

(OFFICIAL REPORT)

FIRST SESSION 1986 - 91

HOUSE OF ASSEMBLY

Tuesday, October 31, 1989.

Pursuant to the adjournment, the House of Assembly met at 12:20 p.m. on Tuesday, October 31, 1989.

PRESENT

His Honour L. A. WEEKES, J.P., (Speaker)

His Honour J. J. PAYNE, (Deputy Speaker)

Rt Hon. L. E. SANDBFORD, B.A., (Econ.), J.P.,
(Prime Minister and Minister of Finance and Economic Affairs)

Hon. H. deB. FORDE, Q.C., M.A., LL.B.

Hon. B. M. TAITT, B.A. (Hons.), M.P.A., LL.B.
(Hons.), (Minister of Health)

Hon. P. M. GREAVES, Q.C., B.A., (Deputy Prime Minister, Minister of International Transport, Telecommunications and Immigration and Leader of the House)

Hon. E. E. GREAVES, B.A., Ed.M., (Minister of Trade, Industry and Commerce)

Dr. R. C. HAYNES, M.B., Ch.B., F.R.C.P. (Edin.),
(Leader of the Opposition)

Hon. Dr. D. G. BLACKMAN, B.A., M.A., (Minister of Transport and Works)

Hon. M. A. KING, Q.C., LL.B., (Attorney General, Minister of Legal Affairs and Minister of Foreign 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 Employment, Labour Relations and Community Development)

Mr. D. A. C. SIMMONS, Q.C., LL.M.

Mr. O.S. ARTHUR, M.Sc. (Econ.)

Mrs. M. BARKER-WELCH, (Parliamentary Secretary, Ministry of Education and Culture)

Mr. L. L. BRATHWAITE, J.P., (Chairman of Committees)

Mr. E. BOURNE

Dr. E. A. SIMMONS, M.D.

Hon. W. W. HALL, G.C.M., H.B.M. (Minister of Tourism and Sports)

Mr. C. A. NEBLETT, B.A., (Parliamentary Secretary, Prime Minister's Office)

Mr. C. LeR. 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.

Mr. D. J. H. THOMPSON, LL.B.

Prayers were led by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: Minutes of Tuesday, October 24, 1989.

Hon. P. M. GREAVES: Mr. Speaker, I have only seen a copy of the Minutes on my desk. I have not had an opportunity to read them and I am assuming the other Members had a similar experience. I, therefore, cannot invite the House, Sir, to approve these Minutes until we have had an opportunity to read them. I am seeking that this matter be deferred until later in the sitting, Sir.

Mr. SPEAKER: If there are no objections, then the matter is deferred.

PAPERS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I am commanded to lay the following: Duties, Taxes and Other Payments Exemption Order 1989.1 am also commanded to lay the Duties, Taxes, and Other Payments Exemption (No. 2) Order 1989.

GOVERNMENT NOTICES

Hon. P. M. GREAVES: Mr. Speaker, I give notice of the following money Resolutions:

- (1) Resolution to grant the sum of \$5,016,740 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-1990, Part I Current as shown in the Supplementary Estimates 1989-1990, No. 2 which form the Schedule to the Resolution.
- (2) Resolution to grant the sum of \$9,650,000 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-1990, Part II, Capital as shown in the Supplementary Estimates 1989-1990, No. 3.
- (3) Resolution to grant the sum of \$1,237,285 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-1990, Part I, Current as shown in the Supplementary Estimates 1989-1990, No. 4, and finally, Sir,
- (4) Resolution to grant the sum of \$359,715 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-1990, Part II, Capital as shown in the Supplementary Estimates 1989-1990, No. 5.

PRIVATE MEMBERS' NOTICES

Mr. SPEAKER: The Honourable Member for St. Thomas, a Bill to amend the Magistrates Jurisdiction and Procedure Act.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, I beg to give notice of a Bill to amend the Magistrates Jurisdiction and Procedure Act, Cap. 116 providing generally for bail and criminal proceedings.

Mr. SPEAKER: The same Honourable Member, but I have requested a rewording of that Resolution. I am not sure if it is ready yet but I would defer it until later on during the day's proceedings.

