector will not assist this Government and the people of Barbados in bringing down unemployment.

Only yesterday, Sir, I was speaking to a very prominent businessman from Bridgetown — he has been in business, he told me, for almost 50 years — and he said to me that he was very heartened to note that this was the first time, to his knowledge, a Government had come to the private sector and asked for their inputs in terms of assisting in bringing the economy around. He said that in the past, what he found was that the other Administration would hand the private sector a *fait accompli* and say you have to try to fit into that.

Mr. Speaker, several criticisms have been levelled at the fact that we instituted a task force on employment, but the honourable Members on the other side are still thinking the same way that they have always thought, even in Opposition, because what they are saying to us is that if we are going to deal with the problems of unemployment, we do not have to include the persons who will assist us in providing that employment in the process of preparing a programme for providing that employment. 4.00 p.m.

Let us look a little deeper into some of the other aspects of the proposals made by the Minister of Finance, and let us examine whether, in fact, we have delivered, or whether what the Member for St. Peter was saying yesterday is true. For us to return to the kind of environment that will encourage investment and bring the productive sector back to life, certain measures have to be put in place; That is common sense. It was important that we created employment. It is also important that we earn more foreign exchange. We also have to look at saving foreign exchange, and one of the ways is import substitution.

When we took office, the Minister of Finance, in his wisdom recognised that we needed to take action right away. He also recognised that the Budget that we

came and found could not do what we wanted. So we had the 1986 July Budgetary Proposals to initiate the programme. You will recall, Sir, that at that time the same Member for St. Peter was telling us that we gave away everything. He is like a famous calypsonian, Poonka - he is all over the place. He is saying that the last time we gave away everything and now he is saying that we are taking everything, so he is all over the place. I do not know where he is. When we are not giving away, we are taking. But as I said before, he was confused, and I explained why he was confused. I understand his confusion.

As the Honourable Attorney General said yesterday, and the Member for St. Peter knows this, too, you cannot look at this Budget in isolation of the one in July. You have to look at this as the second phase to the July 15, 1986 Budget.

You have to recognise that the Honourable Minister of Finance understood clearly that there needed to be a reallocation of resources, and these Budgets, the July one and the one we are debating now, take care of that. The heavy taxation that we were faced with under the Barbados Labour Party Administration had a stifling effect, as the Honourable Minister pointed out, on the private and corporate initiative. That is a fact. Other countries have proven that tax relief assists in stimulating the economy. I am not an economist, Sir, and I would not try to argue economics in here, but I am talking straight business and common sense.

I just want to echo a call that has been made by two other honourable Members. I believe I am better placed to make that call, because l a m calling on my colleagues in my private life, and that is the area of the private sector. The private sector in Barbados, I go further than the other Members, has a responsibility — I do not think we are asking them to give back some more — to the people in Barbados to give some back. I believe that, contrary to what the Member for Christ Church West may believe about the private sector, the private sector in Barbados will rise to the occasion.

(Aside: Mr. D. A. C. SIMMONS: Led by me.)

Mr. P. J. M. MILLER; My colleague reminds me that I should say "we". We in the private sector must rise to the occasion.

Applause.

Mr. P. J. M. MILLER: The people's money that has been given back to us, because it is the people's money that the Minister of Finance has given to us in the private sector, must be now put to good use and create employment. The Minister indicated that the Employment Levy will create jobs, and I believe the Member for Christ Church East Central figured somewhere around 1 000. I am saying that that, along with the private sector, should put us in a position, I hope, that when we come here at this time next year, Sir, we will be looking at unemployment certainly if not in single figures, pretty close to.

I think you, Sir.

Applause.

Mr. SPEAKER: The Minister of Agriculture and Fisheries.

Hon. W. 0. FRANKLIN (St. Philip North): Mr. Speaker, we are coming to the end of a very long debate, and I am only going to take the opportunity this evening to outline a few things in the Ministry of Agriculture, for which I have responsibility.

But before I get on to this, Mr. Speaker, there are two things I want to refer to in connection with the speech by the principal spokesman on financial matters on the Opposition side. To tell the truth, I only made note of one statement that was made by him in his long speech, and I made note of that one statement because it reflects the feeling of that honourable Member and projects the feeling of the Barbados Labour Party. If I may quote him as closely as my memory serves me right it went something like this; "It may be possible, Sir, to buy an election, as you may buy land, but the management and the development of a country's economic affairs is an entirely different matter which cannot be based on tricks, which cannot be based on gimmicks and which cannot be based on a sleight of hand, but must be deeply rooted, Mr, Speaker, in solid and constructive economic policies." <

Mr. Speaker, I noted this because from listening to that particular Member on numerous occasions, I get the distinct impression that there is a contempt for the electorate of Barbados, and that contempt for the electorate of Barbados is based on the fact that they exercised their right on May 28 to elect the Government of their choice. It has caused the honourable Member for St. Peter to look on them with scorn and disdain, to think that they have lost their sense of judgement, that they are stupid, they cannot understand. In other words he is completely peeved that the people of Barbados have elected the Democratic Labour Party.

One of the customs of Barbados, in particular, is that we have always been able to elect the Government of the people's choice. It has been a safety vent that has served us very, very well, in that the people have always figured that the tension would not build up in this community, since every four years or every five years the people themselves would have time to speak. We should not in any way prevent the people of Barbados

from exercising this right, and I would caution the honourable Member that if these are his deep feelings, he should desist from making them public on all the occasions that he speaks, because it is not right for him to hold those views, and if he has them, he should not be expressing them publicly to the people of Barbados. 4.10p.m.

Applause.

Hon. W. 0. FRANKLIN: Mr. Speaker, another statement he made was the fact that we have not addressed ourselves to the problems involved in the sugar industry in this debate. I am not on this occasion going into that, because we will have to come to this House for the price support that we have done and it is going to be a very long and detailed debate.

We are reaching the time when there will have to be some certain major structural adjustments in the sugar industry, and one cannot go off without a very detailed analysis of this industry. It is too crucial an industry to the people of Barbados for us to go off the cuff without giving it the detailed study that we need to give it. In this respect, we have formed part of the Royal Bank Study that has been commissioned, and it will start very shortly, in which we have asked and we are going to select very competent persons in this field to have a very detailed look at the entire sugar industry — the structure of the industry, the ownership pattern of the industry, the production methods of the industry, the management of the industry, the accounting in the industry, the whole idea of the marketing of sugar, the idea of looking at specialty sugar, and the whole idea of looking at the cane as a cane industry and not as a sugar industry.

The Ministry has been looking at it, and there is a small committee comprising people from the Ministry of Agriculture and the Ministry of Finance.

We are acutely aware of the fact that at the moment the sugar industry is the one that the public has the most interest in, since over the years large sums of public funds have been put into this industry and it is known that it is one of the headaches of the commercial banks in Barbados, primarily the Barbados National Bank, and in the long run the people of Barbados are responsible for the Barbados National Bank. So, naturally, we have a very close interest in the industry. It still occupies about 80 per cent of our lands under cultivation at the moment, and, therefore, we cannot dismiss it. I can assure the other Members that the Ministries of Finance and Agriculture are bringing to bear all the detailed analysis that we need in this industry. As soon as we have completed and have in our hands the study commissioned, and our own internal analysis taking the historical factors into consideration, we will make some decision.

On a more optimistic point is that despite the fact that we might have a reduction in tonnage of sugar this year, we will have an increase in return from sugar, since the price we are likely to get in the EEC is about Bds$1100 per tonne, compared to last year of about Bds$891.00 per tonne. In this respect, the contribution of the industry this year should be more than it was last year. But we will return to the sugar industry some time in the very near future in this Honourable Parliament.

The Ministry of Agriculture's developmental programme will over the next five years, Mr. Speaker, focus mainly on the objectives of stimulating domestic production of non-sugar commodities and the expansion of non-sugar commodities and the expansion of non-sugar agricultural exports, the stimulation of domestic demand for locally produced crops and the development of export crops for special markets. I want to deal with these in some little detail over the next couple of minutes, and I start with the stimulation of the domestic production of non-sugar commodities.

Mr. Speaker, it is a deliberate policy of the Ministry of Agriculture to work towards the reduction of the acreage under sugar to the stage where we are producing sugar for our selected markets only — the EEC, where we have approximately 50 000 tonnes allocated • our domestic market, about 15 000 tonnes and the United States market, where we still have about 7 500 tonnes, and we are looking to get some into the CARICOM region. That brings us to about 85 000 tonnes of sugar, and we figure that, with good production activity by the Barbados Sugar Industries Limited, we can produce this on about 30 acres of land.

We are in discussion with the Barbados Sugar Industries Limited on the whole idea of sugar. The present pricing structure of sugar production, brought on in an effort to encourage as much production of sugar as possible, when the Barbados Labour Party. somewhat misguidedly suggested that we should go to 135000 tonnes of sugar, such that the lands less suitable for sugar and giving the smaller returns per acre are compensated by having a higher price for sugar than those lands in the higher rainfall areas where you have a higher production per acre. As a result of this pricing policy, only this week the sugar industry has had meetings in which the plantations in the high rainfall areas — St. John and St. George — have been making representation to the Barbados Sugar Industries Limited for a complete examination of the whole pricing structure.

Mr. Speaker, we will have to continue our discussion with Barbados Sugar Industries Limited to change this, because obviously if we are going to reduce our acreage in sugar, one of the objectives will be to produce the required amount of sugar from the smallest possible

acreage of land, and we can only do this if we concentrate the sugar on the areas most suitable for sugar, those in the high rainfall areas, and allow those other areas coming out of sugar, most of them in the low rainfall areas, with very marginal lands, to get in some other agricultural production, most likely the cultivation of good grasses for the increased production of beef and dairy herds in Barbados. We are going to go ahead with this.

Also, in an effort to increase our production of non-sugar agricultural products, the Ministry of Agriculture has instructed the Barbados Marketing Corporation specifically to start to do a lot more aggressive and target oriented marketing. To date, I must say that there are signs of considerable success in our marketing, although this has started to pose another problem.

With regard to the export drive, we have since the beginning of this year tried to locate new markets in the United Kingdom, United States, and Canada and Trinidad has been identified for fairly large quantities of two products to start with, carrots and beets. From our discussions over the weekend and in previous discussions with Trinidad's Minister of Agriculture, it was agreed that Barbados will be the source and suppliers of carrots. They now bring their carrots out of Canada and America, which causes them to have to look for foreign exchange, so it suited their purpose to have the carrots out of Barbados so that they would not have to get the foreign exchange or give out their hard earned exchange.

We in the Ministry, in conjunction with the Barbados Agricultural Society, have gone ahead and tested varieties specifically suited to the Trinidad market. We are at the stage where the varieties and the areas to grow the carrots have been selected through our discussions with private farmers, through the Barbados Agricultural Society, and more recently through the Barbados Sugar Industry Limited, and in conjunction with the Barbados Agricultural Development Corporation. 4.20 p.m.

Markets have been discovered for sweet potatoes, and it is of note that this year, so far we have been doing extremely well with the export of sweet potatoes. As a matter of fact, one exporter, King's Agro Food, has recently been....

Aside.

Hon. W. O. FRANKLIN: I am sorry, I withdraw that.

One exporter has been doing extremely well with the exportation of sweet potatoes in shipments up to four or five thousand pounds per shipment. We are expecting that, very shortly, we should be pushing those to about 20 000 pounds per month, between private enterprise and the BMC agency.

The strategy of the Ministry of Agriculture is that we have done an overall global planning in which we have suggested acreage for each individual crop, and through the discussions with, and close co-operation of, the Barbados Sugar Industry, farmers have been given the acreage required by the Ministry for every individual crop. Unfortunately, this year we will not be able to do more than about 800 acres in yams. This is due to the fact that we had an attack of anthracnose last year which has reduced the planting crop for this year. In this respect, the Ministry, looking ahead, has taken the initiative, after inspection by our Pathology Department of virus free yams, to acquire all of those virus free crops throughout Barbados, and we have kept them for planting material for this year. Therefore, we are in a position to have enough planting material for about 700 acres of yams, since this is one of the big crops in demand in the overseas market, particularly London. The market for yams in London is very, very big, and we expect that by next year we should be some way to 1500 acres in yams and about 1 000 acr.es in potatoes. This year we are about 800 acres in potatoes and 700 in yams.

We have also started, Mr. Speaker, to do extremely well in our pawpaws. It is a crop that is corning on very, very strong in Barbados. The potential is very good. As a matter of fact, from the technical paper that has been given to us, the return on the pawpaw is so attractive that there is now one mad rush into the pawpaw. One private farmer, formerly one of the bigger sugar cane farmers, is presently hatching pawpaws to go into, overall, 112 acres, so that at any one picking he would have 50 acres of pawpaws.

This brings me to a point, Mr. Speaker, that the Ministry of Agriculture is faced with. Here it is that the particular person has presented a very viable project, it has been analysed by the Ministry and we know that it is extremely viable, but the problem is, because of the heavy indebtedness due to the sugar cane industry's misfortune over the last years, the lending institutions cannot now differentiate between a viable project and what is on the books. That, Mr. Speaker is one of the problems that we are meeting in the agricultural sector, and I have already served notice about this, and the Ministry of Finance and ourselves are discussing ways and means of alleviating the problem, because it would be total frustration to the Ministry and the diversification programme if, because of the existing debt burden of some of these plantations, we cannot redirect them into the diversification programme that we in the Ministry of Agriculture have charted for them. I would like to sound a little warning and ask that the lending institutions act as professionals and differentiate between good, new, viable non-sugar projects that would allow them to pay off their

existing debts due to sugar and allow industry in Barbados to go ahead.

Mr. Speaker, we have identified good prospects for the drucine cucumber. We are now finalising discussions with an importer, and the ball has gone full circle, that is, that the importer is now asking us how many acres we can give him to develop crops that he needs to import. This is now where we are. We have now gone from a situation of looking for markets to a situation now of trying to get our farmers to grow for the markets. This is not as easy as it sounds, because the majority of non-sugar farmers are accustomed to low volume and high prices.

In an exercise that the Ministry did in conjunction with private enterprise, we have identified that there are numerous crops that the Ministry has done the research on, and our extension people have been working with, particularly tomatoes. We have now moved the production from 15 000 pounds and acre to 50000 pounds an acre, and we have averaged out that if the farmers would listen to us, put in the varieties and take the method that we are going to give them, the average farmer in the rainfall areas would get about 25 000 pounds to an acre, and those under irrigation could average between 35 000 pounds an acre. We have also identified a similar thing with sweet peppers.

I must take time out to say thanks to the young technical staff of the Ministry of Agriculture, which, from the time I came into the Ministry, has given me all the support that I can ask for. This is due to the fact that I have sought to bring out the best in these young men. I have allowed them to have some type of confidence in themselves. I have removed from them the feeling that we must have external experts to do everything and they are now functioning to the total satisfaction of all of us in the Ministry. I would want to thank them publicly for the work they are doing.

There is a slight change in our technical approach in that we now have an approach of research extension. We found that the extension staff were always less qualified than the research staff, and there was a problem in that the researchers were doing the work, and because of the slight gap in technical ability between research and extension, the extension people were not able to impart the research as fast as possible to the farmers. We have identified what we call crop specialists who would be responsible for both research and extension, and we have specialists in the areas we have identified, onions, vegetables and potatoes.

I recently gave a directive that we could now do yams as a specialty area, since the farmers in Barbados — and this is one of the reasons that we have a problem with yams this year — have always treated yams as a rotation crop. They very seldom use it as a pure standard crop, and you have the situation this year that despite the fact that they could have licked the anthracnose by a proper spray, they refused to spray because they say they are not accustomed to spraying yams, yams are not something to be sprayed, although our technical people knew the solution, by way of pamphlet and by way of extension work with them, and told them exactly how they should handle it. Those farmers who heeded the advice of the Ministry have very little problems with anthracnose. As a result, this year I have asked the CAO to now have an officer designated as a yam specialist, 4.30 p.m.

We have been able to get the research work to the farmers much faster. This is responsible for the increase in the vegetable production that we have this year, through co-operation through BAS and BSIL, we have identified particular farmers that we are going to be going into contract farming with to supply the specific markets that we have identified. In those areas where they have to have a year-round supply, like carrots to Trinidad, naturally at some time we have to bring into play the irrigation farmers. We have so planned it that the irrigation farmers will come on with those particular crops during the drought season, and we will grow them under rain fed conditions in the other times in the year.

By the next time I report to this Honourable House, 1 am fairly certain that I will be able to report a tremendous increase in our export of vegetable and root crops to extra-regional sources.

Mr. Speaker, we have identified the area of fisheries for a tremendous fillip as well. Only recently in our discussions with our friends and counterparts in Trinidad, the Barbados Government initiated a procedure whereby we are going to be discussing with our colleagues in some of the Caribbean countries the possibility of our collectively forming a type of co-operative to farm the wider economic zones collectively owned by us, more particularly to be able to manage these economic zones, and by managing also to provide protection of our waters from those third sources that have been reaping millions and millions of dollars of our maritime wealth by fishing in our Caribbean waters. The problem has been that because we were individually trying to patrol our waters before, it was very difficult to keep out those extra-regional persons, who have perfected the art of fishing and have been plundering all of our resources in the Atlantic between 150 and 200 miles, and have been killing all of our young fish by the method they have been using. When they trawl, they literally rake the bottom of the sea, and we have been getting nothing in return. So 1 had to say to my Trinidad counterpart that it is not the Barbadian fishermen that have been posing a problem to Tobago or Trinidad, it is those fishermen who come from the Far East with their trawlers, and it has been agreed by the

two Prime Ministers to put it down for discussion at the next Heads of Government meetings.

Mr. Speaker, the livestock industry has also been one that has been identified as an area for growth, and we propose to do this by encouraging the planting of high quality grasses in areas like St. Andrew and the sub-marginal lands not suitable for sugar cane where you can have feed lotting of beef by way of our dairy industry, that is when our cows are coming to the end of their days, they will be bred to beef cattle, particularly the Jamaican Holstein.

The Ministry will take the lead, in that we are starting a 200 feet lot system in Greenland very shortly. We are also going to be proving to the small farmers that it is feasible by setting up four small farms in selected parts of Barbados to show them the way of feed lotting in Barbados.

Our pig industry, as you know, has been doing very well. We are going, by way of our small farmers, to encourage our production of goats and there has been tremendous reception to our encouragement of increasing the rabbit industry. .

In closing, Mr. Speaker, and I hope at some time to be able to speak fairly lengthy on it, import substitution was particularly noted, and I, too, want to give the assurance to this Honourable House and the people of Barbados that there is no way the Minister of Agriculture and the Ministry of Trade would sit by and allow the Ministry of Finance to put any Consumption Tax on string beans, pigeon peas, black eyes, carrots, cucumbers and so on. There has obviously been an error.

If you read, Mr. Speaker, page 36, at the bottom it says:

> "stimulation of local manufacturing and agricultural production in certain selected areas, particularly garments and processed foodstuff by taking steps to enlarge the size of the domestic market".

If you read again, Mr. Speaker, dealing with the Consumption Tax, you will see that he said:

> "I consider it necessary to take steps to dampen demands for certain extra-regional imports, expand the domestic market for our local manufacturers of garments and other products, including non-sugar agricultural products."

If you turn again and you read on page 44, the bottom line, you will see,

> "Mr. Speaker, the Ministries of Agriculture and Trade and Commerce have identified for us a number of items which are either in competition with our local non-sugar agricultural products or which are of a luxury nature."

Obviously, with those instructions to the Ministry of Finance, and the Ministry of Agriculture and the Ministry of Trade actually selecting the items, do you think that we would go and allow them to have Consumption Tax on those? The Minister of Finance, obviously, will deal with this later, but I just want to give the assurance that there is no way that we would, and it has never been the intention of this Administration to put Consumption Tax on those vegetables, particularly after I have spent so much time encouraging the people of Barbados to grow them in large quantities.

Thank you, Mr. Speaker.

Dr. D. G. BLACKMAN (St. Michael East): Mr. Speaker, I rise to associate myself with a Budget which I believe represents the second step towards the establishment of a genuinely egalitarian social order in this society, and I will explain what I mean. Ever since the Budget of July 1986, there have been voices raised in the other party characterising the proposals as conservative and neo-conservative, and other curious idealogical labels-were applied to the proposals. In fact, the position is this. We had arrived at a situation in this country where the Government had reached the saturation point within the area of direct taxation. Contemporary welfare economics recognises that when a point is reached in direct taxation, where at the upper level, increased direct taxes impose a disincentive to work on the part of people so taxed, and at the lower ends curious paradoxes occur where, when increases in wages take place, the disposable income of such persons becomes less — this is a situation where we had reached in Barbados — it is imperative that the strategy for taxirig the community be changed, and every society where this has happened has been forced to shift to indirect taxation. 4.40 pin.