NOTICES OF QUESTIONS

Mr. SPEAKER: The Honourable Member for St. Thomas - Re: The number of overseas trips, cost of each and accommodation made during the period of January 1, 1989 to October 24, 1989.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, to ask the Prime Minister:

(1) Will the Prime Minister please state seriatim:

- (a) the number of overseas visits or trips made by each Minister during the period January 1, 1989 to October 24, 1989;
- (b) the cost of each trip including accommodation expenses?

Mr. SPEAKER: The same Honourable Member - the estimated completed cost of the complex being constructed at Sherbourne.

Mr. D. A. C. SIMMONS: To ask the Minister of Education, Mr. Speaker Will the Minister please state:

- (a) what was the estimated completed cost of the complex being constructed at Sherbourne, Two Mile Hill;
- (b) what percentage of the programmed work has been completed as at October 24, 1989;
- (c) how much money has been expended on the project as at the said date;
- (d) what is the likely date being set for completion;
- (e) what is the projected cost of the project upon completion?

Mr. SPEAKER: The same Honourable Member - the number of Day Nurseries built since May 28, 1986.

Mr. D. A. C. SIMMONS: Which one is that, Sir?

Mr. SPEAKER: I do not have a number. It just says the number of Day Nurseries.

Mr. D. A. C. SIMMONS: My set given to me by the Clerk is out of order. It is No. 112, Sir - to ask the Minister of Labour and Community Development:

Will the Minister please state how many Day Nurseries have been built and where since May 28, 1986 by the Government of Barbados?

Mr. SPEAKER: The same Honourable Member - the number of serviced lots for rent to tenants provided by Government since May 28, 1986.

Mr. D. A. C. SIMMONS: To ask the Minister of Housing and Lands - Will the Minister please slate how many serviced lots for rent to tenants have been provided by Government since May 28, 1986 identifying their locations?

Mr. SPEAKER: The same Honourable Member - the number of houses built at Husbands under arrangement with the Government of Venezuela.

Mr. D. A. C. SIMMONS: The same Minister of Housing and Lands, Sir - Will the Minister please state:

- (a) how many houses have been built at Husbands under the terms of the arrangement with the Government of Venezuela;
- (b) what was the original selling price per house;
- (c) what is the selling price per house as at October 24, 1989;
- (d) how many potential owners signed contracts to purchase;
- (e) how many houses have been sold;
- (f) whether the project has been completed and, if not, what is the likely date of completion?

Mr. SPEAKER: The same Honourable Member - construction of pavilion or changing facility at the playing fields in Bridgefield, St Thomas.

Mr. D. A. C. SIMMONS: To ask the Minister of Tourism and Sports -

Is the Minister aware that there is need for a pavilion or changing facility at the playing fields in Bridgefield, St. Thomas and Proute Hill, St. Thomas? If the answer is in the affirmative, will the Minister please state what are Government's plans for construction of the said pavilions/changing facility?
12.30 p.m.

Mr. SPEAKER: The same Honourable Member, operation of St. Joseph Hospital.

Mr. D. A. C. SIMMONS: To ask the Minister of Health

Will the Minister please state:

- (a) when the St. Joseph's Hospital will become operational;
- (b) what is the projected cost of operating the said hospital for a full financial year;
- (c) whether Government has identified a site for a new Psychiatric Hospital and, if so, where?

Mr. SPEAKER: The same Honourable Member, rent paid by Government for its offices at Windsor Arms, Hastings.

Mr. D. A. C. SIMMONS: To ask the Attorney-General - Will the Minister please state:-

- (a) the monthly rent being paid by Government for its offices at Windsor Arms, Hastings, Christ Church and the length of the tenancy;
- (b) the number of public officers who use the said offices on a regular basis in the course of their duties;
- (c) whether Government has expended any money and if so, how much towards effecting repairs to the said Windsor Arms?
- (d) the number of sanitary facilities provided for use by public officers in the said Windsor Arms.

Mr. SPEAKER: The same Honourable Member, publication of debates.

Mr. D. A. C. SIMMONS: To ask the Prime Minister.

- (a) Will the Minister please state why there has been no publication of the House of Assembly Debates on a regular basis during 1989.
- (b) Will the Minister also state the date of the last publication;
- (c) When is publication likely to be resumed?

Mr. SPEAKER: The same Honourable Member, the number of public officers granted study leave.

Mr. D. A. C. SIMMONS: To ask the Prime Minister. Will the Minister please state:

- (a) how many public officers have been granted study leave to pursue a course of study leading to an award of the Bachelor of Laws Degree at the University of the West Indies for the academic year 1989-90;
- (b) the positions or status of said public officers in the Civil Establishment of Barbados;
- (c) whether the said public officers have been granted leave on full pay, half pay or no pay?

Mr. SPEAKER: The same Honourable Member, development of fish farming.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

Will the Minister please identify and specify what programmes, measures or incentives have been implemented since May 28, 1986 to encourage and facilitate the development of fish farming?

Mr. SPEAKER: The same Honourable Member, repairs to Bloomsbury Road, St. Thomas.

Mr. D. A. C. SIMMONS: Mr. Speaker, this is addressed to the Minister of Transport and Works. The typing on the head of this Question Paper has it addressed to the Minister of Education. That is not how it left my Chambers, it should really be the Minister of Transport and Works, and I trust that suitable amendment of the addressee can be included.

It is to ask, Sir -

1. Is the Minister aware that Bloomsbury Road, St. Thomas, has collapsed?
2. If the answer to the above is in the affirmative, will the Minister state when it is proposed to repair the said road?

Mr. SPEAKER: The same Honourable Member, the number of scholarships provided by Government for agricultural studies.

Mr. D. A. C. SIMMONS: To ask the Minister of Education -

Will the Minister state how many scholarships have been provided by Government for agricultural studies at the University of the West Indies since May 28, 1986?

Mr. SPEAKER: The same Honourable Member, importation of onions from Holland.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture:

1. Will the Minister state if there is an agreement between the Barbados Marketing Corporation and any exporter of onions from Holland?
2. If the answer to the above is in the affirmative, will the Minister state -
 - (a) the terms of the agreement between the Corporation and the said exporter, and

(b) whether anyone in Barbados has received a commission in respect of the importation of the said onions by the Corporation.

Mr. SPEAKER: The same Honourable Member, the purchase of a vehicle, registration number MP-906.

Mr. D. A. C. SIMMONS: To ask the* Minister of Housing and Lands:

Will the Minister please state if Government owns a vehicle, registration number MP-906?

If the answer to the above is in the affirmative, will the Minister please state:

- (a) when was the said vehicle bought;
- (b) what was its price;
- (c) which department of Government paid for it;
- (d) for what purpose was it bought;
- (e) whether the said vehicle is driven by the Minister, and if so, how often?

Mr. SPEAKER: The same Honourable Member for St. Thomas, development of associations of taxi operators.

Mr. D. A. C. SIMMONS: To ask the Minister of Tourism and Sports:

Will the Minister please state what initiatives or mechanisms, if any, have been taken by Government to promote the development of associations of taxi operators since May 28, 1986?

Mr. SPEAKER: The same Honourable Member, tax incentives and financial assistance provided by Government to assist in the marketing of fish.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

Will the Minister please state, (specifying the amount in dollar terms), the tax incentives and financial assistance provided by Government to promote the processing, packaging and marketing of fish, and the development of fish-based products since May 28, 1986?

Mr. SPEAKER: The same Honourable Member, upgrading of shops and other elements of the distributive sector.

Mr. D. A. C. SIMMONS: To ask the Minister of Trade and Industry:

1. Will the Minister please state if it is the policy of Government to provide incentives to facilitate the upgrading of shops and other elements of the distributive sector?
2. If the answer is in the affirmative, will the Minister please specify each incentive provided since May 28, 1986 and the date of same?

Mr. SPEAKER: The same Honourable Member, Government's policy to reduce the rental cost of factory space at industrial estates.