We no longer live in the manichean world of black and white, where, decades ago, economic theorists automatically consigned direct taxation to the category of progressive taxation and indirect taxation to the category of regressive taxation. Such a situation as I described was an empirical fact in Barbados before the Barbados Labour Party mercifully, for the populace of this country, was removed from office, and, therefore, the Ministry of Finance, indeed this Democratic Labour Party Government, was confronted with the complex problem of finding a judicious mix of taxation, a blend of direct taxation and indirect taxation, which would at the same time be faithful to those egalitarian, socialistic principles that the party has traditionally espoused, and it is my view that the Budget of 1986 and the present Budget, with some minor exceptions, have moved the country on to the path of achieving an equitable socialistic society.

Given the nature of the fundamental change in orientation, it is obvious that equality cannot be achieved overnight. The Minister of Finance cannot utter the words "abracadabra" and "equality" and have an equitable society come into existence. When a society that is democratic in nature is seeking to effect social change, aided by the instrument of fiscal policy, it is necessary to proceed with a certain caution, otherwise the entire society would unravel.

Part of the reason for the claim of conservatism is based upon concessions granted to the private sector. Those Jekyl and Hyde individuals must make up their minds whether we in Barbados want a private sector or riot. There was a time in my political evolution when I was not particularly enthusiastic about a private sector. I shared the view with some other socialists that the public sector, run by dedicated men, could do much better than any private sector could do, based upon the assumption that the private sector would be operating in a planned orderly principled way.

My experience of looking at societies, including Barbados, within the last five years has led me to believe that humanism would be destroyed in any society where the unbridled use of state power takes place. The massive victimisation visited upon the people who lived in St. Michael East disabused me of any idea that in a society, especially a small society, in which we are committed to individual freedom and equality, it is possible for human beings in whom is vested state power to protect our democratic institutions. When you destroy the right of a human being to work, you strike at the very heart of democracy itself.

There can be no question in my mind, whatsoever, that those of us who are committed to a full-blooded democracy in this society must at the same time argue for a vibrant private sector, and if you have a vibrant private sector, the Government must promote the private sector and create the environment in which the private sector can be viable. That is not to say that the private sector or those who control its commanding heights, can ride roughshod over the rights of what they call "the great unwashed" with impugnity. The masses, particularly the black masses, of this society have a right, and these rights must be respected. I am satisfied that the Minister of Finance attempted to strengthen the practice and the ideals of democracy by the kind of Budgetary Proposals which he made in July and now again, and at the same time he attempted to create an order and an environment in which the rights of all people will be icspected, particularly the rights of vulnerable groups within this society.

Here concretely, is why 1 subscribe to the view that the two Budgets juxtaposed to each other and which I believe are merely phases in an onward, planned, well co-ordinated movement to the establishment of an egalitarian society, are egalitarian. First, the proposal in July of last year to make those persons who earned up to $15 000 a year tax free. This is the beginning of the implementation of an idea in which in the absence of proper data, it is necessary to go largely by instinct — the Government, through the Ministry of Finance, is attempting to formulate a programme of what should constitute a minimum income for the people of Barbados by which they can live in dignity. It is not perfect, because the data is not available, and the data is not available for many reasons, which I shall allude to when I come to deal with the question of training and the manpower programme which I am pleased to hear, has been resurrected by the Ministry of Employment and Labour, resurrected from the tomb where it lay buried from June 18, 1981. But I am looking forward to a programme whereby, when the available data comes in, this country will move into a position where people in this country, families will have a guaranteed minimum income. The basic needs approach upon which the $15 000 tax free income is based is the first step in the struggle on the part of this Government for the implementation of a guaranteed minimum income. 4.50 p.m.

To have a guaranteed minimum income, it is not being suggested that money should be taken up from the Treasury and put into the pockets of people. A guaranteed minimum income can only come into existence where it wui not be a burden to the Treasury of this country, and if, at the same time, this Government uses a qualitatively different approach to the area of National Assistance. I am satisfied, from talking to the Minister who is responsible for Welfare, that the programmes of Mottleyism will be extirpated, that full-blooded social development programmes will be introduced, which would involve a transformation of those governmental agencies which are instruments of dispensing National Assistance so that the people of Barbados will be expected, if they are beneficiaries of such assistance, to be in that position of receiving assistance only temporarily, while concrete and positive efforts are being made to move them into the work force and integrate them into the social mainstream.

Years ago, when 1 made these proposals for those persons within the Barbados Labour Party, who believe that social issues represented nothing more than epiphenomena of economic questions, that, as the economy grows, you give the vulnerable groups within the society a little more, those persons who dominated the thinking in relation to social policies within the party pooh-poohed these ideas as visionary. But now we have a success. The Government of the State of Massachusetts has for the past three years successfully implemented the very same programme of social development which was proposed, and we in Barbados would have been ahead of the Government of the State of Massachusetts in this particular domain.

So a guaranteed minimum income must be related to a social development programme, a social development programme which views as repugnant any hand-out, and which perceives assistance of a pecuniary or other nature as being temporary, an instrument which provides the lubricant to smooth the transition from unemployment to full integration into the social mainstream as a contributing member of society. This is the logic of a basic needs theory, on which the $15 000 tax free income has been predicated, and this is why I am absolutely satisfied that those persons who describe this kind of fiscal programme as conservative do not know what they are talking about. These people are accustomed to operating through policies of piecemeal opportunism and, naturally, become mystified in the face of a planned, orderly, conceptually clear programme of which the fiscal proposals that are now laid before this House are but a section of a multiplicity of instruments to implement.

Mr. Speaker, the Budgetary Proposals envisage a situation where what is called a Micro Business Window will be opened at the Barbados Development Bank. The proposals envisage that assistance would be granted to persons who are single proprietor businesses. Given the track record of the Barbados Development Bank, I sincerely hope that this proposal is not perverted, because, to me, this proposal means that poor, black entrepreneurs would be given the opportunity to successfully practise their business. I hope special interest groups of a different orientation do not seek to pervert this proposal into something else. 5.00p.m.

This is what I understand it to be, that poor black entrepreneurs will be given a chance, and this is why I characterise the Budgetary Proposals as egalitarian. Because make no mistake about it, when the people of Barbados voted on May 28th, they did not vote for a situation where there would be business as usual. They voted for a situation where poor black people of this country will participate in operating the businesses and sharing the wealth of this community.

Applause.

Dr. D. G. BLACKMAN: This proposal respects and honours the mandate of the people of Barbados, and I will be keeping a very close eye on this Micro Business Window, as it has been called, to make sure that the grass-roots element, the people they call the dregs of society, share in it. I believe it is for them, and I expect to see these poor black people running these businesses. I do not make any apologies for saying what I am saying. There are those who would call it racist. If a man is black, he is black. If we have reached the point where black people are afraid to call themselves black, I say they are pathologically ill.

To the question, Mr. Speaker, of levies. I am somewhat uncomfortable with levies, and I speak as a person who was responsible for the introduction of the Transport Levy in 1982. When I introduced the Transport Levy ih 1982 in this honourable and august Chamber, at v that time it was envisaged that within five years it would have been no longer necessary to have a Transport Levy, and at that time I indicated to the Honourable House that the funds of the Transport Levy would be used for two purposes: (1) for the construction of roads, and (2), for the capitalisation of the Transport Board. It was never envisaged at all, at the time of the introduction of the Transport Levy, that it would be used for purposes of financing the day-to-day operations of the Transport Board.

I feel a sense of tragedy and failure that today we are not talking about bringing the Transport Levy to an end, but we are talking of increasing it. I believe this failure must be put squarely at the door of the Barbados Labour Party, as that Government operated the Ministry of Transport and Works between February 1983 and May 1986. Between April 1983 and the present time, just under . four years, the deficit of the Transport Board has doubled, and the deficit of the Transport Board has doubled largely because of political victimisation.....

Mr. SPEAKER: The honourable Member has two minutes.

Dr. D. G. BLACKMAN: Only two minutes, Sir? I was going to town on this!

Laughter.

Dr. D. G. BLACKMAN: Mr. Speaker, I am sorry that my timing has been so bad, but, in summary, I want to congratulate the Honourable Minister of Finance for demonstrating mastery in his subject matter. The Minister came into that Ministry at a tough time, in ^ the face of a serious cash flow problem, much of which stems from the election squandermania, and at the same time faced with the imperative of honouring election promises. It is to his undying credit that he stuck it out, and that, notwithstanding the problems, he honoured the election pledges of his Government!

Applause.

Dr. D. G. BLACKMAN: He has gone from strength to strength , and, in spite of the doom prophecies, he has come to us today with a Budget demonstrating a deficit on Current Account of only $10.5 million. How different is it from the $120 million which was forecast by the doomsayers, the prophets of gloom and doom!

I want to thank him for having worked fatiguely on ~* behalf of his Government and the people of Barbados in doing an outstanding job, and as he goes along the path that he has already charted towards the establishment of

an egalitarian society, he can count on my wholehearted support.

Thank you very much, Mr. Speaker.

Applause.

Mr. D. A. C. SIMMONS (St. Thomas): Mr. Speaker, we have heard some constructive points from the Members of the Government. We have had a lecture, most recently, in the philosophy of politics. We have also had a very high degree of emptiness in this debate, and there has been a super-abundance of comment touching upon the Barbados Labour Party when it was in power. What we have not had, in any sufficient measure, is an address to the Budgetary Proposals of the day before yesterday.

Mr. Speaker, this debate is about the raising of $58 million — $51 million plus the Transport Levy — and how that money is to be spent over the next 12 months, and we have had precious little on that. One would have believed that the Barbados Labour Party was still the Government of Barbados and not the Democratic Labour Party. But I want to address the Budgetary Proposals because this is what we are about. 5.10p.m.

It seems to me that the Budgetary Proposals raised direct questions about the political credibility of this Government, about the political integrity of this Government and about the political morality of this Government, and these will surface when one considers the economy of Barbados today and the fiscal policy of the present Government.

In 1986, it is recorded in the Economic Report, there was growth in Barbados of 5 per cent, and the Central Bank Report makes it exceedingly clear that 4.5 per cent of that growth occurred during the period of the Barbados Labour Party, January to the end of May 1986. Those who fail on the side of the Government to read the Central Bank Quarterly Reports will continue to wallow in their ignorance!

The Economic Report points out that there was an increase in sugar production by 11 per cent over the last year, and the Honourable Minister of Finance behaves as though that 11 per cent is due to his Government being in power. All of the people in my constituency who are engaged in the sugar industry will know that by the time this Government assumed the reins of Government in June, the crop was virtually dead and all the sugar had been collected. Therefore, the growth could not be attributable to anything done by the Democratic Labour Party.

Similarly, beef production. Beef production rose 26.5 per cent. The way the Honourable Minister of Finance — not the Minister of Agriculture, he is more reasonable — behaved, you would have thought that the cows were calves in June, when the Government took over, and were all ready for slaughter as massive cows at the end of December.

It is the same with the problem of unemployment. When we left office, unemployment was at 15.4 per cent. That has been made public on several occasions. It was also made public by the Honourable Prime Minister when he went to Bermuda last year. He said then that unemployment was over 20 per cent in his time, but the Central Bank Report said that the year end unemployment was 19.6 per cent, so if there was an increase in unemployment by 4 per cent, it would have been during the time of the Democratic Labour Party, and, of course, if you net out up to our stage and up to the end of the year and take the average of the two, it would come to some 17.7 per cent, which is the average unemployment rate for the year.

I submit, Mr. Speaker, that the Barbados Labour Party was responsible for the bulk of the growth of the economy in 1986, yet the Minister of Finance seeks to delude himself by congratulating himself. To critical observers, Mr. Speaker, his credibility is in issue, and his credibility is particularly in issue when one looks at the fiscal policy of the Democratic Labour Party.

Prior to the elections in May, 1986, there was much propaganda abroad being emitted from speakers on the Democratic Labour Party platform, and in Parliament before its dissolution, that this country would have needed no additional taxation, that Barbadians were over taxed and that it was time to give them an ease and a break from the massive dose of taxation. They were never told to, within a year, expect the re-imposition of the medicine. They were led to believe in a handout of, they then said, $35 million — the Honourable Prime Minister in the debate last year said he would stake his reputation on the statement that the tax measures would not cost more than $35 million — and the Government tried to convince the electorate that it was possible to cut back expenditure in various areas, including the Defence Force, and effect savings there, and it would not be necessary to raise any additional taxation to finance the running of this country.

The country was led to believe that unemployment would cease instantly upon the assumption of office of the Democratic Labour Party. On May 26, 1986 the present Minister of Tourism, in a political broadcast on behalf of the Democratic Labour Party, said we will be putting the country back to work, the electorate can look forward to jobs. That promise has been but a fair and an empty promise.

But having led the country into a state of belief that the Democratic Labour Party had the solutions, two days

ago the country was confronted with the reality of life under the Democratic Labour Party, a variety of impositions to take from the taxpayers of this country! Even those who do not pay tax, those who are working for $15 000 a year or less, still have to pay the levies put on the day before by the Honourable Minister of Finance! Those who have not benefited from the fiscal measures of July 1986 now have to go into their pockets and find some levies.

But worse yet, a whole range of indirect taxes, consumption taxes, is being levied! When the Democratic Labour Party was in Opposition, on October 7, 1985, immediately after a retreat at the Crane Hotel, both the now Minister of Finance and the present Prime Minister told the Press that the Democratic Labour Party would be abolishing the levies, in particular the Transport Levy. They have kept a number of their fiscal promises in the manifesto, but far from abolishing the levies, they have now increased them.

I am glad that the honourable Member for St. Michael South East (Dr. D. G. Blackman) alluded to the purposes for introducing the Transport Levy. The Transport Levy was exacted to improve rolling stock, assist in the capitalisation of the Transport Board and to promote the development of tenantry roads. Now that the Transport Levy under this Government is going towards the reduction of the operating deficit of the Transport Board, those people in Bennetts Tenantry, in the roads in Shop Hill, in Lion Castle and in Highland cannot look forward to having their tenantry roads done by this Government, because the levies will become mixed and amalgamated with all the other monies that find their way into the Consolidated Fund. 5.20p.m.

But above all, the present Minister of Finance was a close student of the Central Bank reports and the digests on statistics, and when he was in Opposition he knew what this country was able to bear fiscally and economically. He cannot pretend ignorance. The Barbados Labour Party made it part of our policy that as much information as possible be given to the public. All of the basic information upon which a proper analysis could have been constructed was in the possession of the honourable Member for St. Michael South Central (Hon. Dr. R. C. Haynes). When he presented his fiscal re-arrangement last year, he had it. He had a clear duty to tell the country the truth as to what would be the effect, the true effect, of the policies which he was then introducing. But since he has assumed responsibility for the Ministry of Finance, he has engaged in a pretence that things are good in this country, and I find it incongruous. How can things be so good in this country and yet you want to levy $58 million in taxes and levies from the people of this country? Where is the need for all of this money if things are so good?

Sir, what he is doing in this Budget will lead to an overall deficit, as he well knows, of somewhere between $247 million and $274 million. I ask, Sir, if things are as good as the Minister pretends, why have the pharmacists and the druggists not been paid for three months? If things are so good as the Minister pretends, why are businesses in Bridgetown, one in particular, owed $500 000 in drawbacks under the Customs Act since January and cannot get their money? If things are so good in Barbados and in the Treasury with Government's finances, why is it necessary to close pavilions in this country for certain days of the week? Why is it necessary to have one watchman and close up when he cannot be on duty?

Asides.

Mr. D. A. C. SIMMONS: I am talking about buildings in existence, not buildings under construction.

Why is it necessary to reduce the National Assistance Grant? Worst of all, I have had complaints from pensioners and persons in my constituency who have to receive medication on an ongoing basis that whereas under our administration there would be given drugs for a period of time, let us say, three or four weeks, they are now being given drugs for one week at a time! If things are so good, why all of this stringency?

Sir, we must look at the impact of this Budget. On whom does this Budget press most heavily? A critical analysis will reveal that those at the bottom of the society are worse off as a result of the large range of consumption taxes, and I want to deal with the consumption taxes now. My friend, the honourable Member for St. Peter (Mr. O. S. Arthur), dealt with most of them yesterday afternoon.

In effect, from the top of the human body to the feet of the human body will feel the pressure of the Consumption Tax. For those in Porey Spring, Dunscombe, Welchman Hall, all the various districts in St. Thomas, who have to go and buy shampoo, there is Consumption Tax on that, to the very shoe polish, to make the high heel shoes look proper. I have come very quickly from the head to the toe, but when it comes to the clothes that our people have to wear, those have attracted — the outer clothes and the under clothes, all, no distinction — consumption taxes!

But, worst of all, vegetables. 1 said the Government's credibility and morality were at issue. When the honourable Member for St. Peter exposed Appendix "A" to detailed scrutiny, there was much confusion in the camp. The Honourable Deputy Prime Minister, assuming "*" that he has some credibility with the public, rose to explain to the country and give them an assurance that

these taxes would not be imposed. The Honourable Minister of Trade later on in the evening said there were typographical errors, a plea, *ad miseri cordiam,* repeated today by the Minister of Agriculture.

Sir, let us explain to the country the truth about the consumption taxes on vegetables. From the moment the Minister of Finance announced them the day before yesterday, they were caught by the Provisional Collection of Taxes Act and are part of the law of Barbados from day before. Point No. 1!

Asides.

Mr. D. A. C. SIMMONS: Do not tell me "No." You can always repeal it. This is not an ordinary piece of legislation, and it is significant that under the heading in the Appendix we have rubric, local and regional. The Honourable Deputy Prime Minister ought to know. I do not believe the Honourable Minister of Agriculture knows, nor the Minister of Trade. The Minister of Finance ought to know that so long as there are impositions on similar CARICOM goods, automatically Barbados goods of similar type must attract the same taxes for the reason that the CARICOM Treaty does not permit discrimination in products, so if he is putting it on for CARICOM, it has to come on for Barbados products, too. Let him get out of that! Re-negotiate with the CARICOM people, which is not easy!

A mere assurance, however well meaning, will not undo the certainty of the law now. If it is uncertain, the Government has a responsibility to make the law relating to taxes certain. 5.30p.m.

But, Sir, it is really disgraceful to hear about the typographical errors! It was in truth a typographical insertion, deliberately done. Start at the bottom of page 44 and I will show you the two-mouthedness and the double talk — I do not say dishonesty, I do not believe they set out to do anything like that — of the Ministers on the other side. Listen to these words:

> "Mr. Speaker, the Ministries of Agriculture and Trade and Commerce have identified for us a number of items which are either in competition with our local non-sugar agricultural products or which are of a luxury nature."

The honourable Member for St. Philip North (Hon. W.O. Franklin) and the honourable Member for St. Lucy (Hon. E. E. Greaves) had a hand in this and must not escape my strictures.

Sir, this is not the appendix; this is the narrative that the Honourable Minister of Finance read. Hear this, Sir!

> "Some of these items are not subject to Consumption Tax at present, and I have decided to add them to the Schedule with immediate effect, but of even greater importance is the fact that I have decided to introduce a special rate for those items from extra-regional sources."

Now, Sir, this is the key!

> "Details of these items are shown in Appendix "A" but they include such items as caviar, smoked fish, crustaceans and molluscs, frog legs, grapes, apples, soups and broths, dates, cashew nuts, string beans, pigeon peas, fresh carrots and tomatoes, to mention only a few."

The others are in Appendix "A".

Deliberately, he intended to put on the Consumption Tax on vegetables — he read it to the nation! — and only when it was exposed did they back track. You will note that when the Minister of Agriculture read, he started to read page 45, and he stopped at the top. He did not read what I read! He could not read it! Get out of it now!

Sir, what this reveals is a matter of far greater moment to the Opposition. When this was disclosed yesterday, the Government behaved as if it was seeing these details for the first time. As I said, there was great consternation and trouble in the camp. But only three weeks ago, when we were debating the Estimates in here, Sir, Your Honour will recall when we were able to show the Government that, in their own document, there was an Appendix "G" which showed what sums of money the various statutory bodies requested and how much they were granted, and the public knows that, for all the talk about the Defence Force, the Defence Force asked for $16 920 000 and got it, but the IDC, Export Promotion Corporation, National Housing, and various departments all got si ashed and docked.

All kinds of threats were made about who should be fired and whose fault it was for the insertion of that Appendix "G" in the Estimates. We now have a problem with Appendix "A" in the Budget. The Estimates come out of the Ministry of Finance and this Budget came out of the Ministry of Finance. Only today the honourable Member for Christ Church East Central (Mr. R. L. Morris) said they are a Government that believes in efficiency. These kinds of errors can ony be the result of crass inefficiency, carelessness or incompetence. I am sorry the performance of the Minister of Finance in these two regards leaves a lot to be desired.

Mr. SPEAKER: The honourable Member has three mintues.

Mr. D. A. C. SIMMONS: We never saw this when the new Prime Minister was responsible for Finance. The only right and proper thing to do is for the Minister of Finance to resign. He is responsible for these documents emanating from his Ministry. I call on him, in the interest of all that is good and proper in the administration of our system of Government, to accept the responsibility for the errors in the Estimates, and the errors, if you call them errors — I think they were deliberate — in this Financial Statement, and resign, if not, I hope the Honourable Prime Minister, when you are letting down, will see the light and resign you.

Sir, as the honourable Member for Christ Church East (Mr. E. Bourne) said today, if he cannot D.O, he must G.O. These matters about the Estimates and Appendix "G" and Appendix "A" of the Budget are of critical significance, because even though we are only three, some call us Shadrach, Meshak and Abednego — the Honourable Minister of Transport says we are three blind mice — the three blind mice were able to find the deception in the document and highlight it for the 253000 people out there. If you do anything to remove these consumption taxes from fish, vegetables and foodstuffs, the country should be eternally grateful for the eternal vigilance that we are paying as three to our parliamentary and public duties.

Sir, he is getting rid of the gambling machines. We!!, they came here in 1974 when the Democratic Labour Party was last in power. You will remember the opinion as to the legality from the then Attorney General, Mr. George Moe. If he is presiding over their demise now, so be it. You brought them, send them!

Sir, let us just wind up, because in all we have heard in the Budgetary Statement, in all we have heard in this debate to operate for the year 1987, not even the Minister of Finance has offered a prediction for 1987, an outlook for 1987. I would wish to offer that outlook, Sir, and wind up. The year 1987 will be a challenging one for the Government as it addresses the issues of high unemployment, a large fiscal deficit and the need to generate foreign exchange so as to augment falling reserves. Output in 1987 is estimated to grow 0.7 per cent. Foreign exchange earnings will decline as a result of poor performance in related areas. The low growth in income, Sir, coupled with the weak balance of payments position, will have an adverse impact on the level of unemployment, and Government will have to look to new manufacturing investments to alleviate this problem.

Asides.

Mr. D. A. C. SIMMONS. Mr. Speaker, others read their speeches without let or hindrance. I am reading from notes I have here.

The winter season will not live up to expectations. Output in the manufacturing sector is expected to fall by 5 per cent by year end. 5.40 pjn.

Mr. SPEAKER: I would like to remind you that.....

Mr. D. A. C. SIMMONS: I am on the verge of sitting down now, Sir. I would be grateful, Sir.

The Government sector itself will experience severe disequilibrium as the effects of the July Budget and this one work their way into the system. The deficit should be about 10 per cent of GDP. If those words, Mr. Speaker, seem similar to words that you may have observed.....

Laughter.

Mr. D. A. C. SIMMONS: .....coming from the pens of professional people in the edifice not too far from here, Sir, then you are right! that is what the Central Bank professional people are predicting^ Now their predictions will have to be revised by a sub-committee of the Board of the Central Bank and the credibility of this Government and Barbados will hereafter be at state!

I am obliged to you, Sir.

Mr. SPEAKER: The Minister of Transport, Works and Telecommunications.

Hon. P. M. GREAVES (St. Michael North): Mr. Speaker, I will begin as the last honourable Member ended. It will not be the first time that professional people would have fallen flat on their faces given the end of the next financial year 1988. This is true of engineers, doctors, lawyers and it is true, too, of economists. Economists the world over differ as, in fact, all professionals do differ. It is the outturn that matters, and I hope the honourable Member, who is echoing the sentiments of the other two honourable Members, would be man enough — they will be men enough — to get up and say, "I was really, truly wrong" because they are going to be wrong.

If the honourable Member for St. Peter (Mr O. S. Arthur) was able to call attention to some errors yesterday in the Appendix to the Budgetary Statement, so be it. I mean, Sir, I would not be so naive and silly as to believe that the honourable Member is incapable of observing errors. What I want to say is that whether they were observed by the honourable Member or not, they would have been no imposition of consumption taxes on those items to which honourable Members have been referring. It is as simple as that. That ends the matter, Sir.

The honourable Member for St. Thomas (Mr. D. A. C. Simmons) spoke about two tongues or something like that, double mouthedness. He cannot, on the one hand, say there are no errors and, on the other hand, say that there are errors. He has to make up his mind what they are, and if there are no errors, then how can one call for the resignation of the Minister of Finance on the grounds that there were errors and on the grounds that there were other errors on former occasions? It cannot hold water. It is as simple as that.

Mr. Speaker, yesterday when the honourable Mem ber for St. Peter was making his reply .....

Aside.

Mr. SPEAKER: I would like to remind the honourable Member that you cannot interrupt an honourable Member when he is on his feet.

Laughter.

Mr. SPEAKER: Proceed.

Hon. P. M. GREAVES: Mr. Speaker, when the honourable Member began to make his reply to the Budget, I started making my notes, and after I had been making notes for about 15 minutes, I realised there was no need for me to make any notes, because the Honourable Member was absolutely confused. I can show the Member the notes I was making. I stopped after 15 minutes. I could see down the road that the honourable Member for St. Peter was not celebrating yesterday. He was absolutely confused and was equally confusing!

Laughter.

Hon. P. M. GREAVES: Mr. Speaker, that is where I leave the honourable Member for St. Peter.

I will deal with matters relating to my responsibility, that is, the Ministry of Transport, Works and Telecommunications, because I believe that that is more effective than replying to a non-reply.

Mr. Speaker, the Budget focussed attention on problems of public transport which fall within my Ministry, and it sought to raise, by way of an increase in the Transport Levy of an additional levy of .75 per cent, to raise additional monies to the tune of $6.8 million. That amount comes against the background of a provision in the Estimates of this year of S2 million to subsidize the operation of the Transport Board. The Honourable Minister of Finance, at the time of the consideration of the Estimates, explained to this House that he would be increasing the Transpon Levy to raise funds for the operations of the Transport Board, and that was the only insight. I believe, that honourable Members got into the Budget that was delivered two clays ago.

This House should be interested in the various subsidies that have been granted to the Transport Board, and I want to give the figures from the year 1975. In 1975, the deficit was $372 209. The following year, Sir, 1976 - 1977, the deficit rose to $2.4 million, and, thereafter, we saw subsequent increases in the deficit: 1977 — 1978, the deficit was $2.5 million; 1978 — 1979, $5.5 million; 1979 - 1980, there was a reduction to $3.6 million; 1980 - 1981, $11.043 million; 1981 - 1982, $15.4 million; it went down the following year to $14.796 million; it increased marginally in 1983 — 1984 to $14.890 million; 1984 - 1985, $11.3 million; 1985 - 1986, a whopping increase to over $17 million.

Sir, from these figures, one can see that the deep woes of the Transport Board began in or about the year 1980, and it was the following year that the then Minister of Finance, who was also then Prime Minister, proposed a Transport Levy, which was introduced in 1982, and established a Transport Levy Fund. I regret to have to say this, but I believe it has got to be said, because it is my belief that this Transport Levy Fund is, in a sense, a notional transfer of public funds to private transport operators. I will explain why I say this.

Up to the year 1980, there were just over 60 permits issued to the operators of the minibuses. During that year, the permits were increased by 300 per cent to around 200 permits. That year coincided with massive losses, as I just read out, by the Transport Board and subsidies to that Board. It is my view, Sir, that if the permits had been kept to the reasonable levels that they were at in the beginning of 1980, there would have been no need for a Transport Levy Fund. So I feel justified in terming it a notional transfer of public funds to the friends of the past Administration. 5.50 p.m.

I must say that the Transport Levy Fund has had its usefulness. During the last financial year ending March 31 last week, there were accumulations for 'that year amounting to $13.6 million, and these funds were utilised in financing a number of projects. Quite apart from financing some of the capital projects of the Transport Board, it was also used to finance projects including the Fairchild Street Bus Stand and the bridge at Bridge Road, and there are other projects that are now ongoing, like the Speightstown Bus Terminal and the road improvements at Colly more Rock.

Sir, any Minister of Finance would be glad to have the Transport Levy Fund available to him. We of the Democratic Labour Party have stated that we believe that the funds should be paid into the Consolidated Fund. We are not saying that the funds should be abolished. 1 am inviting both the honourable Member for St. Peter and the honourable Member for St. Thomas to read page 5 of the Democratic Labour Partv election manifesto. They

will see that not only did we implement some of the fiscal measures, but, we intend to implement this measure, to have the proceeds of this fund paid into the Consolidated Fund.

Our reservation as regards this fund was based on what we perceived to be lack of proper controls and accountability, and we cannot be indifferent to these two requirements. I believe that the mobilization, disburse ment and utilisation of these funds should be a matter of inspection by every Member of Parliament, be he Govern ment Member or Opposition member, and it is my view.....

Applause.

Hon. P. M. GREAVES:.....that this should be done. I do not believe I will have any great difficulty on this. I will try to have the Act reflect these views.

Sir, when I assumed responsibility, I came to realise the commitments of the fund and the state of affairs at the Transport Board. I realised then, Sir, that we had a massive problem on our hands, and I had little difficulty in persuading the Minister of Finance to 'con-tinue with the fund, as set up, a little while longer, the reason being that we were effectively locked into the Transport Levy Fund.

I will deal, first of all, with the commitments on the fund. Between 1981 and 1984, 130 new buses were purchased. They were purchased through a mixture of suppliers' credit for bank loans and funds from the Barbados National Bank. As it now stands, the repay-ment of these loans are being made out of the Transport Levy Fund, and during this year $4.6 million were utilised towards the amortisation of this loan.

The loan was a loan for over a ten year period, and the funds will not be repaid until the year 1990. That is why I am saying that, in a sense we have been locked into the fund. By that year, we will have paid over $23 million towards the purchase of those buses.

The Board also had to use the funds to purchase spare parts, that is $1.2 million. There were other projects of the Transport Board, inclusive of the project to which I referred, the Fair child Street Bus Stand Project, and those projects cost $1.3 million. The fare boxes cost $1.2 million. And, Sir, these are not the only projects that have been committed to the fund. There is the Speightstown Bus Terminal and the road at Collymore Rock, which I mentioned earlier, and there is also the sidewalk projects of the Ministry.

I understand the feelings of the honourable Member for St. Michael East (Dr. D. G. Blackman) on this matter, that the fund was established to finance the capital requirements of public transport as well as improvements to our roads. But, Sir, when I saw the state of affairs at the Transport Board, I realized that we could not > immediately carry out our election commitment to pay the funds into the Consolidated Fund. The Transport Board will be glad to be provided with a flow of funds on a regular basis to stop the Board from just limping along from one problem to the other, particularly relating to the suppliers' credits. 6.00 p.m.

Mr. Speaker, when I assumed responsibility for the Ministry of Transport and Works in June last year, I found a state of affairs at that Ministry that was unbelievably bad, leading me to say in this House of Assembly when we discussed the Estimates that it seemed to me that the Barbados Labour Party was intent on the destruction of the Transport Board. They went and increased work permits for minibuses when the Transport Board was losing money. There was a change of management and chairmen at the Transport Board over the past „ five years almost as regularly as one changed one's clothes. From about 1980, there were at le^st about five different managers at the Transport Board, and when I came to the Transport Board in June last year, it was being headed by a man who was No. 5 down the line, and he was at that time retired. It was headed by a man No. 5, because there were no others ahead of him. There was no General Manager, no Personnel Manager, no Deputy General Manager, no Chief Engineer, no Financial Controller, and all of these are jobs established at the Transport Board. None of these was in place at that time.

I will have to add that a General Manager was appointed by the past Administration, but he had not yet assumed office, and he did not assume office until July of last year. So that we had a situation where the Transport Board was being run on a day-to-day basis by a former ^ Minister. That is the kind of affairs that we found at the Transport Board, there was no management structure.

Fare boxes were brought in. They were intended to solve the problems of what they called "theft" at the Transport Board. The result is now history, that the col-lections made through the fare boxes were indeed less than the collections made by the conductors. In other words, the Transport Board realised less revenue with the fare boxes, and at a higher cost than when the conductors were collecting fares and they were said to be stealing. And the company that manufactured those fare boxes almost immediately went out of business!

The ridership at the Transport Board, because of the bad state of affairs there, declined steadily from year to year. The workshop is a place where human beings should not be working. That is what we found there. We found over 100 mechanics employed at the Transport

Board in an area where probably only 20 people can work efficiently.

We also found that the Transport Board was using the monies deducted from employees to be paid into National Insurance, the same thing we have condemned in private practice. The honourable Member for St. Peter knows about it, he has made an entry on the file condemning it, to his credit. I have the file here, Sir. A similar thing was being done with monies deducted that should have been paid over to Inland Revenue. They were being used to finance the day-to-day operations of the Transport Board.

Sir, I would just like to quote what one official had to say:

> "Every time MTW prepares a Paper on the Board it states that 'treatment of the ailment is another matter which requires bold and riskful measures.' " — that sounds like very familiar language to me in the House of Assembly — "but does nothing." "Therefore we can only conclude that the MTW is unable to deal with the problem, and it seems to me that, short of returning the Board to private enterprise, the only option the Prime Minister has is to create a Ministry of State Enterprises and take control of it himself."

> "Originally the new facilities, the new basis and the fare boxes were to do the trick. In spite of this, the ridership has declined and the expenditure has increased." This was written on November 25, 1985.

A couple days later, another very senior official recorded this on the file-

> "The depressing feature of the Transport Board, however, seems to be that there is no light at the end of the tunnel. If anything, the tunnel gets longer and darker. Despite re-equipment of the fleet, installation of fare boxes and investment in modern facilities, the revenue of the Board continues to decline drastically while cost escalates."

And the Prime Minister (Mr. St. John), in his own fine Italian handwriting that is almost indecipherable - to the credit of some typist I am able to read some of what he had to say - had this to say:

> "This is a very serious situation and I will pive the $8 million requested, but on the following conditions:
>
> (a) tenders must be invited for the provision of management services, both administrative and technical - example, the management of the workshop, the provision of accounting and personnel services;
>
> (b) the issue of the reduction of staff in bus con ductors must be faced NOW; wage increase of $3 million can only be financed by a reduc tion of the number of conductors by '600 or how many cannot be absorbed as additional drivers.

We must be prepared to pay severance to these workers on the same basis as any other industry. A call must be made for volunteers first, and then the rule of last in, first out should apply except in cases where there are bad workers and actual complaints against them.

> (c) an analysis of fleet condition must take place immediately and a specific programme for re placement and refurbishing has to take place.
>
> (d) bus fares must go up as from January 1, 1986. A greater portion of the Transport Levy Fund must be used to cover the deficit this year."

He also made some statements on the taxis and the minibuses, something similar to what the honourable member for St. Peter wrote, that there should be greater control by the police and so on, and then he promised the Ministry a second Permanent Secretary to deal with transport.

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

Hon. P. M. GREAVES: Oh, dear!

Mr. Speaker, not one of those conditions of the Prime Minister has been fulfilled. Rather than reduce the staff by the 600 or whatever, they were increased substantially. In other words, quite the opposite was done from what the Prime Minister had to say during an election year. The bus fares have remained the same that they were at since 1983, when they were last increased. 6.10 p.m.

I regret, Sir that I do not have the time. I want to thank the Honourable Minister of Finance for giving the Transport Board the opportunity to demonstrate that the new Board that we have pul in place is able to effectively tackle this problem. We have already started. We have set about to reduce costs. We are carefully looking at all the tenders that come in, and in terms of supplies to the Transport Board, we are giving it to the lowest tender. We are looking at the roster of crews. We are looking at the

training of the operators. We are looking at the rationalisation of the work and the workshop, and we are also introducing a free transfer system during off peak periods.

These are intended to be cost saving measures, but, of course, cost saving is not good enough. We have to do things to improve the revenue position of the Board, and we are training the operators so that they can become safer drivers. There are on route and off route transfers. We are looking at this, and we want to introduce on route and off route transfers at a very small fee, rather than paying a second bus fare, probably a smaller fare, if one is going off route, so that, perhaps we can get back some of those passengers who have left us and gone elsewhere. I am also looking at turns of the routes.

Mr. Speaker, I am sorry that we are unable to go any further, but I will add this point. I have just been reminded that, for the first time in the last two or three months, the Transport Board has been able to collect enough money to pay its operators- not the administrative staff, because they have not been able to do this for quite some time. We are grateful to the Honourable Minister of Finance for giving us the opportunity to demonstrate that we can do this, and in 1988 we promise other things.

I thank you.

Hon. H. A. BLACKMAN (St. Philip South): Mr. Speaker, now we have another reason why the electorate of Barbados got rid of the Barbados Labour Party last year!

Mr. Speaker, during the presentation of the honourable Member for St. Peter (Mr. 0. S. Arthur), I searched for a reason why the honourable Member was so confused, and I had to find the reason in his own analogy with cricket. Those of us who have had some passing acquaintance with this game know that you not only have to concern yourself with the flight and the spin, as he said, but you also have to concern yourself with, and make allowances for, the turn. The basic problem with the honourable Member for St. Peter is that he did not make any allowance for the turn, and that is his, basic difference between the honourable Member for St. Peter and the other economist whom he seems not to like very much. The other economist, Mr. Speaker, having picked up the flight and the spin, also allowed for the turn. I will explain.

In his last three budgetary presentations, the honourable Member for St. Peter spent his entire time speaking about the revenue loss to Government which would be suffered by the Treasury if proposals by this Administration were carried out. In his first budgetary speech, he said that Corporation Tax would lose SI5 million, and then he changed it to S35 million. He said Energy would cost the Treasury $12 million. He then went on the sugar industry - we had to give them $10 million; Restaurant Sales Tax, $6.4 million. He went on and on about revenue loss, and here is where he neglected to allow for the turn, because in neither of the three speeches he made has he made allowance for revenue gain, and this is why the Minister of Finance could so easily destroy the honourable Member's argument by pointing to the fact that, despite the fact that the revenue loss to Income Tax was $57.1 million, Consumption Tax increased by $20.9 million, import duties increased by $18.6 million, Stamp Duty increased by $10.9 million, Corporation tax increased by $14.2 million and Property Tax increased by $7.8 million. The other economist, whom he continues to try to discredit, would have taken those things into account in his analysis, but you completely ignored the fact that you should have mentioned the revenue gain.

This Administration has placed a lot of import on cutting down on wastage and tightening revenue collection at the airport and seaport, and you have to understand that what is happening in Barbados for the past year, and what will continue to happen as long as this Administration is in office, is that you will see a more efficient collection system in those Ministries where Government has to collect revenue. There was too much wastage under the Barbados Labour Party, and when I hear the honourable Member for St. Michael North (Mr. P. M. Greaves) mentioning some of the misdemeanours of a former Minister of Transport — misdemeanour may be too small a word — when I hear that honourable Member mentioning the wrongdoings of that former Member for St. Michael West Central, I will also have to state here this afternoon that the last count that we have made in housing has demonstrated that that same former Member has caused the Ministry of Housing an expenditure of $1.02 million that we cannot recover, by going into people's lands and putting in roads and all sorts of things against the advice of the senior people in" the Ministry of Housing. That is what was going on in the Barbados Labour Party. 6.20 p.m.

The people of Barbados, seeing all of this happening, decided that they were going to get rid of the Barbados Labour Party, and what worries me is that we still have people in the Barbados Labour Party who believe that the people in Barbados were wrong. We still have disgruntled people in this country, people who, in my view, seem to be wishing every day that this Administration fails, because, somehow, they suspect that if this Administration fails, the people of Barbados will put them back again.

My opinion is that the people in Barbados were" through with the Barbados Labour Party in 1981, but had it not been for the machinations and the underhand works of the former Prime Minister with the electoral system, the

Barbados Labour Party would have had one term in Barbados. He moved Charnocks to St. Philip and part of St. John to St. Joseph, and did all sorts of things in order to make them win. I recall the honourable Member, who is the Leader of the Opposition, saying immediately after the last General Election that not even if that Prime Minister was alive could he save the Barbados Labour Party, and he knew why he said that. The reason why he said that Mr. Speaker, is that you would have noticed that at the last General Election not a single one of that party could have asked for a recount. They got beaten by 1 500, 1 900, 2 000 and 4 000 votes. The Honourable Leader of the Opposition knows that not even if that Prime Minister was alive he could have saved them; so to all those people who believe that by praying daily that the policies of this Administration fail the people in Barbados are going to put them back in, they had better start a new party.

Mr. Speaker, those of us who have responsibility for Ministries have a duty to let the people of Barbados know what is going on in our Ministries, But before 1 get on to the Ministry of Housing, I want to touch briefly on another of the statements made by the honourable Member for St. Peter. I recall that in the two budgetary presentations made by the honourable Member for St. Peter last year, he mentioned that we will have to cut down on social services. Mr. Speaker, that Administration had not paid student nurses for years. I think the people of Barbados have to be reminded about this. This Administration, although we gave back all of that money, lias decided not only to pay student nurses, but those student nurses whom they refused to pay, we are paying them six months salary. That is what this Administration is doing, although we have just given back what he considered was a large sum of money!