Mr. D. A. C. SIMMONS: To ask the Minister of Trade and Industry:

1. Will the Minister please state if it is the policy of Government to reduce substantially the rental cost of factory space in industrial estates?
2. If the answer is in the affirmative, will the Minister please state:-
 - (a) whether there has been a reduction in the rents charged by the Industrial Development Corporation since May, 1986 and if so, when;
 - (b) the total arrears of rents outstanding and due to the said Corporation as at October 24, 1989?

Mr. SPEAKER: The same Honourable Member, measures to stimulate non-sugar agriculture and fishing.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture, Food and Fisheries:

1. Will the Minister please state if it is the policy of Government to introduce incentives to stimulate non-sugar agriculture, fishing and agro-industrial development?
2. If the answer is in the affirmative, will the Minister please state every incentive or measure introduced to stimulate the said subsectors since
 - * May 28, 1986?

Mr. SPEAKER: The same Honourable Member, the policy of Government to relieve persons buying tenantry land on which they live.

Mr. D. A. C. SIMMONS: To ask the Minister of Housing and Lands:

1. Will the Minister please state if it is the policy of Government to relieve persons buying the tenantry land on which they live from the payment of Property Tax for a period of five years or any period?
2. If the answer is in the affirmative, will the Minister please state whether this policy has been implemented as at October 24, 1989?
3. If the answer is in the negative, will the Minister state if Government proposes to implement such a policy?

Mr. SPEAKER: The same Honourable Member, the introduction of 30 year mortgages.

Mr. D. A. C. SIMMONS: To ask the Minister of Housing and Lands:

Will the Minister please state if it is the policy of the Government to facilitate the introduction of thirty year mortgages?

If the answer is in the affirmative, will the Minister please state if any and what initiatives or incentives have been introduced by Government since May 28, 1986 to attain the said objective? 12.40 p.m.

Mr. SPEAKER: Question re praedial larceny and crop destruction by monkeys and rats.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture, Food and Fisheries -

1. Will the Minister please state if it is the policy of the Government for Government agencies to work closely with farmers on the design and implementation of methods to minimise praedial larceny and crop destruction by monkeys and rats?

If the answer is in the affirmative, will the Minister please state, if any and what methods have been introduced to minimise praedial larceny and crop destruction by monkeys and rats since May 28, 1986.

Mr. SPEAKER: Question re service lots at Church Village and Gibson Land, St. Philip.

Mr. D. A. C. SIMMONS: To ask the Minister of Housing and Lands -

Will the Minister please state if it is the policy of Government to establish rental units and service lots at Church Village and Gibson Land, St. Philip and to erect a Community Centre at Church Village, St. Philip?

If the answers are in the affirmative, will the Minister please state:-

- (a) how many rental units and service lots have been established at the aforesaid districts;
 - (b) where, precisely, it is proposed to build the Community Centre in Church Village and when?
- Mr. SPEAKER: Question re 4H Movement.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

1. Will the Minister please state if it is the policy of Government to encourage the 4H Movement and to assist financially the said Movement?
2. If the answer is in the affirmative, will the Minister please specify if any and how much financial assistance has been provided by Government to the said Movement since May 28, 1986?

Mr. SPEAKER: Question re incentive to land owners.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

1. Will the Minister please state, if it is the policy of Government to provide incentives to land owners to facilitate the return of idle land to agricultural production?
2. If the answer is in the affirmative, will the Minister please specify and identify each incentive introduced since May 28, 1986 to attain the foregoing objective?

Mr. SPEAKER: Question re availability of Government land for Spring Hall type projects.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

1. Will the Minister please state if it is the policy of the Government to make more Government land available for Spring Hall type projects?
2. If the answer to the above is in the affirmative, will the Minister state how much land has been made available for Spring Hall type projects since May 28, 1986 and the sites of such projects?

Mr. SPEAKER: Question re stud services at agricultural out-stations.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

1. Will the Minister please state:

- (a) if there are any agricultural out-stations which provide stud services and the names of the out-stations, if any?
- (b) how long such out-stations have been providing stud services?
- (c) if technical and financial management counselling is provided at the said out-stations and if so, on what terms?

Mr. SPEAKER: Question re five coaches purchased by Government.