That Administration had stopped paying student teachers at Erdiston College, and to give that nefarious act a tinge of legality, that Administration suggested that teachers should go straight from school into Erdiston College, which means that when those young people should be earning money at age 18 and 19 they had to wait until age *22* before they got a cent. This Administration has righted that wrong. Those are the things that you have to tell the people in Barbados, and these things cost money. So the people of Barbados have to understand that despite the amount of money we gave back to them last year, instead of cutting down on social services, we have been restoring the social services which we have made people in Barbados accustomed to, and we have to have money to do these things.

Mr. Speaker, the Honourable Minister for Finance decided that he would allow the private sector to take the greater role for generating employment in Barbados, with a supportive role by Government. That was the whole basis of the Budgetary Proposals last July. It would not be right, nor would it be sensible to come in this Budget already, only eight or nine months afterwards, and try to reverse the things that you did in July. But as the honourable Member for Christ Church East Central (Mr. R. L. Morris) said, to whom much is given, much is expected, and we will look and see how the private sector reacts to the incentives we have given. So far, they have been reacting very well, and I suspect that they may even react better. I made that point just to explain that there is a talk going around that this Budget is harder on the smaller man than on the private sector and the people who have money. It is the deliberate policy of Government that the private sector should play a larger role in the generation of employment.

I now turn, Mr. Speaker, to the Ministry of Housing. The first thing I would like to speak about is the Town Planning Department. Since I have become Minister of Housing, I have taken it upon myself to allow the professionals, the people who have been trained in this area, to make the decisions in Barbados that they should make. No longer will valid, correct and sound decisions given by Town Planning Department or the Chief Town Planner be overridden by Prime Minister, or as in some cases, such as the infamous club at Bay Street and the acquisition of property in Oistin, no longer will that decision be left to any representative for any parish or constituency. We have to understand that Government must not ride roughshod over people's business or over what people own, and I am going to give you an example.

That infamous club on Bay Street the Carlisle Club, was told by the Chief Town Planner that it had to close down in 1979. The Prime Minister at that time wrote on the file "No way". So the Carlisle Club operated illegally from 1979 until 1986, when the file came to me. 6.30 p.m.

(Aside: What a shame!)

Hon. H. A. BLACKMAN: Illegally! That is what happened!

You also had a situation where there was gross discrimination in decisions being made, and I am not speaking about decisions being made by the Chief Town Planner or his department. You had a situation where a gentleman went ahead and bought properly in Oistins, and because the baron of Oistins town believed that no one else should own piece of that real estate up there but him. that man was prevented from carrying out his lawful business. Only recently we came to Parliament and rectified that That is what this Administration stands for!

Applause.

Hon. H. A. BLACKMAN: What else have we done as far as the Town Planning Department is concerned? One of the recommendations in our manifesto said that we would make, and I am paraphrasing, the building of chattel houses by ordinary people in this country cheaper. Mr. Speaker, one of the first things this Administration did was reduced that $50 to $10 as the fee for an ordinary, little person who was building a little chattel house or an extension, it was the Barbados Labour Party that carried up the fee to $50.

But that is not all. We then decided to exempt these chattel house owners from all building start fees and from all fees for certificates of compliance....

Applause.

Hon. H. A. BLACKMAN: ....and thereby it was a total saving of $140 per application for every poor man in this country.

(Aside: Praise the Lord!)

Hon. H. A. BLACKMAN: That is what this Administration stands for!

(Aside: Praise the Lord!)

Hon. H. A. BLACKMAN: I turn, Mr. Speaker, to the National Housing Corporation. The first thing I should like to say is that when we became the Government of this country, we discovered that there was to be a starter home project in Oxnards. It was to consist of a one bedroom masonry unit, and although the applications for this type of house were fairly great, we decided that it did not make a great deal of sense to build a one bedroom house when a two bedroom house would only cost about $1 000 more. So we decided that this starter home project would be of two bedrooms homes which the cost to the buyer would only be about $8 more per month.

We are at the moment examining ways to strengthen our estate management. We are providing special consideration to pensioners and welfare cases.

Mr. Speaker, I have to say a bit about rents. When this Administration took office, the rent arrears at the National Housing Corporation were $2.5 million. I discovered when I became Minister of Housing that only two persons in Kensington Lodge were paying rent. That was the newest housing area the Government had built, but they were told not to pay by the former representative of the City. I rectified that, because the first thing I did when I became Minister was tell the Manager, he is Acting General Manager now, to check out Kensington Lodge because my information is that they were not paying. They are paying now!

Applause.

Hon. H. A. BLACKMAN: There was a situation •> existing where, in my view, there were too many people given houses who never had in any applications. That had to stop. One of the stipulations, and it is a must, to get a house to rent from National Housing Corporation now is that you must have in an application. So do riot come or ask unless you have in an application.

As far as rent collections are concerned, I am happy to say today that whereas the average monthly collection of rents at the National Housing Corporation were $260000 a month, for the months of January and February this year, the average monthly collection has gone up over $370 000.

Applause.

Hon. H. A. BLACKMAN: We intend to keep it like that for the rest of the year and as long as I am , Minister of Housing.

I want to say something about the eviction you have been hearing about. There are a lot of people living in the National Housing Corporation houses who have no right in there. They are in there illegally, and if someone is in the National Housing Corporation house illegally and is not paying, then there is no question — you have to leave. If someone were living in your house illegally and was not paying and you allowed them to stay, you are telling them, okay go ahead and live without paying.

There is another point about this paying, because you hear a lot of people calling in and making a lot of statements. The Democratic Labour Party was never against evicting people who are not paying. The Demo- ^ cratic Labour Party was against evicting people in the face of the television cameras. We are evicting people at the moment and you do not see anybody on television. There is a difference, because when you do that, you are adding insult to injury.

Asides.

Hon. H. A. BLACKMAN: There is a big difference. You would not see the difference anyhow!

Asides.

Hon. H. A. BLACKMAN: You are a Member of the Barbados Labour Party, so you would not see any difference. There is a difference, there is a human face to this now. There are a lot of people who are moving even -f-before we go for them, they realise that they have been operating in the houses illegally and they are not waiting

until we get there. But there are no television cameras. There is a right way and a wrong way.

There are people in Barbados who call in on the radio stations giving the impression that National Housing Corporation's rents are too high. That would have to be nonsense. National Housing Corporation units are at different prices. When you come in for a National Housing Corporation house, there is a voluntary contract. We ask how much money you are willing to pay for a unit, and with the amount of money you are willing and able to pay, you get the unit to suit, but there is a certain feeling throughout Barbados with Barbadians that as long as something is Government's, you do not have to pay

Mr. Speaker, let me get on to the issue of bonds by the Ministry of Finance for housing. The Honourable Minister of Finance has said that he will make $5 million available to the National Housing Corporation to help the low income people. I believe that this amount of money was badly needed in Barbados for housing, not only for housing as such, but for people to be able to own their own house spots. Recently, the increase of applications for house spots have outstripped the application for houses because of the Tenantries Freehold Purchase Act. No person in Barbados today in his right senses is going to rent his land to any person if he is going to get trouble getting it back. That is why this Administration has said, and has stated in its manifesto, that we will review that bit of legislation.

Mr. Speaker, this year we have to move quickly with house spots. We have to move with building quite a few houses this year. My view is that once a Barbadian is given an opportunity or the chance to own his own house, he would prefer to own his own house than to rent. In that respect, I believe that this Administration has to look into the idea of supplementing the down payment for houses. There are many persons in Barbados who are willing and able to pay the monthly instalment on a house, but the down payment is what is causing the problem. I have said on many occasions that we have to look into the idea of topping up that down payment. If we do, you will be amazed how many people in Barbados start to own their own homes. I will have discussions with the Honourable Minister of Finance about this matter. I have, already had discussions with the Chief Housing Planner and the Permanent Secretary about subsidising the down payment, because I believe that we have to move in the direction where we help people to own their own homes. 6.40 p.m.

Mr. SPEAKER: The honourable Member has two minutes.

Hon. H. A. BLACKMAN: Mr. Speaker, in 'my two minutes, let me say that the Honourable Minister of Finance has baffled not only the members of the Barbados Labour Party sitting in this honourable House, but he has baffled quite a few of Barbados Labour Party supporters outside of this House. He has not surprised us who sit in here with him, and he has not surprised any of us in the Democratic Labour Party because we recognise the ability of the man. We recognise that he is a person who is very thorough in what he does, and I would like to congratulate the honourable Member for St. Michael South Central on a job well done. He will prove to you all once again, come next year's Budget, that all your predictions were wrong.

Thank you, Mr. Speaker.

Applause.

Mr. SPEAKER: The Honourable Minister of Tourism and Industry.

Hon. B. M. TAITT (St. Michael West): Mr. Speaker, I have been listening to this debate from the very first day when the distinguished Minister of Finance introduced a Budget supplementary in many ways to the Budget which he introduced in July, and in which he continued the programme of the Democratic Labour Party to restore this country and the people to a level and standard of existence commensurate to the promise made to them on the attainment of independence. As I have listened to my colleagues around this table expanding on the themes that have been sketched so lucidly in the Budgetary Proposals, I can only say that I am proud to be part of this team which the people of Barbados established on May 28 as the basis on which the work of Barbados would go forward.

In the half hour available to me, I propose to discuss the areas for which I have responsibility under the constitutional system. But before I do, I should like to refer to two points. One concerns an error which has been alluded to by my colleagues who have spoken before to an issue raised by the honourable Member for St. Peter (Mr. O. S. Arthur) and later the honourable Member for St. Thomas (Mr. D. A. C. Simmons), and I am doing this partly because there may be some people who are going to sleep who might not have heard, or will not hear when the Minister of Finance makes the correction.

Let us be frank. There is no way that anybody in Barbados who is a Minister of Finance could put a tax on a cucumber or a mango. You would have to be suffering from intellectual colic to be able to take that as a serious point. We admit that it appeared in the document, and if we were in the Opposition and we had seen it, we would draw it to people's attention, and if we had nothing else

to say, as the honourable Member for St. Peter apparently did not, we would make hay of it, too.

As for the theory that perhaps it cannot be corrected without an amendment, let me be the first to remind the Honourable Leader of the Opposition of the time when the late Tom Adams came in and imposed a Stamp Duty on the insurance companies, and it was a full day after the end of the debate that it was drawn to his attention by this honourable Member and he corrected it without more. Furthermore, the honourable Member who is Attorney General is aware that every year after the Budgetary Statement and Proposals, the Legal Department does what has to be done to tidy up the piece of paper which is put in our hands at short notice. So let the word go forth that the Democratic Labour Party has not lost its senses, has not gone mad, and has not joined the attitude of the Barbados Labour Party. We do not impose unnecessary hardships on people, and if we were going to impose hardships, we would not start with ackees, golden apples, and breadfruits, and sugarcakes.

Laughter.

Hon. B. M. TAITT: I mean, that should have been obvious. But we take the point.

The second point I would like to make for the honourable Member for St. Peter is that the next year when he is responding to the Budget, take the two hours or one and a half — because I believe that next year when the honourable Member for St. Michael South Central (Hon. Dr. R. C. Haynes) comes, he will merely have to say, well, this is what happened, this is how it turned out, and I do not think he will take as long as two hours - and in the time available avoid attempting to attack his colleagues, or his erstwhile colleagues, on the hill. If you do not like your teachers, for whatever reason, you must tell people quietly. I do not think it is necessary for us to play what I like to call "gutter hole politics" on television, because to call somebody the Lickmout Lou of the economic society may seem as a ringing phrase, but on closer examination it demonstrates nothing more than the limited nature of the speaker in his capacity to criticise in such a way as to bring forth mirth.

Lickmout Lou is a serious commentator on the social scene. Lickmout Lou speaks of things which the Barbados Labour Party imposed on this country in such a way that the ordinary people can understand, and the honourable Member for St. Peter speaks in such a way that not even the extraordinary people can understand. Therefore to call someone the Lickmout Lou of the economic society may, in fact, be a compliment, because he might be telling the people properly what the proposals were. When I heard the honourable Member speak about tourism, then I knew that he really should turn to Lickmout Lou to find out what is going on. But, first, Sir, Industry.

Mr. Speaker, it is obvious to almost anyone in Barbados that Barbados had gone into stagnation, and that that stagnation had begun soon after the extravagances leading up to the 1981 election. The manifestation of that stagnation was exemplified in a number of areas, but particularly so in the industrial development. 6.50 p.m.

When we came to office, we recognised that there was a substantial difficulty in manufacturing, and I am not going to outline all of what was wrong, because by the time I am finished, there would be no time left. Let me say that I believe that a more dynamic manufacturing sector is critical to growth in the national economy, and recognising this, we have identified the problems confronting the sector as follows:

- deteriorating regional and international competi tiveness resulting from the high cost of doing business in Barbados;
- a lack of -knowledge of extra-regional markets, of standards and design requirements;
- under capitalisation of local manufacturing firms;
- lack of budgeting and cost controls among manu facturers;
- and almost throughout the entire business community a decided lack of marketing skills.

This situation, among other things, has led to a marginal increase in the index of industrial production over the period 1981 - 1985 from 104.5 to 104.6, or less than 1 per cent. Despite the closure of Intel and Playtex in 1986, the all industries index increased 5.3 per cent to 110.1, while the electronic subsector index, which fell 7.7 points in 1985 compared to 1984, rose by 2.8 points to 136.1 in 1986.

The honourable Member, while making his presentation, intimated that policies carried on by the Barbados Labour Party contributed to this success. I think nowhere is that argument defeated better than in the information which I have just given to this Honourable House, because the number of persons employed in manufacturing fell from 12 700 in 1983 to 12 500 in 1984, to 12 000 in 1985 and even further in 1986 to 11 600.

If you look at pages 39 — 41 of the Economic Report, you will note, however, that despite the loss of over 1 200 jobs from the closure of Intel and Playtex, the total employment in the sector fell for 1986 by only 400. So if you lose 1 200 and the sector shows that it only fell by 400, all intelligent persons will be left to oraw a reasonable conclusion.

There is another point. Whereas the number of females employed in the industrial sector has fallen over the last few years, there was, for the first time in 1986, a turnaround, when the numbers rose from 6 500 to 6 800.

I wish to give the honourable Member for St. Peter and the rest of Barbados the assurance that by the time we come to this Honourable Chamber next year, we will have a story to tell, contrary to the kind of information which has been put out both surreptitiously and from the floor of this House. My Ministry, with regard to industry, has determined, after consultation with the Minister of Finance, that we will reschedule amounts outstanding to the Government, and we are taking new initiatives to improve the lease/purchase arrangement.

Honourable Members will recall that when the Democratic Labour Party held the Government of Barbados, ordinary Barbadians with entrepreneurial skills could look forward to owning a factory in this country, and indeed they became manufacturers who had equity. From the time the Barbados Labour Party took over the reins of Government, we saw a steady decline and a change in the policy which did not allow ordinary people to own factories unless they could acquire large sums from elsewhere. The lease/purchase arrangement which we will put in place will once more give local entrepreneurs the opportunity to own equity, because when they have a lease/pur chase arrangement, they also have bankable assurances with the commercial banks and, therefore, their financing is not as difficult and as critical as in the other circumstances.

We are also taking steps to enhance the training grant scheme, and we intend to facilitate new start-ups which will be complemented by the venture capital as proposed by the Minister of Finance.

One of the problems we have in industry is the incentive package which we offer. We believe that it has outlived its usefulness, and steps are being taken now to have it revived.

In terms of attracting industry to Barbados, every nook and cranny that has more than ten people in any kind of administration is offering some kind of incentive to would-be manufacturers, and the question now is not whether you offer incentives — the incentives that are offered are, to a large extent, taken as given. Anyone who is even remotely looking at CNN in the morning would know the lengths to which communities in the United States will go to attract Japanese and Korean and, indeed, American investment in their respective home towns.

A significant factor in our industrial development programme is also that the industrial parks which were created by us, beginning in the 1960s, have fallen to a level of degradation that is unacceptable to Barbadians — dilapidation, I am being advised by my distinguished leader — and anyone who goes into the industrial parks will be aware of it. The Government has begun the refurbishment programme which will not only provide additional employment in Barbados, but will make factory space available. Some 23 per cent more factory space will become available.

Mr. Speaker, we have also re-oriented the Industrial Development Corporation toward the work for which it was created. Its primary responsibility is the promotion of industry, and during the last ten years or so it has very slowly slipped away from its prime responsibility into areas, sometimes esoteric areas, that do not respond, in my view, to the needs of this community. It has been directed firmly back towards the role for which it was designed, and it is my view that, with vigorous re-examination and vigorous promotion, it will only be a matter of time before, once again, the industrial parks are teeming with young people working. I have gone on one promotion tour, and I am satisfied that although we have lost industry, we are going to gain industry this year. Time does not permit me to go into details.

My colleagues have been talking about the attitude of the Barbados Labour Party, and it would not be right for me not to mention the Furniture Trading Corporation. The Furniture Trading Corporation at May 31, 1986 had spent $1 833 800 of the Government's money. The minority shareholder, which is the Government, has become the majority shareholder by accretion. I have been forced, quite obviously then, to request a review of the operation before proceeding any further. A definitive study market survey once and for all of the U.S. market, of the capability of Barbados successfully to go into the furniture market of the United States has to be done before I could go back to the Cabinet with any further request. I have no doubt that we will have to change the nature of the corporation and we will have to put people in the corporation to run it who know how to run these things.

The Handicraft Department can, in my view, provide 500 jobs in relatively short time, and for that reason since the handicraft went from sales of $88 000 in 1974 to $1.371 million in 1986, I believe that the time has come for the handicraft agency to be a singular agency, with proper direction and proper decision making. 7.00 p.m.

I wish to turn to the other part of the portfolio. I was profoundly disappointed to hear the honourable Member for St. Peter, a man who has told everybody who will listen what a profound and devout socialist he is, come to this Honourable Chamber and raise questions about a policy in tourism that would, for the first time in ten years, at least give the small hoteliers in Barbados a chance.

Mr. Speaker, the people in Barbados who are Barbadian and own hotels, all own small hotels. The only large hotels owned by the people of Barbados are the Hilton and the thing in St. Peter that has been described by the name Heywoods that was put together at a cost which we do not wish to discuss today. So the small hotels that begin to do well would mean, and must mean, to continue the analogy used by the honourable Member for St. Michael East when he spoke so elegantly and eloquently earlier today, the policy of giving the small entrepreneur and the down-trodden Barbadian, those who are on the smaller end of the scale, an opportunity....

Asides.

Hon. B. M. TAITT; The honourable Member is saying *sotto voce* "if they are forced to cut rates." Under the Barbados Labour Party they were not forced to cut rates. They did not have anything to cut. You have to have people in order to cut rates.

Asides.

Hon. B. M. TAITT: Yes. They have a way of popping out statistics and giving the impression that they have information. Well, this is the information from the Central Bank that was circulated internally, and it was prepared at the end of December 1986 by Clyde Mascoll, Cleviston Haynes, Harold Codrington, Peter Whitehall, Ron Prescod and Carlos Holder, who you call the officials, the professionals. This one was prepared by them, and it says "While tourism recorded a reasonable 3.8% rise" — now hear this — "for the year tourist receipts are expected to rise by 6% with arrivals between" - listen to it - "May and October at 5.4% higher than for the corresponding period of 1985."

Asides.

Hon. B. M. TAITT: May — October, and he says Crop Over!

The honourable Member sought to give the impression that what occurred in tourism occurred in the first half of the year. Well, I am using your documentation. The honourable Member must know that when we came to tourism....

Asides.

Hon. B. M. TAITT: You should speak to your wife about that and let her give you advice. If you would listen to your wife, you would not make the kind of errors you continue to make.

Mr. SPEAKER: Address the Chair.

Hon. B. M. TAITT; Mr. Speaker, beg your pardon. The honourable Member is trying to see if he can put me off.

We came to Tourism and we found a situation where the Tourist Board had deliberately decided to exclude the Canadian Market. It is obvious to a blind man on a trotting horse that the Board of Tourism had very little direction, and while the Board members may have tried valiantly, the only thing that seemed to have occurred during the ten year period was that the late Prime Minister wrote the devastating letter pointing out what was happening in Tourism.

What we have done since we came to tourism was to recognise the basis on which the industry could proceed. We determined, first of all, that we should have a better board, a different kind of board, and we set out immediately the targets which had to be achieved on an emergency basis. I am pleased to say that those targets have been achieved in the main. In fact, they have been exceeded, and the targets which have been set for 1987 and 1988 appear to be well within range, because "Trends in the Hotel Industry in Barbados", a document which is a public document, published for January 1987, states as follows:

> "January is often a difficult month with unpredictable occupancies during the first 10 days or so. Once again trends show a welcome improvement in average achieved rate this time without associated decline in occupancy. Overall the average achieved rate increased from $221 in January, 1986 to $247 this year, an increase of 11.8%. Overall occupancy moved slightly from 76.8% in 1986 to 78.2% in January, 1987. Within the categories average achieved rate showed the greatest percentage increase in the apartment hotels up by 25% arid apartments up 17% etc."

Mr. Speaker, the honourable Member raised questions about the small hotels. We went and negotiated with a company in the United Kingdom called Air Tours. They are going to bring, from May 16 — November 30, a package of 505 people to Barbados every week. The tour has ?[1].re?dy been sold out, and the hotels that .are going to benefit include Sunset Crest Apartment, Worthing Court Apartment, Rockley Resort Apartment, Blue Horizon, Coconut Court Apartments, Monteray and a series of small ones.

Sir, we have also started an incentives programme in the United States which we expect to boost summer tourism, and we have also set up a similar package in Canada with Thompson Tours and with the other tour operators in Canada. We are determining other similar programmes which will see a systematic arrival here in Barbados, as used to happen in the past, on a weekly basis, a full aircraft.

But more particularly, Sir, already as a result of the attitudes which have been engendered by the

arrangement, airfares from Canada to Barbados have already began to come down. The thing that caused the most havoc in the Canadian tourism was the high cost of an airfare coming from Canada to Barbados, and we have been able, in a short time, to have BW1A and Air Canada arranging and agreeing to reduce their fares.

Mr. Speaker, we are going to close the office in Frankfurt in due course, but we are going to maintain representation in Frankfurt, because when we examined the details, we discovered that the cost per visitor to bring a visitor from the United States in 1979 was S4.92 and to bring one from Europe was SI2.25. In 1986, it cost S9.09 to bring a visitor from the United States, but it now costs S70.60 to bring a visitor from Europe. That is an analysis which has informed us about a change in the pattern of representation in Frankfurt. We are going to use a hub and spoke approach of representation in the various cities. We are going to have representation and treat each of the countries of Europe as a separate entity rather than treating Europe as one big conglomeration, because it is necessary for us to treat the Parisians differently from how we treat the Germans, and we are trying to get charters with Milan in Milan, for example, because the Italians have a different pattern. 7.10 p.m.

Mr. Speaker, time does not permit one always to go into the great detail one would like to go, but suffice it to say that whereas before tourism in Barbados had been stagnated, whereas before small hotels in this country were being deliberately thrown to the wclves in a blatantly insensitive policy — they could not pay their bills, they could not pay their interest, they could not meet their National Insurance payments, they could not employ anybody — I make bold to say. Sir, that if you go out into the marketplace and talk to the taxi drivers, if you talk to the small operators and those in the ancillary services, they will tell you that, despite the predictions of certain people in the community, the winter has in fact been better than it has been before, that January, as I have said, is now up overall by 4.2 per cent, and, from what I understand, February looks like it will be up by another similar percentage.

But it is not as the honourable Member sought to suggest, a numbers game. !t is letting the tourist dollar percolate downward to those who, in the final analysis, are the sole reason for us to be out there working hard to improve tourism. For if tourism will mean only great profits to a few, then the large sums of money, the concessions which were given by the Minister of Finance in the 1986 Budget and all of the attitudes which have been brought by this Government, and which have brought forth a new spirit, would all have been in vain.

Mr. Speaker, the Government of Barbados in Tourism and in Industry, as in all the other sectors, came and found a lame animal for a country. It found a desultory spirit among the people. What we have been able to do, by an infusion of enthusiasm, new ideas and a commitment to work with other people in the society in co-operation, is turn around not only the attitudes, but, arising out of that we have been able to turn around, the economic fortunes. It is therefore not difficult to participate with the committed colleagues on this side. It is even less difficult to support this Resolution which speaks only to a reality that only those who wish not to see would be unable not to see.

Mr. Speaker, it is my pleasure to support this Resolution even as I join in supporting the atmosphere, the attitude and the work of the Democratic Labour Party in Government.

SUSPENSION OF SITTING

Hon. L. E. SAND1FORD: Mr. Speaker, we have passed the time for dinner break.

I beg to move that this sitting be now suspended until ten minutes after 8 o'clock today.

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

The question that the sitting be suspended until 8.10 p.m. was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly.

ON RESUMPTION

Mr. SPEAKER; This sitting is resumed.

The Right Honourable Prime Minister.

Rt. Hon. E. W, BARROW (St. John): Mr. Speaker, in a representative system of parliamentary Government, the purpose of an election is to sive the citizens of the country, who are eligible under the franchise, from time to time, the right to choose a Government to manage the affairs of the country for a restricted period of time.

On May 28th, 1986, the 175000-odd electors of Barbados expressed their opinion as to the kind of team they wished to manage the affairs of this country by an overwhelming majority, so overwhelming that I must confess that the night before the election I felt it might have been an embarrassment to me. The people decided that they wished the Democratic Labour Party to resume the programmes which had been interrupted in 1976 to their, the people's, dereliction.

I do not want to sound didactic, but many people in this country do not appear to understand the main purposes of parliamentary Government in this or in any other country. Even after elections take place, you find that the media and the other disappointed elements in the society congregate like the discontented of the society to the cave of Adullam — those of you who know the scriptures will understand the reference — and consider it their appointed duty to denigrate and castigate the Government in power, as if there is some special morality in so doing. To this unexalted state of existence the honourable Member for St. Peter (Mr. 0. S. Arthur) has been called.

The whole business of Government is a question of management. It has nothing to do with Mercedes Benz motor cars. It has so little to do with Mercedes Benz motor cars and Ministers larging off in the back seats hanging on to straps that I have got rid, in a short space of time, of two Mercedes Benz motor cars, not belonging to the Government, but belonging to myself, and not intentionally I have decided that I can function probably better without driving around in Mercedes Benz motor cars. It has exacerbated our balance of payments position, because every time we import foreign motor cars, we have to expend a great deal of hard earned foreign currency to pay for them. For the time being, and probably for a considerable time, I have decided to adjure the luxury.

It is a question of management. It is not a question of ostentatious living. It is a question of relating to the people who put you there to manage the affairs of the country. It is a question of making sure that the people who are given the privilege and honour of managing the society do not distance themselves too far from the people over whose destinies they are presiding for that space of time.

The Almighty, in his wisdom, has put a limiting factor, no matter what legislation may say or what the dictators may ordain, the time over which depotism can reign in any country on the face of the earth. Empires may come and empires may go, Governments may be elected and Governments may be rejected, but there is the Grim Reaper, who is the final arbiter over the ultimate end, over which no one person or group of persons may cause their fellow citizens to suffer under the yoke. Fortunately for us, long before that final verdict was delivered, the people of Barbados decided to relieve themselves of the burden under which they had been suffering for the ten years before May 28, 1986. 8.10 p.m.

Having agreed that it is a question of management, you then have to look at the quality of managers. Anyone picking up the *Official Gazette* and looking at the membership of this Assembly, including the Opposition, will agree that it is the most highly qualified group of persons who have ever represented the electorate of Barbados, including the Opposition. Perhaps, that is why they were spared. There are other disqualifications which the electorate did not advert to at the time, but certainly on the question of at least the *prima facie* ability to manage, there is no doubt in my mind.

I want to pay a tribute to a previous Prime Minister. He was an absolute political genius, because in 1976 he was able to persuade the intelligent, law abiding, honest and educated people of Barbados to elect a heterogeneous group of unemployable and incompetent, and not altogether highly moralistic, persons to be representatives of the people of Barbados in this Assembly, in which we now all sit.

I have no quarrel with the electorate with what they did in 1986, because that would be churlish on my part.

(Aside: Nineteen seventy-six.)

Rt. Hon. E. W. BARROW: In 1986. I think I said in 1986. I have no quarrel with them. Therefore, I have no quarrel with the three Members who struggled valiantly, and without success, to try to persuade the electorate of Barbados that they made a mistake.

This Government came into office. Notice I said "in office", because it is an offence for any of our speakers, or any of the members of my Party, to make the mistake to say that there are in power. Only the Almighty is in power. We are in office as managers.

Applause.

Rt. Hon. E. W. BARROW: In less than 11 months than we have been in office, we have demonstrated to the society, not only the limited society within our geographical confines here in Barbados, but to the Caribbean society and the world at large, that we are capable of restituting the economy of Barbados from the sad state which the previous Administration — I am borrowing a word from the honourable Member for Christ Church West (Hon. H. deB. Forde) — his appointed task was to speak about the previous Administration all the time when he was a Minister — had brought us.

Mr. Speaker, I should like to draw your attention to a very famous author who spent considerable time in our sister territory of Jamaica, Sir Ian Fleming, who in many of his novels written in Jamaica referred to "The Spectre", the special executive for crime, treason, revenge and extortion. If you listened to the previous debates on the Budget, you would understand that we had a special executive here operating in Barbados — "the Spectre". Certain persons were assigned to abuse the now Minister

of Finance when he was a member of the Opposition. Certain persons were assigned to abuse the Deputy Prime Minister who is sitting on my right. A special group of persons were assigned specifically, including the then Prime Minister himself, to try to denigrate the now Minister of Industry and Tourism. And the full force of the concerted special executive for crime, treason, revenge and extortion was reserved for your humble servant,.....

Laughter

Rt. Hon. E. W. BARROW: .....with certain modifications, because their Prime Minister warned them not to go too far with me.

I had hoped, after the level of debate that we had achfeved in the short time that we have been in office, and after two Budget Presentations, that the Opposition had abandoned their assigned roles under the special executive for crime, treason, revenge and extortion. But it appears that bad habits die slowly. And I should like to enjoin my colleagues, those of them who are not members of the Roman Catholic faith, to say a novena for the Honourable Members on the opposite side and to say a few Hail Marys, "Hail Mary Mother of Grace, pray for us now and in the hour of our death", in reference to the Members of the Opposition. Please do not be too hard on them. Put yourselves in their position — what would you have to say?

I should like to pay a compliment to the honourable Members for having had the courage to speak at all. I want that to be recorded. Having complimented them for having had the courage to speak, I would wish to have been in a position to go on to extol them as good parliamentarians for having spoken so well. But my charity does not exist to such a perversion of the truth.

Laughter.

Rt. Hon. E. W. BARROW: But I should like to compliment them, because, under very pressing circumstances, they did try to make a contribution.

What has happened in this society is not only polarisation of the society itself where mothers are against fathers, brothers against brothers and cousins are against cousins. There has been a deliberate attempt to pervert the public processes of this island, the Civil Service itself, and there is evidence cropping up before my eyes day after day of the extent of the corruption of persons, who, normally, would be considered law abiding members of the Public Service, by the pressures which have been exerted on them by the placing of reputable public officers into states of inertia and limbo by taking away their jobs from them, by giving them nothing to do. This is not uncommon now in the Caribbean. There is a famous case of a Prime Minister who did not speak to his Permanent Secretary for three years. The same Prime Minister was a good friend of mine, but it does not mean that I approve of that kind of business, and when I hear the mealy mouth hypocrisy, Mr. Speaker, indulged in by some Members of Parliament in this Chamber speaking about matters on which they are highly unqualified, I sometimes have cause to be alarmed for democracy in this island.

I do not run the affairs of this country by the criticisms, or otherwise, of the Press. I am concerned over what people say in Parliament and what my colleagues do from time to time, and we have a way, even with the Opposition, of settling our differences. But I do not appreciate people who have never even gone to the tape accusing this Government of victimisation and matters of this kind, not when they have not even had the advantage of facing an electorate, which in itself is not a crime, or serving in the Public Service, or even studying Government or doing any of the matters which would qualify them to pontificate on matters for which they are not qualified. 8.20 p.m.

I am not here to speak about my personal experiences, but I will just tell you two things. I was Prime Minister and Minister of Finance for 15 years. I have never chosen a secretary, not one of the secretaries that I have ever had, including the ones that I knew before I went into the Government. They were chosen for me. I want to make this clear. I have never called upon a secretary to do anything outside of normal office hours that I would have to compensate that secretary for out of Government funds. I have never called on my secretaries to do anything that other Ministers do not expect them to do, which is handling the office and typing confidential matters and so on. I say "Good Morning" when I come, and I say "Good Evening" or "Good Night", as the case may be, and I leave. When I hear people getting around the table here and speaking about a situation in which somebody about No. 18 down the line of secretaries was taken and elevated to a position because that person was expected to perform duties for a former Prime Minister that nobody should be called, upon to perform and given a special salary for that, I have to remind them that I did not want any special favours done, so I did not have to pay, and I indicated that. I did not say who I wanted. I did not know the two persons, one of whom was a relic from the former Prime Minister that I was supposed to get. That is all I want to say about that.

I now come to the question of a Cabinet System. This may sound like a lecture, Sir, but I think that certain things have to go on the record. I do not reply to the garbage, and I apologise to the honourable Member for St. Thomas (Mr. D. A. C. Simmons) for using a sobriquet which he thinks is exclusive to himself. I have no intention of apologising to the garbage that 1 see written in the daily Press.

The editor of the *New York Times* told me some years ago that the *Barbados Advocate News* is by far the worst newspaper published in the Christian world. He did not go into the ones that are published in Arabia or places like that. He restricted himself to the languages that he understood and the societies that he had some acquaintance with. That was before they recruited the unemployable relics of the Barbados Labour Party Government who are now responsible for the emanations which are poured forth in the columns of the Press. I do not reply to them.

I am telling you what independent persons think of the Press in this country. The honourable Member for Christ Church West and the member for St. Thomas will tell you that, despite the interest they may have in the other section of the daily Press, they take no responsibility for the vagaries and the other idiosyncrasies of that particular organ, and, therefore, I cannot criticise them, or hold them responsible, for a page in that newspaper. But a Government which has a mandate from the people has a responsibility to the people and not to Gutterperk and those other kinds of peculiarities which could only prevail in a society like Barbados. And therefore if you do not, Mr. Speaker, see me respond, I cannot take up the time of public officers, who are paid to keep the people informed about the constructive programmes that Government, in trying to reply to the garbage which I see in the Press from time to time.

Barbadians pride themselves on their literacy. A famous Barbadian writer once said a few years ago that they are probably the most politically illiterate people in the whole Caribbean. I do not necessarily share that view. After the level of the people in the Cabinet that you have selected to manage your affairs, you come to the Administration which is the Public Service, and we only wish the Public Service of this island to do the job which they are paid to perform and not to be sickaphones or to be terrified by Ministers. But we do not expect the Ministers to be terrified of them, because the function of the Public Service of this island is not, like I experienced, to prevent the programme of the Government from being carried out, but to assist the Government in implementing those policies which the electorate put them there to implement.

All the public officers who frustrated the Democratic Labour Party during our previous tenure of office have been rewarded with knighthoods. It is a fact. All of the public officers who frustrated the Democratic Labour Party suddenly and blatantly during our former tenure of office were awarded knighthoods by the Barbados Labour Party Government. It is the first time in the history of Barbados that public officers have been so awarded. I telJ people all the time — do not mind what you read in the papers, if you see that I have done something illegal, put us in court. We have law courts, and no one, including the Leader of the Opposition, can say that the persons that we have appointed, with his consultation, in this island at any time in our history, are people who have been put there to carry out the wishes of the Democratic Labour Party or the Barbados Labour Party. When the honourable Member rises to speak, he can tell me whether that is so or not. I am pleased to announce that Her Majesty the Queen today decided that the Chief Justice of Barbados should be made a Knight Bachelor.

Applause

Rt. Hon. E. W. BARROW: We have a system in Barbados which we do not wish anybody to corrupt. We were in grave danger of slipping into a state in Barbados where, if the people in Barbados had not awakened, belatedly, it is true, and we ourselves had not awakened to the corruption of the political process, which we had not done because we were too innocent in 1981 and could not believe that it could be corrupted to that extent, then this country would have been heading swiftly to ruination. I have no hesitation in making that statement.

I want to pass very, very quickly, Mr. Speaker, to the question of Budgets. What is the purpose of a Budget? This is a lecture, really, intended as a post-graduate lecture for the Member of St. Peter. The purpose of Estimates of Revenue and Expenditure are to present to Parliament, in accordance with the terms of the Financial Administration and Audit Act and rules made thereunder from 1964 onwards, not today, which the Commissioner Duffus referred to as being immaculate, the commitment of expenditure for a period of 12 months beginning on the 1st day of April in each and every financial year, and to show, at first glance, the sources from which, without additional taxation, traditional revenue may be derived. 8.30 p.m.

In 1961, I became the first Minister of Finance in Barbados. We had a Cabinet system in which the Financial Secretary was a member of the Cabinet and the Attorney General — both of them non-Barbadians — sat in the Cabinet on our most secret deliberations. That was removed, and so I became the first Minister of Finance in Barbados, I remained the first Minister of Finance for 15 years and I take full responsibility for anything that happened during those 15 years to the finances and the economic fortunes of this country. But in the same way as I take full responsibility, I expect to be given my due measure of credit for what happened during those 15 years.

During those 15 years, I took the finances of Barbados from a revenue position in 1961 62 of $24 million and change to a situation where in 1976 it was $280 million and change, plus or minus. The National

Debt of Barbados in 1976 was $200 million on external account and $41 million on local account. Those Members who have the statistics from the National Bank over that period will be able to see whether in September 1976 the foreign exchange reserves of Barbados were not in excess, as far as I remember, of $69 million. It meant that at any one time, not having ever gone to the International Monetary Fund or any external aid, I could have signed a cheque and paid off the whole external debt of Barbados. Check it out. Correct me when you get on your feet, or if you want to interrupt me on it, it is all right with me. I am not a mathematical genius like a person called Data in India years ago, some young genius they had who could recite the distance from here to the moon and back and that kind of thing. I speak from recollection, but plus or minus a million dollars, those were the figures.

Until 1972, that is a period of 11 years, the Central Bank Authority of Barbados was the Minister of Finance, and I was assisted by six persons working in my office in Bay Street to do all the transactions that are now being carried out in a $100 million building by a Governor and a staff of over 200. That is supposed to be a matter of commendation, that a Central Bank Governor has expanded a staff to over 200 persons and found it necessary to cajole the former Minister of Finance to divert funds that could easily have gone a long way towards relieving the dire housing conditions that prevail in this country up to today, and which have to be changed before 1991!

We are going to build over 2 000 houses a year. You write it down and come back and throw those words in my face if it is not accomplished. We are not going to build any more hundred million dollar buildings, and the reason for that is that we differ with your philosophy about what you consider a Government is there to do. If you consider the Government is there to drive about in Mercedes, then you could let the Ministers and all these managers, sub-managers and functionaries drive about in ML cars. If you consider the Government is there to manage the economy of the country and to redistribute the Government's revenue on a principle of maximum social advantage, then you would look at social problems. Maximum social advantage does not mean giving each Minister a chauffeur or a uniformed policeman to drive him about, so let us understand clearly that although these two political parties, for historical reasons, have elected to call themselves labour parties, there is a fundamental difference in the approach of the party over which I have the honour to be presiding at the moment, and what 1 call " the bad looking people" on the other side.

1 do not mean that, Mr. Speaker, in any personal reference to the Members who have been returned, because 1 think that they have got rid of most of the bad looking people, the unemployables, and the electorate has decided not to choose necessarily the best looking, but the better looking three out of the *21* who went forward. I want, to make it clear that there is no personal reference at all. When we get on our platforms, we find that our speakers themselves tend to get tongue-tied and say BLP when they mean DLP and we have decided on the mnemonics of "bad looking people" and "dear loving people" so that the electorate would have no doubt as to the identity of the persons to whom we refer, but it does not refer to the honourable Members on my left.

What I am saying here fundamentally is that, basically, there is a difference in the approach. It is not a question of supply side economics. It is not a question of conservatism. It is a question of what the honourable Member for St. Michael East (Dr. D. G. Blackman) described as humanism. This is description which is coined by the President of Zambia, President Kenneth Kaunda — "Humanism." That is what the electorate of Barbados finally detected, that there is a question of humanism, because when you look carefully at the lifestyles and the pronouncements, the vituperation, even in Budget Debates, it was a question of cursing somebody and that kind of thing, the spectre, the special executive in operation. That is what a Budget was about, a Budget was not about how are we moving towards a solution of the problems which exist in a society of this size and of this character.

I should like to pay a compliment to all the Members who have spoken before me. I cannot vouchsafe that the honourable Member for Christ Church West will not lapse into his appointed — not self-appointed but designated - role that he used to perform before, but I think he has enough common sense about the feeling of the House now that he will make a sensible, or attempt to make a sensible contribution. But that is a matter for him. I think the public will be the judge. I am not asking him to praise the Government, but I want to take this opportunity to compliment the Members who have spoken before for those parts of their speeches which were constructive, whatever they were, although it was hard sometimes to see with the naked eye.