Mr. D. A. C. SIMMONS: To ask the Minister of Tourism and Sports -

1. Will the Minister please state:

- (a) Whether the Government purchased five coaches which were used in the recent Commonwealth Parliamentary Conference?
- (b) If the answer to (a) above is in the affirmative
 - (i) were the said coaches purchased as new, and
 - (ii) to what use will the said coaches be put after the conclusion of the said conference?

Mr. SPEAKER: Question re construction of multi-purpose Government offices in Speightstown.

Mr. D. A. C. SIMMONS: To ask the appropriate Minister -

1. Will the Minister please state if it is the policy of Government -
 - (a) to construct multi-purpose Government offices in Speightstown and (b) harbour facilities at Speightstown?
2. If the answer is in the affirmative, will the Minister please state when the said offices and harbour will be constructed.

Mr. SPEAKER: Question re total arable acreage at River and Dodds Plantations.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

Will the Minister please state in respect of River and Dodds Plantations respectively -

- (a) the total arable acreage of each plantation;
- (b) the amount of acres per plantation under cultivation as at October 24, 1989.
- (c) the number of workers employed at or assigned to the said plantations respectively;
- (d) whether the said workers are employed per five day week?

Mr. SPEAKER: Question re utilisation of farm land.

Mr. D. A. C. SIMMONS: To ask the Minister of Agriculture -

Will the Minister please state if it is a policy of the Government to ensure that Government owned agricultural land is fully utilised and effectively farmed? If the answer to the above is in the affirmative, will the Minister please state-

- (a) the total arable acreage of all Government owned agricultural land;
- (b) the total amount of all Government owned agricultural land being farmed as at October 24, 1989.

Mr. SPEAKER: Question re losses of Caribbean Air Cargo.

Mr. D. A. C. SIMMONS: To ask the Minister responsible for Civil Aviation -

Will the Minister please state -

- (a) the total losses of Caribbean Air Cargo Company as at October 24, 1989;
- (b) the amount of losses incurred by the said company since December 31, 1987 and the reasons therefor;
- (c) the total amount of money spent on maintenance of the company's aircraft between December 31, 1987 and October 24, 1989;
- (d) the name or names of any person, human or corporate, who provided maintenance services for the said aircraft in the said period;
- (e) whether the company appointed any of its staff, and if so, whom, to monitor or check maintenance claims on its behalf;

(f) the amount of money for which the aircraft CAC, a Boeing 707, was sold in Miami during the month of October, 1989;

(g) the amount of money which was owed to the creditor who levied execution process;

(h) what efforts were made by the Governments of Barbados or Trinidad and Tobago to avert the forced sale of the aircraft;

(i) whether all or, if not, how many of the pilots of Barbadian or Trinidad nationality were dismissed, severed or otherwise terminated;

(j) what arrangements have been made to continue the provision of a service to the people of the Caribbean region;

(k) the manner in which Government proposes to finance the losses of the company?

Mr. SPEAKER: Question re advertising agent in New York for the Board of Tourism.

Mr. D. A. C. SIMMONS: To ask the Minister of Tourism and Sports -

Will the Minister please state if he is aware that the former advertising agent of the Board of Tourism in New York has filed a suit in the relevant Court for bankruptcy?

Will the Minister please state -

(a) what were the terms of the contract between the said Board and the said agent;

(b) how much money was paid to the said agent in this financial year up to September 30th;

(c) whether any part of the money was paid by way of an advance or pre-payment and if so, how much;

(d) whether any part of the monies paid to the said agent in this financial year was identified for payment to other suppliers of services to the said Board, and if so, how much;

(e) whether the said suppliers in fact received those monies and if so, which supplier;

(f) whether any money and if so how much was paid to the said agent for the purpose of producing or causing to be produced a television film. If any such money was paid, will the Minister state whether it was additional to any contractual or retainer fee?

Mr. SPEAKER: This morning I indicated that the Honourable Member's Private Members' Resolution was not quite ready. It is now ready, and if he so desires, I will revert to Private Members' Business.