I now pass, Sir, to the question of preparation of a Budget, and to try to get you to appreciate that the preparation of a Budget is a matter which calls for a great deal of precision, but is sometimes incapable of being presented with a great deal of accuracy. One of the fundamental things about a Budget, quite apart from the economic review which the Minister gives, not the Economic Review which I tabled, is his summary of the economic review, which my department was responsible for preparing in the element of secrecy.

Quite early in the exercise, probably 25 years ago, as the first Minister of Finance — I am not saying that in any sense of elation, I am just quoting historical facts — 1 am proud to have moved the country forward to a situation where an elected member of the people of Barbados, and not a Barbadian, was managing the economic affairs of this country, and I take credit and

criticism for everything that has transpired during my tenure of office. But I had experiences in countries so practised in the skills of parliamentary democracy as the United Kingdom where members of the Cabinet, and I go so far as to say a Minister of Finance, had inadvertently made disclosures immediately before going into the House of Commons for which they had to pay the sacrifice of resigning their jobs. The last one was Mr. Hugh Dalton, a great Chancellor of the Exchequer who would be reviled today by the Reagan Administration, because in the dire situation in which the British economy was labouring at that time in the 1940s, he introduced the cheap money policy of interest rates around 2.5 per cent. 8.40 p.m.

But you had to devise a system whereby there would be the minimum chance of disclosure and so I elected to do what a Member here today described the former Prime Minister as doing writing out every detail in my "fine Italian hand" - my hand is neither fine, nor Italian, but that is an expression — and then about two hours before coming to Parliament, I would summon my colleagues in the Cabinet and distribute copies of the Budget, which would shortly before that meeting be typed in my office, under my supervision, to the members of the Cabinet, who, immediately after discussion, would return the copies to me. Then I would come in here and there was a minimum risk of disclosure. Although I did not choose my secretaries, I am confident that in the 15 years, although my secretaries may have had the opportunity in that one or two hours to rush to the telephone and make some disclosure, it never happened. So the machinery of getting a Budget here before Parliament is necessarily one in which you try to restrict the access to the information to as few people as possible.

That is in so far as the narrative is concerned. When it comes to the question of preparing appendices, it is virtually impossible for a Minister of Finance to prepare an appendix of appendices himself. You will remember, Mr. Speaker on one celebrated occasion when the Consumption Tax was — I cannot say introduced — extended, the appendices numbered over 2 013 items. I did not expect the Minister of Finance to write out those appendices himself. Therefore, Mr. Speaker, he would have had to invoke and solicit the assistance of some members of the staff of the Ministry of Finance to help him prepare these appendices, and it is not surprising that, on one occasion, there were 23 grave errors in the appendices.

I take full responsibility for the errors which have appeared in the appendices. When I say "full", I have to share it with the Minister of Finance, because the Minister of Finance, in all stages, during the past week, whenever I was available, consulted me on the preparation of the Budget. All my Ministers understand the Constitution of Barbados, and they co-operate with me and with each other, so do not mind what Nigel Barrow writes in the Press, or a gentleman whom I do not have the advantage of knowing, although I have been in politics for 35 years in this country. I know all kinds of people, both Bs and Ds, both bad looking and dear loving, and for 35 years there are two people I can pass on the street and never recognise them — one is Mr. David Scale and the other is Mr. Percy Smith - but persons who I. as Prime Minister, as a backbencher, as a member Of both parties, never heard of, can pontificate week by week and tell y'ou. what is going on in the Government of Barbados. Let us leave them aside.

A member of the State Department approached me in Miami recently before I made my speech, and he said, "I hope you are not going to attack the President today when you speak." I said 'No, do not worry, let the dead bury the dead.' Nobody believed me when I spoke about the present incumbent of the White House, but let the dead bury the dead. I will not speak about him at this moment.

I was dealing, for the benefit of the honourable Member, with the question of the preparation of the Budget. If honourable Members look at page 43 of the Budget, they wijl see that the Minister has enunciated clearly his policy to encourage the production of CARICOM goods and to discriminate, if that is the proper word, against goods from extra-regional sources.

I am grateful to the honourable Member for St. Peter. You will notice that I have not attempted to belittle his contribution, because he did point out that to those who are uninitiated with the Consumption Tax Act, I would like to say like himself, those who are completely unfamiliar with the Act, one may infer from the appendix that the Government intended to put a Consumption Tax on items such as locally produced vegetables and so on; But I do not accept that we should appear, even by omission, to be given cause for interpretation that people may believe that such is the case, as one, at least, of the daily newspapers followed the honourable Member and adumbrated in today's columns of the Press.

Mr. Speaker, before the dinner adjournment, I circulated copies of the amended appendix. The other was done in such a hurry that the words "Appendix "A", which are referred to in the Minister's speech, do not even appear, and they did not even had the time, apparently, to type on page 1. I think that a mistake arose from a misunderstanding of the statement made by the Minister in the course of his Budgetary Proposals, starting at page 43 and continuing thereafter. That is all I wish to say on that particular point.

I take responsibility, and I share it with the Honourable Minister, because at all times 1 had access. But, like most of us in our positions, we do not go through things like appendices in any detail, because we

trust the people with whom we are supposed to work. I personally doubt that the former Prime Minister went through the 2013 items that he imposed Consumption Tax on at the time that he did. 8.50 p.m.

The purpose of a Consumption Tax, which was introduced by me under the CARICOM regime, was to give the Government an opportunity to recoup revenues which they would have lost by the adoption of the Common External Tariff. We were the first country in CARICOM to adopt the Common External Tariff. In some instances, we increased our revenue, because Jamaica had the highest Import Duty on motor cars, and we accepted a compromise which substantially increased the Import Duty on motor cars which were all manufactured outside the region, not to the 142 per cent and 170 per cent, the level which it has now reached, but certainly to about 45 per cent, which was close to the Jamaica level. But in other respects we lost revenue, because the External Tariff dictated a level of taxation on goods from outside of the area which was below that which the Barbados Government had been charging before. So, basically, the Consumption Tax was introduced as a means to compensate for loss of revenue. Somewhere along the line the former Minister of Finance, who is, unfortunately, not with us, introduced the whole regime of consumption taxes as a means of raising revenue and not as compensation for lost sources of finance.

Someone referred, Mr. Speaker, to the late John Maynard Keynes. I have no apologies to make for being a Keynesian. I was brought up in that school and, therefore, I can only deal with things that I know about. I am not a supply side economist, as the Governor of the Central Bank would have the people of Barbados believe that we have gone over to Reaganomics.

The late John Maynard Keynes, at the time of the reinstitution of the gold standard in England round about 1975, wrote a very elegant treatise, described by him as "The Economic Consequences of Winston Churchill."

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

Rt. Hon. E. W. BARROW: Thank you, Mr. Speaker.

I am in the process of writing, and I serve notice that I have finished the other book, which I do not control the price of, that is at the publishers in England. I am in the process of writing "The Economic Consequences of the Barbados Labour Party." It makes horrendous reading. The economic consequences of the Barbados Labour Party are ones with which, in collaboration with the recently departed Governor of the Central Bank, the former Minister of Finance plus one systematically destroyed the economy of this Island. He increased the National Debt from $241 million to $1,6 billion. He increased the external debt element to $732 million. He followed a lot of prescriptions of the International Monetary Fund and other external agencies, of people who are not as well qualified as our private sector and our public officers, even in building a lot of irrelevant constructions. I do not have to name them all, but I stopped the one at Speightstown. A swimming pool is being built just at the back of Broad Street. They acquired a building for the Barbados Development Bank which has been abandoned. They destroyed the shrimp fishing industry. They destroyed the Barbados Marketing Corporation. They bulldozed all the capital fixtures which were earning foreign revenue in this country. I can go through a list, but read all about it in my book. I do not have time, because His Honour the Speaker has intimated now that my time has expired.

I just want, Mr. Speaker, with your indulgence, to refer to the honourable Member for St. Peter. He predicted that our deficit would be $138 million. I have the debate here in my hand, beginning at page 3654 of the Debates of April 2, 1986. I told him that it was simple arithmetic that the Budget deficit could not, by any stretch of the imagination, be more than $35 million. You will have to decide whether he was right and I was wrong, or vice versa. I do not want to quote him *in extenso,* but I would like honourable Members and you, Mr. Speaker, to read the debates of this Chamber on that date at pages 3854 and his reply on July 22, 1986.

Mr. Speaker, I should like to compliment the Minister of Finance for his very precise and elegant presentation. I should like to compliment all the speakers who have spoken before me for the high level of debate which they have sustained throughout the two days that we have been debating the Budgetary Proposals, and I should like also to congratulate you, Sir, on the restraint which you have exhibited on all sides in your presiding over our deliberations.

Hon. H. deB. FORDE: (Christ Church West): Mr. Speaker, 1 came into this House some 16 years ago and at that time the Right Honourable Member for St. John (Rt. Hon. E. W. Barrow), was indeed a most formidable and skilful debater. I regret to say that, after this afternoon's performance, it must be obvious he is losing his touch, because 1 have listened to him for 45 minutes and certainly his only reference to the Budget was to correct an error which he said occurred, and secondly, to compliment the Minister just before he sat down.

As the Prime Minister of Barbados, with primary responsibility for Economic Affairs and with the responsibility as the head of the Cabinet, I am sure that the country expected from him this evening, an overview of the country's economy and an assurance about its per-

formance and its future. For those who expected that, this can be characterised as the greatest disappointment.
9.00 p.m.

The Minister he started at 8.11 and I noted that by 8.35 — in his first 24 minutes — he had spoken on the Honourable Member for St. Peter (Mr. O. S. Arthur) and people in power, such as the media. He had spoken on the Opposition and those whom he said had been assigned particular roles. He had spoken on a secretary and made the allegation that secretaries did jobs outside of the call of duty for which they were specifically remunerated. He had spoken on public servants who had been given Knighthoods because they had frustrated his Government, a fact that he knows is not true.

The only three public servants knighted during the Barbados Labour Party's time was Sir Frank Blackman, a most distinguished officer, particularly as Cabinet Secretary; Sir Carlisle Burton, who still heads the Public Service Commission, and Sir Neville Osbourne. Those are the only three public servants, all of whom have given outstanding service to this country. But it is usual for the Prime Minister to adopt that style.

Sir, the only part of that part of his debate that we can congratulate him on on this occasion is his announcing the well-deserved Knighthood to the Chief Justice, Sir Denys Williams. in which we j oin.

The second part of this debate was directed to the Central Bank Governor. Unfortunately, because of the limited time that I have, I cannot deal with this, but it will be dealt with in full in due time.

The last part of his address was on the preparation of the Budget, something that he never really got to talking about.

Sir, I am talking in this House under severe constraints of time. The rules of the House do not permit a Leader of the Opposition, so far as the rules have been interpreted, to speak, except with the specific leave of the House, for longer than ordinary Members, and on this occasion the amount of time allotted to me is the same that has been allotted to the Prime Minister. So if I do not take time off to address the many wrong and untrue statements made concerning the Barbados Labour Party Administration, it is not because we on this side accept them at all - it is merely because of the constraints of time.

I want, however, to deal specifically and quickly with two made by the honourable Member for St. Philip South (Mr. H. A. Blackman). The honourable Member talked about now having responsibility for Town Planning, and he sought to insinuate that when a former Prime Minister and Minister of Finance was in charge of Town Planning in 1979 he improperly overrode the refusal of a permission granted by the Chief Town Planner.

The facts are that the Chief Town Planner of the time objected to the grant of permission to the Carlisle Club because there was not adequate parking space. When the matter came before the Minister, the Minister, as he was entitled to do, referred the matter, under Section 18, for a review.

The fact is that the present club is still operating under the changed name of "Rachel's".

(Aside: Hon. H. A. BLACKMAN: I gave permission.)

Hon. H. deB. FORDE: The present Minister, despite the objection of the current Town Planning staff, personally gave permission for it, even although there has been no improvement in the parking. The only reason I can think of is not that the Town Planning staff has changed its view, but the person who owns and runs the establishment has changed his view, the person being a well known member of the Democratic Labour Party, one who contributed to the last campaign funds, too.

The second correction I want to make has to do with Kensington Lodge. The Minister gave the impression that a former Member of this House, now of the Senate, went around telling persons not to pay rent for their occupation of Kensington Lodge. That, too, is untrue. The Minister well knows that his party has gone on record publicly as advising people not to pay rent for houses.

The Minister also knows that, almost without exception, every person there has signed an authorisation for employers to deduct the rent from their pay packets. And the Minister knows as well that the former Member for the City, Senator Billie Miller, has gone to employers to get them to pay.

But, Sir, it does not surprise me. The DLP has no credibility on the question of Town Planning. Why do they not recall Sandford? Who gave the permission, but a Minister, for cutting up Sandford? Ask them how many members of the Democratic Labour Party Government at the time and also how many relatives of members of high ranking people in the DLP got part of the land. So when the Minister comes in here — I do not have time tonight to deal with Frere Pilgrim — the Minister must not think that he is being brought on as a Rambo because there are three of us to deal with the opposition. He must clearly understand that we also know the facts.

Sir, let me get to the Budget. Most of the speeches were usually the litany of woe against the Barbados

Labour Party. One would have thought that this Budget is about the Barbados Labour Party. One would have thought that the three members of the Opposition are the persons who have brought forth to this House a Budget to impose $58.7 million in taxes on the people of Barbados. But for the last nine months, as of now, this Government has been trying to convince the people that all the woes of the country were caused by the Barbados Labour Party.

What has happened in the less than nine months that the DLP must now reverse themselves? Surely, the question asked by the honourable Member for St. Peter in his very brilliant and analytical address must be answered. If, nine months ago, this country was such an overtaxed country that it was necessary to reduce taxes drastically, how come that within nine months less than the period of gestation, one now has to raise taxes of the highest order of taxes ever raised at any one time in this country from the people of Barbados? If you look at the taxes raised, Mr. Speaker, not during our period of time, at any time at all, nor, in fact, under the Right Honourable Member when he was Minister of Finance, has such a large amount of taxes been extracted at one time.

Why, too, we must ask ourselves, must this Government so distribute the tax burden that of the $58.78 million being raised, some 80 per cent of it will fall on individuals directly and only a mere 20 per cent on the corporation? How can the Government do this when it should know that, as a result of its tax policies of 1986, corporations now have some $146 million on deposit in the bank? How can the Government do this when it knows that of the $15.6 million now being levied on corporations in this Budget, a substantial portion will be passed on to the consumer in the form of additional charges or by way of mark-up on goods? That is why we pose the questions, 'What manner of Government is this? and 'Who are these men and that woman who prefer to tax the poor and to shield the better off in this society?' for, make no mistake, Mr. Speaker, the bulk of taxation in this Budget is certainly being placed on those lower down.

In his presentation the Minister gave six reasons. The reasons advanced by him, Mr. Speaker, is that he needs to expand employment opportunities, strengthen the productive base of the economy, stimulate business, improve the country's balance of payments, reduce the deficit and ensure adequate levels of health care in an expanding health delivery system. 9.10 p.m.

But, Mr. Speaker at least three of those reasons were the same reasons which he gave for removing taxes! It must be contradictory! If those were the reasons for removing taxes less than nine months ago, how come they are today the same reasons for restoring this level of taxes? You can see that on page 15 of the Budget and page 9 of the July Budgetary Statement made by the Honourable Minister. The truth is that as the honourable Member for St. Peter had said, the Minister has badly calculated. The truth is that the Minister is caught on having paid too high a price for the Government and now he must put on as good a face as possible on what he did on July 15 and try to reverse that by the nice speeches that we have been hearing from him and the Right Honourable Member.

I would prefer to err with the World Bank. The Minister knows that in the September Missions Report, which he has, the World Bank in analysing the economy has said that the external financing requirements for budgetary support are estimated to increase significantly in the short term, and the reason is going to be increasing fiscal deficits, principally as a result of the wide range, to quote their words, of tax concessions offered by the July 1986 Budget. If the Minister has any doubt, he can look at paragraph 314.

Sir, I am not going to deal in any detail with some of the points covered by the honourable Member for St. Peter, except to say that the Minister must not only admit the mistakes in Appendix 'A' in his speech, but he must also admit that his proposals have failed to take into account adequately the amount of arrears for civil servants. Everything that the honourable Member has said on the deficit happens to be correct. The Minister knows that, and I predict that during the year, the Government will have to raise additional taxes and there will be having a drastic cutback in the services which the Government should be rendering.

I want to deal very briefly, Sir, in the limited time available to me.....

Mr. SPEAKER: Is the honourable Member suggesting that he has just 30 minutes?

Hon. H. deB. FORDE: No, Sir, I would expect you to extend the courtesy of the same 45 minutes, Sir.

Mr. SPEAKER: I should like to explain that in the absence of any other private exceptions to this debate, this debate is now under the present Standing Orders, which, in my interpretation, only allow 30 minutes. But I would think that that can be extended if the House so desires;

Hon. L. E. SAND1FORD: Mr. Speaker, we will be happy to extend the time for the Honourable Leader of the Opposition so that he can speak for a time equal to that of the Right Honourable Prime Minister.

Mr. SPEAKER: The honourable Member can continue his speech.

Hon. H. deB. FORDE: As Your Honour pleases, Sir.

Sir, I want to deal with one of the reasons given by the Minister for his having to raise these additional taxes. One of the reasons is that he has to ensure a higher level of health care. Sir, it is well known that under the Barbados Labour Party's Administration, health care was being financed both off and on budget. The off-budget was through the Health Levy, and the services being provided under this levy were the Drug Service, free health care at the polyclinics for those over 65 and, I believe, under 16, and the balance of the expenditure was being spent on the better equipping of the hospital, buying equipment like the cat-scan, of which we have heard so much in the last couple of months.

Sir, the Health Levy has been producing a surplus over the funds needed for the existing health services for which it originally provided. This Government has abandoned the National Health Service. It is contracting it, not expanding it, and therefore, it should have no need for any additional Health Levy money at this time.

In the Minister's Budgetary Statement, the only specific reference he made to an expansion was the Glebe Polyclinic. That polyclinic was one of the many built by us, and it has been completed for several months but has remained unopened. In fact, when we considered the Estimates of Revenue and Expenditure in this House, the honourable Member for St. Peter, again in his opening statement, had to draw attention to the fact that there was no provision in the Estimates for this, and the Government hurriedly brought down an amendment to vote $400 000. But, Sir, the Member is raising $4.6 million by the additional Health Levy imposition. Surely if it is only for the expansion of the Glebe Polyclinic, all that is needed is the $400 000. What has really happened is that the Government has decided not only to take the levies into the Consolidated Fund, but to use the levies as a long term form of financing the daily operations of the Central Government.

I can understand the stand taken by the honourable Members for St. Michael Central (Mr. C. L. Trotman) and Christ Church East Central (Mr. R. L. Morris), who have made it clear that they have always objected to the levies. The honourable Member for St. Michael East (Dr. D. G. Blackman) has explained that when he recommended a Transport Levy, it was intended to last for a short while. What I cannot understand is the position of the Democratic Labour Party. They say one thing in Opposition to gain power and having gained power, they say another thing in Government.

The Democratic Labour Party in Opposition were very specific that they would have abolished the levies. In fact, I remember seeing the Right Honourable Member on the television screen on October 7, 1985 after the retreat at the Crane, and the honourable Member for St. Philip North (Mr. W. 0. Franklin), saying quite clearly that they would definitely pay the levies into the Consolidated Fund. He knew that they are going to restore the economy and abolish the levies, and they were definite in their minds at that time that the one which would be abolished, regardless, was the Transport Levy. They have gone back on their position completely.

Sir, I want to deal specifically with this question, what really can this Government take any credit for? My friends, the honourable Members for St. Thomas and St. Peter, have dealt with most of the areas, and I think, for the right thinking persons in this country, would have conclusively proved that the Democratic Labour Party cannot take credit for what has occurred in the economy in the last year, whether it is sugar, which grew by 11 per cent, or whether it is the other areas of agriculture, like beef production. As the honourable Member for St. Thomas said, the cows would have had to be calves in June and ready for slaughter by the end of December. 9.20 p.m.

They cannot take credit either for what has happened in construction. The Central Bank Report clearly shows the increase in lending that occurred prior to July 15, 1986 and the use that was being made of the Housing Credit Fund.

Certainly they could not take credit for the growth in the offshore sector, Sir. Not much has been said about that sector, but I recall the honourable Member for St. Michael South Central (Hon. Dr. R. C. Haynes) railing against the offshore sector, attacking and saying how you had to be careful that it was not a sector that allowed all sorts of gamblers, hot money and crooks to come in here. It was surely due to the imagination of the Barbados Labour Party that today we have the number of offshore banks, shipping companies, exempt insurance companies and foreign sales corporations which are now operating in this island.

It is a little bit more, Sir. It is also due to the skill with which the Barbados Labour Party negotiated the double taxation treaty with the United States Government, whether or not we let the dead take care of the dead. We were not using that sort of language at the time, we were using diplomacy and we negotiated a treaty which has even had our competitors in Bermuda envious of what we managed to get out of the United States Government.

I want to deal specifically, because it was mentioned by the Member for St. Michael West (Hon. B. M. Taitt), who is now not in his seat, about the increased tourism. The Central Bank Report shows there was an increase in tourism and in the tourist traffic of

over 3.6 per cent starting from January 1986 right up to October, the same percentage that the honourable Member is now asking for.

The honourable Member should also note that if you are going to promote, for instance, for your summer traffic, you cannot wait to do it in May and July, it is usually done somewhere between January and April, at the latest, and if you are going to promote for October, you cannot certainly do it in July, and it is a fact that in 1986, the first promotional group on behalf of the Democratic Labour Party, the new Administration, never left this country until October 1986. So what can they really take credit for?

As for the Minister of Trade, Sir, one recalls him coming back, getting the Press and saying how there would have been 3 000 jobs created by December last year through trade with Trinidad. They had solved all of the problems that occurred within CARICOM, forgetting that the problems were more structural than political, a point that we have repeatedly made to them. I was not surprised, but last night I was a little bit disappointed to hear him having to climb down and now say that manufacturers never made use of the opportunities. The jobs never materialised.

Sir, what are the prospects facing the country? The honourable Member for St. Thomas has given us a succinct summary of those prospects, but I want to say that it is significant that the only measures to spur export-led growth in this economy that have ever been announced by the Democratic Labour Party were those adopted in the Budget of July 1986 out of the Budget left by the Honourable Bernard St. John in April 1986. There is nothing at all in this Budget that will spur an export-led growth, which is so vital if we are to improve the productive base of this country and if we are to improve our employment prospects On the contrary, Mr. Speaker, some of the measures will have an adverse effect on the competitive position of local industry, within CARICOM itself, and some of them will drive up the cost in tourism as well.

The way the Consumption Tax is being levied in this Budget will certainly drive up costs in all the service industries. It is obvious that the people in tourism will find that the Budget, the Consumption Tax and Stamp Duty, will impact on the cost of the services being provided at the hotels. The printing industry will be at a disadvantage as a result of both the Stamp Duty and the Consumption Tax. This has been lodged on photographic and sensitised paper, paper board, photographic plates, and this cost has come at a time when the printing industry was just being reorganised and poised to go into a competitive position within CARICOM and outside CARICOM in Puerto Rico and in the United States.

It will impact, too, on the domestic industry, because there are other domestic industries which must feel the increased costs brought about by both the Consumption Tax and the Stamp Duty. The duty has been levied on office machines, data processing equipment, typewriters and spare parts and all stationery. They have even increased the duty on exercise books. The school children will not escape this tax.

Sir, we all agree that there is a desperate need to attend to the productive sector, industry, but until certainly the honourable Member for, I believe. St. Michael West spoke, not one member on the Government side had really directed even a comment to this sector. I want to say that this Budget has not told us a thing about the unfair trading regime in which Barbadian manufacturers are still being denied licences and foreign exchange control in Trinidad and Tobago. I have been a strong supporter of Trinidad and Tobago when it has acted within what I thought were the proper bounds, but Trinidadian manufacturers still have free access to our markets. Barbadian manufacturers are in a less competitive position because of the massive devaluation which has taken place in the currencies of Jamaica, Guyana and Trinidad.

The CARICOM Treaty, unfortunately, permits these countries to pursue monetary policies at the expense of other CARICOM countries. We attempted to grapple with this problem in Nassau, and we got the Nassau Treaty. We brought it to this House and passed it into legislation. Up to today it has not been implemented in the other countries, and the Democratic Labour Party should tell us what they are doing about that.

Instead, what do we get? They have reduced, in the spirit of CARICOM for which Barbados is well known, the Stamp Duty on CARICOM goods, but they have increased it on other goods outside CARICOM, forgetting that Barbadian manufacturers must get their raw materials before they can be competitive in CARICOM. The result is that the Trinidadians will pay Stamp Duty at a lower rate on lower wage costs, so there is obviously a disadvantage there for us. Sir, I wish the Government to deal with such things instead of spending its time haranguing about the Barbados Labour Party and — non-stop — about the Right Honourable Tom Adams, now deceased and with the Lord. His ghost haunts them so much. Sir, that even the honourable Member for St. Michael South Central tries to adopt his stance in this House.

Sir, in the other minutes that are left to me, I must look at how the Budget has impacted on the people. I said that there are more taxes on individuals than on corporations, and of the taxes in this Budget, I said that I will show that some $43 million will be made directly on individuals as opposed to corporations. I want to list those that are on in-

dividuals. The removal of the deduction of levies against tax, $750000 on individuals; the limitation on covenants, half a million dollars, the reduction of the dividend credit, $700 000; the placing of the Training Levy, for the first time, on individuals, $2.750 million; the increase in the Employment Levy, to be raised on individuals, $4.6 million and that is the first time that this has been done; the increase of the Health Levy on individuals, $4.6 million; the increase of the Transport Levy, $6.875 million. I have taken the Stamp Duty and used what I believe is a reasonable split, 80 per cent falling on individuals and 20 per cent on corporations, $8.8 million; the Consumption Tax, the same, $11.2 million; the Travel Tax, $1 million; vehicle licences, $1.2 million: All of that comes to about $43 million. That is what will be taken from individuals. 9.30p.m.

Sir, if you add to this the effect on goods coming through the port - there is usually a mark-up by commission agents, which goes on Stamp Duty as well as the Consumption Tax, of about 10 per cent, by wholesalers 15 per cent and retailers of 25 per cent - you can assume that another $10 million out of that will be passed on to the individuals. That is an additional burden that they will have to bear.

When we dealt with the Employment Levy - the Employment Levy Act was passed in this House in 1978, I believe it was, Cap. 68A — we placed that levy on employers alone, and we allowed them to deduct it here it is, if the honourable Member does not know — when they could satisfy the Commissioner of Inland Revenue that they had created additional employment. This egalitarian Government, which has concentrated on the egalitarian society, has all of a sudden, decided that the persons who must pay the Employment Levy are those in the working class. I ask the honourable Member for Christ Church East Central, the honourable Member for St. Michael Central and the honourable Member for St. Michael East — Sir, since he has been like Saul on the road to Damascus, I sometimes forget which is his constituency — to really search their hearts and see if on a measure of this nature, not only because of party loyalty, they can seriously say that the strictures being levied by the Opposition, are unfounded in this case.

Sir, that is the position with the levies. When we look at them, we really must say that the lowliest paid are the worst off as a result of this Budget. Once again, I want to illustrate. Even before the July Budget, persons who worked for approximately $150 a week, roughly about $600 a month would take home some $6 660 a year. As a result of that Budget, those persons only looking at the levies, not even taking into account the effects of the Consumption Tax and Stamp Duty, will now take home $6 498. Persons working for $200 a week or $9 600, under our situation, they would have taken home $8 880, now they take home $8 664. If you add to that the Consumption Tax and the Stamp Duty, you will see that in this Budget, without even going to the V so-called error concerning vegetables, you will see that in this Budget you have made them worse off. Even if , you give credit for the reduction in the water rates, which is only $2 a week, you will see that the people are basically worse off. So no matter how you all may characterize the Barbados Labour Party, the truth is that our party has always been founded in democratic socialism, for which it has made no apologies, and despite your public relations act, we remain, in the performance in this country, as people who have lived up to our promises and have always looked after the interest of the poor.

All of a sudden, everybody is being converted to the private sector. That is why we say we are surprised. We are surprised that you are so redistributing income in this country that you are upsetting the social balance. That is what you are doing, and you are upsetting it in such a way that, if you continue in the path, you will find that those persons at the lower end of the ladder are not only out of jobs, but they are worse off. They have been disinherited. This is where the problem in this country is coming from.

Sir, I want to contrast that with the Government's attitude to the banking interest. The Minister makes us believe that he has put $450 000 more in this Budget in tax on the banks. In this House, the Minister last week produced legislation which is still being considered, about which he had to admit, when I got up and spoke in Committee, that he is reducing the taxation on the banks to about the same $450 000. So what is he doing? He is merely replacing the money that was there. He is taking no additional money at all from the banks in this country.

It is one thing to get up and parade yourselves, but when we look down the line at your performance, it is another thing, and I say, Sir, that this is a pity, because there has been not only a loss of income, there is also a loss of services to the worst off in our society. In the Estimates, there has been a substantial reduction in the money being provided to help those who are less well off. The National Assistance Grant is being reduced by $1.5 million. The Housing Welfare Fund is being reduced by $1 million. Culture is being reduced by $1 million. There is less provision in the Budget for Sports or for Community Centres, about which the honourable Member for St. Joseph spoke. She said she only found one in St. Joseph, built, no doubt, by us. She did not advert to the fact that there is only one in St. John, despite the fact that the Right Honourable Member has been there for 35 years, and that was built by Joy Edwards, according to him, when he was in this House.

The Export Promotion Corporation is in the productive sector, and if you look at Appendix "G" you will see that when they asked, they, too, were denied what they were entitled to. Even the Child Care Board children could not get what they wanted from this Government. If things are so good, why are they being denied these necessities of life? I ask that of the Government. 9.40 p.m.

I am sure the honourable Member will take responsibility because it is part of the Democratic Labour Party's public relations to use the respect which is rightfully due to the Right Honourable Member to convince the public that once he says so, it is so. But the point remains that were it not for us pointing out some of these things — only three of us, Sir — and we respect the views of the electorate — we would have had a situation tonight that the Government would have been placing, as it is still the law — the Minister has spoken, and until he gets up and speaks, it remains the law — taxes on the poor chap in Forde's Road who grows a few cucumbers or lettuce and putting taxes on soap, which are now being removed. That is what was being done, putting taxes on tomatoes on the people in the honourable Member's constituency in Society, where I live, who are growing a few tomatoes. That is what they were doing.

Sir, it came as a surprise. We could have waited until the last minute in this debate and not raise it until then.

Mr. SPEAKER: The honourable Member has two minutes.

Hon. H. deB. FORDE: The honourable Member did what was right. He got up very early, as a responsible Opposition would do, and draw to the attention of this Government the errors of their ways. Sir, we have been described as three blind mice by them frequently in this House. Am I to think that there was a Cabinet of 13 blind men who sat down before they came down here on Tuesday, in a Cabinet presided over by the Rt. Honourable Member, and went through this Budget, listened word for word and approved it, as there has to be collective responsibility, and came down 'here with the errors, announced the errors and they were only corrected after they heard from the honourable Member for St. Peter?

Sir, I want in the last two minutes allowed me to remind the honourable Member for St. Peter that the Lord is a mighty person, he giveth and he taketh, but the honourable Member for St. Peter was giving some lashes and he is taking them back off the people. The honourable Member should remember what is written in James Chapter 1, Vs. 6, 7 and & "For he that wavereth like a wave of the sea, driven with the wind and tossed, for let not that man think that he shall receive anything of the Lord. A double minded man is unstable in all his ways."

Sir, there is certainly a case for taking these issues to the public. The harvest is plentiful, but the numbers are few. Let me say to the Democratic Labour Party tonight, the honeymoon is over. The day of reckoning has come, and all we have to do is to go and explain the balance of these issues to the public on April 26, at a public meeting, so that they will hear the true facts, and not the presentation of statements given by the Government side, self-congratulatory statements from each Member on each side of this House.

Hon. Dr. R. C. HAYNES: Mr. Speaker, I have sat with patience through this entire debate. I have been extremely impressed with the contributions made from this side of this Honourable House, and 1 must say that perhaps the best indication of the solidity of the budget which was presented resides in the fact that the honourable Members on the other side have been unable to make contact with the substance of the Budget, or, indeed, offer any significant criticism.

Sir, when we reach the point that the Leader of the Opposition simply gets up and repeats in a more polished form every single point made by the chief spokesman on Finance on that side, then you realise that they really have nothing to say. And when the burden of his argument is that we did not tax corporations more than we taxed individuals. I say it is the height of stupidity, because when you look at the revenue of Barbados, Corporation Tax in this country never exceeded $70 million and never exceeded more than 10 per cent of the total yield of revenue in Barbados. What does he expect me to do? Does he expect me all of a sudden to reverse the whole trend of corporate taxation in Barbados. That is the kind of argument that you have been hearing here this afternoon, and that is about the only additional point that he has made apart from what the honourable Member for St. Peter made in his earlier contribution.

There has been one red herring, the red herring, relating to a few errors in the appendix. To start off with, Sir, if they would read the legislation relating to the Consumption Tax Act, they would recognise that the Consumption Tax is eligible on imports of manufactured items, and therefore, it must be an error. That is imported into Barbados or manufactured in Barbados.

The second point that they should realise is that even if there was an unintended error in the appendix, the very Consumption Tax Act gives the Minister the authority to waive that tax until such time as the appropriate instrument is brought down to Parliament.

However, let me say this. I have been in this Honourable House now for some time, and there has never been a Consumption Tax appendix brought to this Parliament since 1 have been in this House, for the reasons which the Right Honourable Prime Minister outlined, which did not contain errors. The last major one brought

down by the previous Administration contained 23 errors. The one that I brought in last July contained two errors.

The fact is, Sir, that when these appendices are prepared, they are prepared at the last minute, then brought down to Parliament, after that they go to the legal authorities and then the appropriate Consumption Tax Order comes down to the House in the final form. But I have had to sit down here and listen to this kind of nonsense for some time now during this debate. It is an error that is recurrent, and it is recurrent because of the wide spread of consumption taxes in Barbados, the numerous amendments that have been made and the fact that the legislation is not up to date. When I say that, I mean you cannot get it in a consolidated form, and therefore it leads to all sorts of errors. That is a fact and that is the end of that matter. All I can say, Sir, is that, as indicated during the course of this debate, there were certain typographical errors that appeared in the appendix to the Annual Financial Statement and Budgetary Proposals, 1987, and for the convenience of the House and of honourable Members, I am taking this opportunity to circulate the appendix as corrected. 9.50 pjn.

We could have made capital out of errors of this kind made in the past by the previous Administration. If they had seen the errors in the one that I brought down in July, they could have made capital of it. But now they come to disturb the public of Barbados that you are charging taxes on cucumbers, apples and so on. How could you charge a tax that you could not possibly collect? It is as simple and straightforward as that.

Asides.

Mr. SPEAKER: Order, please. Order.

Hon. Dr. R. C. HAYNES: Mr. Speaker, listening to the Opposition and hearing them talk about this great burden on the poor people of Barbados by way of stamp duties and consumption taxes, you would believe that we invented or that we introduced these heavy stamp duties and consumption taxes in Barbados. They lifted the stamp duties from zero to 12 per cent, argued in this House that they were not inflationary and that they were no burden to the poor people of Barbados. In a matter of five months between 1984 and 1985, they raised the Stamp Duty in Barbados by 7 per cent, 5 per cent in the Mini Budget and 2 per cent a few months later. And when they talk about never having raised it as much as $58 million, they raised over $100 million in this country in a matter of five months by using the mechanisms of Mini Budgets in 1981 and in 1985. These taxes here will run for a year, so that is misleading, and it is at totally dishonest presentation as far as the public of Barbados is concerned. They realise what you are talking about.

They imposed over $200 million in taxes on the people of Barbados by way of consumption taxes and stamp duties. These taxes that we have raised today "* would hardly amount to more than $25 million, because we expect to get some dampening of demand for exports and we probably would not even raise that amount. Two hundred million dollars over there compared with $25 million, and they have the gall to come in here and talk and say that those two taxes are a burden on the poor people! You add up the Consumption Tax and the Stamp Duty yield and you will see that they come to around $200 million! That is what they put on the poor people, and now come saying that we are putting an undue burden on the poor people of this country! You ought to be ashamed!

They talked about the levies. The levies were invented by you all. They were never part of the taxation system of Barbados. We said that we would pay them into the Consolidated Fund, and it is part of our Manifesto. The Manifesto of the Democratic Labour Party page 5. •**-

> "Legislation will be introduced to impose that all taxes, levies and imposts be paid into the Consolidated Fund."

This is what we went to the electorate with, and this is what the people of Barbados voted for. What I have said is that because of the mess, because of the corruption, because of the outstanding bills at the Transport Board, I am not prepared at this point in time to contaminate the Consolidated Fund with a portfolio of that kind until the Minister has had the opportunity to straighten it out.

Applause.

Hon. Dr. R. C. HAYNES: Were it not for you all * and Vic Johnson, I could have brought it into the Consolidated Fund this year.

Let me get to the honourable Member for St. Peter. He said the loss on the proposals would be $139 million. Taking their own projections of $704 million, the loss was $34 million. He predicted the Income Tax loss would be .» $90 million. The loss was only $57.1 million. Those are four predictions. I am going to go through 25, and I am going to show you that he is going to score one out of 25.

He said that the Hotel and Restaurant Sales Tax would drop by $5.6 million. There was no loss.

He predicted that Corporation Tax would fall by $15 million. It rose by $14.2 million. Now he says that it is because there has been a spill over into this year *** from last year. But the fact is that there will be a spill over into next year from this year, so the same flows would be operational.

He predicted a reduction in Corporate taxes by $6.5 million. It rose by $7.8 million. The seventh point, a Consumption Tax loss of $12 million. It rose by $20.9 million. He predicted stamp duties would decline, and they rose by $10.9 million. He predicted that import duties would decline, they rose by $18.6 million. He said that the only effect of the Income Tax loss would be $ 139 million and in fact the loss of $57.1 million was over compensated by $72.4 million. That is the extent of the intelligence of the so-called economist.

The reason why you have come in here and given the most disgraceful speech that I have ever heard....

Mr. SPEAKER: Now, the language.

Hon. Dr. R. C. HAYNES: I withdraw that, Mr. Speaker.

Mr. SPEAKER: I would also like to say that the constant interruption of a Member is a breach of the Rules of the House, and if I have to use my authority to control that breach, I will.

Hon. Dr. R. C. HAYNES: Mr. Speaker, I withdraw that remark. I am saying that his was the worst speech that I have heard in this House in a reply in many years, and perhaps the most serious indictment of the honourable Member for St. Peter was when he made those remarks about a member of his profession who was also his teacher. It is the worst possible taste!

The tenth point he made is that the deficit would be $261 million this year: The deficit turned out to be $163.8 million. There is a difference of $100 million. Now he is coming predicting a deficit for next year and expects Barbadians to take him seriously!

The llth prediction was that our deficit would be significantly larger than theirs. Our deficit, Sir, was 6.1 per cent of Gross Domestic Product and theirs, as projected, would have been 7.8 per cent.

He projected a Current Account deficit, and not only misled himself, but misled his colleagues in this House and in the Other Place, of $139 million, and walked around this place telling the people of Barbados that we were borrowing from overseas to finance Current Expenditure. The deficit at the end of the financial year was $103 million. He said the capital programme could not be reduced. That was the 13th thing he said. It was cut by S37 million.

He said there would be a reduction in services that we offer the people of Barbados. We have challenged them again and again to point out which service was reduced. All we have said is that we have reduced the allocation of money to certain services. That has been done and we have got greater efficiency within those services. The fact that $1 million has been cut back here and there means a reduction in service? That is the kind of nonsensical argument being put forward by someone who is supposed to be a trained economist!

I want to confess on the floor of this House that one of the reasons why we managed to get this kind of revenue, cut back on the revenue and control this' deficit is that there is one service that we cut out. That is the self-service of politicians and the corruption! That is the service we cut out!

Applause.

Hon. Dr. R. C. HAYNES: If that were not endemic and pandemic in the past Administration, the demand for taxation in this country would never have grown in that way.

The 14th point was that there would be massive job losses. In fact, Sir, there were 4 100 people more employed in this country in 1986 than in 1985, and we have not counted up to the end of this fiscal year. If we were to do a point-to-point from April last year to now, you will see a completely different picture. 10.00 p.m.

He predicted a collapse of this economy by December. Far from a collapse, there was a real growth rate of 5 per cent, the highest real income of the people of Barbados since 1980 — an increase in sugar output, an increase in tourism, an increase in manufacturing, an increase in construction, an increase in all the major sectors of this economy. That is what he calls a collapse of the economy! He has to be read out chapter and verse tonight!

Mr. 0. S. ARTHUR: On a point of order, Sir.

Mr. SPEAKER: No point of order at this stage.

Mr. 0. S. ARTHUR: Mr. Speaker, the Standing Orders have not been changed, Sir.

Hon. Dr. R. C. HAYNES: Mr. Speaker, I will continue. It is not traditional.

Mr. SPEAKER: Make your point of order.

Mr. O. S. ARTHUR: Mr. Speaker, the honourable Member is misleading this House, Sir. The records of the House are very clear that I said when 1 spoke last July that the measures, if given effect for a full financial year, would within 18 months, Mr. Speaker, and I stand on the point — would within 18 months - undermine the financial position of Government and put the balance of

payments in jeopardy. Those are the records of this House and I stand on them.

Mr. SPEAKER: That is no point of order. The Honourable Minister of Finance. Some of the points are so frivolous and not relevant.

Hon. Dr. R. C. HAYNES: To continue after the bogus interruption, Mr. Speaker, he predicted a devaluation of this currency using clever words, talking about various sectors of the economy competing for the available resources and the net effect on our foreign reserves. Far from a devaluation, the gross reserves of the Central Bank at the end of March were $33 million higher than they were a year ago. That is the 14th prediction that he made.

The 15th. He said there would be a balance of payments crisis and there will be a loss of reserves of over $100 million. It is all in the record. In fact, we have a surplus of balance of payments. Now, Sir, he is trying to suggest he was talking about 18 months. He is talking about balance of payments crisis at the end of the year. This is how you get caught with double talk.

He spent a long time in July telling this country what a dramatic increase in imports there would be into Barbados. The fact is, Sir, that there was a 3 per cent decline in imports into this country in 1986.

He said, Sir, that apart from the measures which we carried forward from the April Budget, the same kind of thing repeated here by the Leader of the Opposition earlier this evening, we did nothing for exports and that there would be a fall in exports and a fall in our earnings from goods and services from exports. The fact is that there has been no decline. That is the 20th point, and he has been wrong.

Sir, I am taking the trouble to go through these one by one, because as Minister of Finance, I know the kind of damage that this has done to this country over the past ten months. He said that the measures would fuel inflation. Mr. Speaker, the inflation rate in Barbados last year was 1.3 per cent, the lowest in 19 years!

He said that we were borrowing to finance Current Expenditure. That is totally false. This Government never had any cash shortage. There was one period in October when I was a little concerned, when we put out a special issue of $17 million in Treasury Bills, which we surrendered in March of this year or thereabouts. I cannot remember the exact date, but earlier this year. Far from being short of money, today we have $108 million on deposit here in Barbados - $103 million with the Central Bank and $5 million with the Barbados National Bank. And he said that we were short of cash!

I am going to continue to expose it, Mr. Speaker, because how can you have a deficit of $10.5 million and included in +hat deficit is a rollover of $23 million in debentures? The point is that that converts that deficit into an effective surplus of $13 million, because the roll-over does not involve any new borrowings. You pay out the money and you roll over the debentures, so, in fact, there is $13 million there to contribute towards your Capital Expenditure. Yet he is spreading the story that this Government has been borrowing overseas to finance Current Expenditure, I have waited a long time, but my moment has come now! My moment has come now, because it is not only you, but you also make sure that your cowboys in the Other Place spread all kinds of rumours about this country.

Mr. Speaker, I would also like to draw a few more things to the public's attention. First, although the Current Account deficit was $10.5 million, let me tell you what else we had to do. When they came to the House at the time of their last Budget and said there were ^ increasing the amount of money for pensioners, they said it was $360 000 or thereabouts. We had to come down with a special Resolution and find $3,2 million for the Government pensioners. We had to find $8.8 million to cover the Transport Board because of the money that they owed to the National Insurance Fund. All that came out of our Current Expenditure. We had to find another $2.38 million to cover the money stolen instead of being spent on the old people around election time. We know how that money was spent! All of this paid for their expenses! And he comes in here now and tries to suggest that we had a deficit on Current Account of $10.5 million because we have not been paying bills.

Mr. Speaker, the only outstandings that I know about possible are the non-wage expenses that might come in from the Missions, and that happens every year. There may be some expenses from the Crown agents. As far as I am aware, I know of no other expenses apart from the Light and Power bills, and other utility bills which come in after the month of the expenses incurred in this year. I know of no others.

I can state categorically that it is a total untruth to say that recipients of welfare money did not receive their cheques. What happened is that they were paid the last two weeks in the financial year in March, and on April 2 they were paid the other two weeks. That is a fact. I say it is a complete falsehood to have said otherwise.

Talking about outstanding money, I am saying that it was over $50 million that they owed to the Government. To the Severance Fund alone, I think it is over $15 ^ million. But apart from that, I now understand that there were accumulated arrears by the previous Government going back to 1979, and I will have to come to Parliament

with a Resolution some time this year to wipe off a whole string of debts going back to 1979. I only got that information about three or four days ago when I was looking at it.

Talking about bringing artificial accounts to this Parliament, let me tell you something. Check your two Budgets and check your Estimates. You will see that you came here and showed a Current Account deficit of $8 million last year and it turned out to be $15 million. I brought to book $12 million in expenditure on March 31 to make sure that there is no spill over, and whatever the deficit was, I was prepared to come to the people with it. Mr. Speaker, I deeply resent the suggestion that I am trying to manipulate public accounts. That is point 23. 10.10 p.m.

Point 24, Mr. Speaker. He said that we were borrowing money far in excess of what we need for Capital Expenditure and he could not understand what we were doing with it, that we were using it for Current Expenditure. That was false and it has been misleading to this country. I will tell you what we did. In effect, the Capital Expenditure is $153 million, $13 million from the Current Account, when you take out amortisations, reduce that to $140 million. One hundred and forty million dollars that was borrowed locally and externally went to pay the $140 million largely for the capital projects that they had started. There is very little we have been able to do by way of bringing on stream a new capital programme.

The extra money went to pay off debt, including paying off about $27 mMlion of the almost $90 million debt which they have hidden in the Central Bank's records as part of the IMF debt. I now have to pay it off in a situation where the U.S. dollar is devalued against the SDR and, therefore, I had to pay that much more money. That is the 24th mistake that you made.

The 25th point. He said earlier we had to print money because the net domestic assets of the Central Bank rose. Let me tell you something. 1 believe in fiscal propriety in this country. 1 would go abroad and borrow money, I would never print money in the Central Bank. The $85 million printed by the Barbados Labour Party in 1981, along with the $130 million tied up in the CARICOM Multilateral Clearing Facility, along with the $80 million of created money in relation to the building of that Central Bank, those three things will create problems for this country that would not get out of our system of our balance of payments for the next ten years.

He said that we printed money. The fact is. Sir, Government reduced its credit from the Central Bank by about $47 million last year, just as you reduced yours about $46 million the year before, far from increasing our credit.

He said that we utilised the sterilised deposits with the Central Bank and that had the effect of printing money. Clearly I am not a trained economist, and one of the things I did not want to do at any time was to try to suggest that the honourable Member is not competent in his profession, but I think he has a problem with numbers. I have always said that.

Let us say he was telling the truth, and in September I drew down money out of a sterilised deposit for which there was no foreign currency backing, could you see that in our balance of payments the next month or the months afterwards? Of course not. When the money was printed in 1981 before the election, it never reflected in our balance of payments until September or October. In any event, the term "printing of money" does not relate to that kind of activity anyhow. Printing of money relates to how the Central Bank finances a Government deficit.

I think that on all 25 points he has been proven to be wrong! He has scored nought out of 25!

Sir, you have to be careful when you make pic dictions about an economy. When I was in the Oppi M tion, I made one prediction of what was likely to happen in Barbados, and that was in 1981 - I think it was my first Budget reply — when I predicted that the then Finance Minister would have to bring a mini Budget by September. Immediately after 1 had made that prediction, I realised I had made a mistake, because even if he had to bring a Budget, he could have brought it in October, and I never made a prediction like that all the time.

What happened is that the honourable Member looked at all these proposals in a static environment and never looked to see what kind of economic response you can get from it. That is why he is out there on a limb. That is why he had a fundamental problem in replying, because his reply was not to my Budget — his reply was to try to justify his position and to try to build up his public image and defend the positions that he has taken before. The honourable Member is usually relatively lucid in his presentations — I can say that about him — and I have never seen him in that kind of difficulty with those kinds of analytic problems that he had in respond- ing to this Budget. That is the core of the problem. He was replying to himself and trying to defend himself.

Mr. Speaker, I have indicated the reasons why we are bringing increased taxation. I can confess right here on the floor of the House now that I spent a whole month agonis ing whether I needed to raise any taxes at all because .....

Asides.

Hon. Dr. R. C. HAYNES.- No! Let me continue what I am saying.

I agonised whether one needed to raise taxes, because if we maintain the same levels of expenditures in Barbados, there is every possibility that there would be no need to raise new taxation. But when one analysed very carefully the things that were needed to be done in the economy in terms of housing, health and the Transport Board, and also to meet that additional $26 million, it was quite clear that we had to raise some money, no question about it.

But what they are trying to suggest is that we made an error last year, and because of that error, we have to come back and raise taxes now. What I am saying is, if you look at the momentum of taxation and the momentum of revenue last month, in March, you will see that we got in $105 million, the highest receipts ever in the month of March, and if that momentum continued and there were no additional expenditures, then there would be no need to raise taxation, but the point that I am trying to make is that we elected to deal with this specific area. We have dealt with it by closing two loopholes in relation to Inome Tax. We reduced a benefit in Corporation Tax, which we thought was excessive, and we used the stamp duties and the Corporation Tax in a constructive manner in order to meet certain micro-economic and sectorial goals. That is the net effect of the fiscal stance which we are taking this year. 10.20 pjn.

Mr. Speaker, can you imagine someone who is an economist is going to come inside here and attack me because the public servants have their own system of paying their back pay? They know, at least, that if the back pay is paid according to the established methods over the years, they pay less tax. If they are so foolish as to take last year's back pay in one month and pay tax on it, I think they would be as foolish as you to follow that advice. I am not involved in these matters.

Mr. SPEAKER: Reverse that.

Hon. Dr. R. C. HAYNES: Mr. Speaker, my apologies.

What I am saying is that I think that it is going a bit far to suggest that a Minister of Finance would be involved in the mechanics of paying back pay to civil servants. There is an established system within the Public Service, going back to over a quarter of a century, as far as I know, and probably further, where they pay it in such a manner so as to minimise the incidence of Income Tax on the public servants, but I am being accused now of manipulating that for some tax benefit on my part. I just do not understand what it is all about. As a matter of fact, I presume that if they pay all the money in one month in 1986, I would get more Income Tax. I just do not understand it.

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Sir, the Health Levy. The^ Honourable Leader of the Opposition is misled in terms of the Health Levy, but the Honourable Leader of the Opposition knows better. The reason the former Prime Minister and Minister of Finance transferred the surplus funds from the Health Levy into the Consolidated Fund was because he recognised that that direct cost at the polyclinics only represented part of the overall cost of the Health Service, that there are consequential costs involved in the follow-up care, hospitalisation, laboratory tests, all kinds of things like these, and those costs are much higher than the front end costs in the service. My projection is that by 1995 the Health Service, as it stands now, if it is upgraded and maintained at a level commensurate with the expectations of Barbados, will probably cost us $95 million.

One of the main thrusts of this Budget is to make as many instruments in savings available to the people of Barbados. He questions the whole business of the tax planning instruments. This is nothing invented by me. The Tax Reserve Certificate has been present in many countries for many years. The Tax Refund Certificate has been in many countries for many years. What they do is bring the small man in contact with the opportunity of being able to get an instrument of saving.

The honourable Member for St. Andrew (Mr. C. A. Neblett) made the very good suggestion that he would like to see the day when you can go into a post office and buy a Government instrument as in many parts of the world. In the United States, you can go and buy or sell a bond any time. It is a very good suggestion, and it is one of the things that I will be looking forward to. I think that with the Stock Exchange coming on stream, with a wide range of instruments being made available to the people, for the first time now, we are trying to get the broad masses of the people involved in savings and investment in Barbados. That is what they are complaining about!

The Venture Capital Company. He comes in here and says that we were responding to a proposal by a private sector organisation. Mr. Speaker, that is a downright untruth. The Venture Capital Company came out of research from the Central Bank of Barbados to the Ministry of Finance, which furiiler analysed those proposals

and put them in an appropriate form to the Cabinet of Barbados, and Cabinet approved them.

I dealt with the matter of outstanding bills when he said we owed $20 million. I am sure it is an untruth. He talks about deflating Current Expenditure. I have already dealt with that. I have dealt with the refunds. I have dealt with the Consumption Tax and the impact on people. Fourteen million dollars in Consumption Tax is going to kill the poor people in Barbados. That is the argument you are putting to Barbados in a nutshell. A slight increment in the Consumption Tax is going to kill them, but when you slapped $130 million on them it did not kill them!

I dealt with welfare grants. These are serious allegations, because I think that if we ever reach the stage where the Ministry of Finance would have to take a decision not to pay the recipients of welfare grants, there would be something seriously wrong in the country, and I bitterly resent an allegation of that kind. We are trying to stick to appropriate Financial Rules, and we gave the two weeks to the end of March and the beginning of April. We paid the two weeks so as to balance out the end of the financial year and that is what is normally done.

Energy prices. He comes in here and makes all kinds of suggestions about energy prices. I have already said what our energy policy is. We will not be changing gasolene prices necessarily at Budget times. We will be reacting to the market situation in relation to the price of oil. That is one of our manifesto promises. The public will get accustomed to the idea that we do not come to Parliament just to raise gasolene prices, but that we have a dynamic energy policy that relates to the price of crule oil. What place would it have in a Budget in the context of that policy?

He castigated me for not dealing with sugar, for not dealing with everything on earth in the Budget. I cannot deal with everything in a two hour Budget.

They said that I did nothing whatsoever to help the export sector. Mr. Speaker, last June I included in my Budget a series of measures which my predecessor had in his April Budget at significant cost. I took time to spell out in my Budget that although we have lots of agencies and instruments in place for exports, the fact is that our export capability has to be enhanced at a different level. That is what the Venture Capital Corporation is about. That is what the new investment climate is about. You have to get factories working and exporting in order to benefit from all the facilities that we make available to them. If they are not working, if you do not have the factories adequately capitalised with the markets, they cannot benefit, no matter what incentives you give. The incentives are already there, and we feel that the next step, the more important step, is to try to get the factories working again and get the people back to work. That is our position.

Another point relates to what was a major distortion of what the Honourable Minister of Housing said about the Carlisle Club. It is a fact, Sir, that the Carlisle Club was given a restaurant licence and it then proceeded to operate a night club. The Town Planner told them to close, but the then Prime Minister, the late Tom Adams, told the Town Planner, and it is on the file, not to be childish and that there is no difference between a restaurant and a night club. The Town Planner at the time gave Mr. Adams a long explanation on the difference between a restaurant and a night club. He accepted the explanation, but then he, himself, decided to let the Carlisle Club continue. It is all on file.

Sir, when you really sit down and analyse what the opposition had to say for the past two days, you understand that they have really made no significant contribution to the debate. All they have been doing is talking about taxes, and I will say that they are shameless — they should not be talking about consumption taxes; they should not be talking about stamp duties; they should not be talking about levies. They have spent enough time in Parliament telling us how harmless those taxes are.

I think there is one more point I really need to address, as far as 1 can see, and that relates to the cost of Public Service salaries, for which the honourable Member said I need $41 million. 1 say I need $26 million. We worked out the Budget in the Ministry of Finance. I know what my needs are, and I need only $26 million, that is the gap I have to cover, and that is that. You can do your arithmetic your way. I can look at our revenue and expenditure flows, and I know how much money I need. I need to raise $26 million to cover what I need to do towards public servants.

. Sir, when I really analyse it though, all three of them said the same thing. Quite clearly, there was a coordinated attack on the periphery of the proposals. They made no contact at any point in time with the core of the Budget.

The Budget is an extremely sensitive instrument which was well accepted by the people of Barbados. The only people complaining about taxation happen to be the three members of the Opposition. 1 think that the people of Barbados understand that the Government's fiscal outturn was a clear indication that the economy had performed as they anticipated, and the people of Barbados realise that the Government is going to take the country further forward in this fiscal year and that it is going to incur additional expense as part of that exercise, and, therefore, in the circumstances, the additional

revenue is justifiable. And when they recognise the number of tax free instruments that we have made available, how we have carefully allocated the expenditure in such a way that it impacts most heavily on the poor people of Barbados and the linkages with job creation in the Budget, if I may say so, I think the people, having heard the Budget, understand it better than you, and they are more capable of analysing what that Budget contains.

I think it is an appropriate instrument at this point in time, and I am of the view that we should see Barbados continuing to move forward in this fiscal year. I think we have achieved a lot in the very short period that we have been in office. I am sure that with that instrument, and with the kind of very strong administrative support which the Government has, by the end of next fiscal year we would even have a better report to bring to this Parliament.

Mr. Speaker, in moving the passing of the Resolution, I want to reiterate that the document which has been circulated and marked Appendix "A" is the appendix referred to in my Financial Statement and Budgetary Proposals and forms part of that statement.

Thank you very much.

The question that the Resolution do now pass was put and resolved in the affirmative, the House dividing as follows.-

Ayes: Rt. Hon. E. W. BARROW; Hon. L. E. SANDIFORD; Hon. B. M. TAITT; Hon. M. A. KING; Hon. P. M. GREAVES; Hon. Dr. R. C. HAYNESj Hon. E. E. GREAVES; Hon. W. 0. FRANKLIN; Hon. H. A. BLACKMAN; Hon. N. K. SIMMONS; Mrs. M. BARKER-WELCH; Dr. D. G. BLACKMAN; Mr. C. L. TROTMAN; Mr. R. L. MORRIS; Dr. E. A. SIMMONS; Mr. J. J. PAYNE; Mr. R. P. BYER; Mr. P. J. M. MILLER; Mr. L. L. BRATHWAITE; Mr. C. A. NEBLETT;Mr. E. BOURNE and v Mr. C. V. WALKER - 22

Noes: Mr. O. S. ARTHUR, Mr. D. A. C. SIMMONS and Hon. H. deB. FORDE - 3

ADJOURNMENT

Hon. L. E. SANDIFORD: Mr. Speaker, that brings us to the end of Government business and this day's sitting, and also to the end of another stage in the process of parliamentary democratic control, the raising and spending of public funds in this country.

The Right Honourable Prime Minister, in his inimitable way, has referred to the contributions made by honourable Members in this process. It only remains for me, Sir, to thank you for the very dignified way in which you have controlled the proceedings during this sitting, to thank honourable Members for their inputs into this debate, which once again, is a triumph for the democratic process in this country, to thank the staff of Parliament, the members of the Royal Barbados Police Force, the media, the public officers and all persons who have made a contribution towards the success of this day's sitting.

I move, Sir, that this House do now adjourn until .Tuesday, April 21, 1987, at 12 o'clock noon.

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

The question that the House do now adjourn until Tuesday April 21, 1987 at 12 noon was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly. 10.40 pjn.

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Hon. Dr. R. C. Haynes, 1060, 1195; Mr. Arthur, 1109, 1197; Hon. L. E. Sandiford, 1121; Hon. N. K. Simmons, 1124; Hon. E. E Greaves, 1127; Hon. M. A. King, 1130; Dr. E. A. Simmons, 1134; Mrs. Barker-Welch, 1137; Mr. Byer, 1140; Mr. Bourne, 1143; Mr. Trotman, 1144; Mr. Walker, 1147; Mr. Neblett, 1149; Mr. Morris, 1152; Mr. Payne, 1156; Mr. Brathwaite, 1158; Mr. Miller, 1160; Hon. W. 0. Franklin, 1162; Dr. D. G. Blackman, 1166; Mr. D. A. C. Simmons, 1169; Hon. P. M. Greaves, 1172; Hon. H. A. Blackman, 1176; Hon. B. M. Taitt, 1179; Rt. Hon. E. W. Barrow, 1183; Hon. H. deB. Forde, 1198.

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SPEAKERS IN THIS DEBATE

ARTHUR, O. S. (St. Peter) BARROW, Rt. Hon. E. W. (St. John) BLACKMAN, Dr. D. G. (St. Michael East) BLACKMAN, Hon. H. A. (St. Philip South) BOURNE, E. (Christ Church East) BRATHWAITE, L. L. (St. Michael North East) BYER, R. P. (St. George South) FORDE, Hon. H. deB. (Christ Church West) FRANKLIN, Hon. W. O. (St. Philip North) GREAVES, Hon. E. E. (St. Lucy) GREAVES, Hon. P. M. (St. Michael North) HAYNES, Hon. Dr. R. C. (St. Michael South Central) KING, Hon. M. A. (Christ Church West Central) MILLER, P. J. M. (City of Bridgetown) MORRIS, R. L. (Christ Church East Central) NEBLETT, C. A. (St. Andrew) PAYNE, His Hon. J. J. (St. James North) SANDIFORD, Hon. L. E. (St. Michael South) SIMMONS, D. A. C. (St. Thomas) SIMMONS, Hon. N. K. (St. James South) SIMMONS, Dr. E. A. (St. Michael South East) TAITT, Hon. B. M. (St. Michael West) TROTMAN, C. L. (St. Michael Central) WALKER, C. V. (St. George North) WEEKES, His Hon. L. A. (St. Michael North West) BARKER-WELCH, M. (St. Joseph)