Mr. D. A. C. SIMMONS: Thank you, Mr. Speaker. I

beg to give notice of the following Resolution:

"Whereas it is imperative that the youths of Barbados be encouraged to participate fully in cultural, sporting and recreational pursuits;

And Whereas the cost of musical equipment and sports goods are extremely burdensome and constitute a disincentive to the development of the full potential of the youths of this Island;

Be It Resolved that this House calls upon Government to take such measures as are appropriate to reduce the present burdens being placed on the youths. 12.50 p.m.

ORAL REPLIES TO QUESTIONS

Hon. P. M. GREAVES: Mr. Speaker, I give notice that the reply to Parliamentary Question No. 107 asked by the Honourable Member for St. Thomas is ready.

ORDERS OF THE DAY

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

SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: I move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's sitting.

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

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

ORDER NO. 2 - JUDGES (REMUNERATION AND PENSIONS) (CONDITIONS OF SERVICE AND ALLOWANCES) (AMENDMENT) REGULATIONS, 1989

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, the regulations have been made under Section 15 of the Judges Remuneration and Pensions Act in respect of the remuneration and allowances relating to the conditions of service of Judges and those regulations make provision for an increase in and provision of entertainment allowances

for the Chief Justice in the sum of \$14 280 per annum and in respect of the Puisne Judge in the sum of \$9 780.

The Regulations also make provision for a transport allowance to be paid to the Chief Justice by way of the provision of an official car or \$6 900 per annum and in respect of a Puisne Judge the provision of an official car or \$6 900 per annum.

The level at which the entertainment allowances and the transport allowances have been set is in accordance with the levels obtaining in the Public Service of this country and it is in accordance with the linkages that exist with other offices which may be comparable and it is really part of the general settlement of wages and conditions which this Honourable Chamber approved some time ago.

The legislation requires that these Regulations should be subject to affirmative approval and it is in accordance with that particular requirement that this particular Resolution is before us.

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

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

Mr. D. A. C. SIMMONS: Mr. Speaker, I am not going to detain the House too long on this one because, I think, earlier this year we had this Regulation before us but there is still some concern among members of the Bar about what is being done and the absence of publication of Hansard.

Aside.

Mr. D. A. C. SIMMONS: I am saying that there are still members of the Bar who are unaware of what is being done by Government in several areas respecting the Judiciary particularly since Hansard has not come out for a long time and a number of members have asked me to raise these concerns again even though some of them were raised earlier this year, hopefully, that we would get some alternative publicity of Government's response to the questions so that the Bar would be better apprised of what is happening.

The first concern, Sir, of members of the profession is in respect of the Hall of Justice, or, I think, it is still being called the new Judicial Centre.

We have been told that a site has been identified at the corner of Passage Road, White Park Road and Country Road for this. I understand from an answer given to another question that I asked last week that the Minister of State, Senator Lewis, will have responsibility for this project.

But, in particular, we would like to know what is envisaged in the Hall of Justice? Is it just going to be a building housing 5, 6, 7 courts or are you going to provide for the transfer of the Chambers of the Attorney General, for example, to that building and the Chambers of the DPP. Presumably, the Registry will remain where it is but we do not know.

We have not heard what is Government's concept of the types of facilities that will be provided at the new site and I think that Government, by now, must have some idea as to what it intends to construct there.

We have not had this already. We have not had any answers. We have discussed this in here but we have not had any answers. I say that, Sir, because during the previous administration the project was changed on several occasions having regard to the financial ability of Government to sustain the construction of such a project.

At one time, yes, it is true, it was designed by MTW to incorporate all those facilities, DPP, AG, all in the Chambers, the courts, some of the Registry functions and so on. That had been, obviously, over-ambitious and the project was changed and, certainly, during my year it was revised again to bring it down to a project somewhere in the vicinity of \$18 million to \$20 million.

We were hoping that it were possible to obtain ECGD funds from overseas to assist in the construction of that project but the problem was that even though there were two firms, certainly, from England, who were in Barbados at the time, Higgs and Hill, and another one whose name I forget, who could have assisted by getting the Thatcher Government to make the ECGD funds available. The problem was the length of time of the money.

The British Government was only talking 7 year money and having regard to the debt profile of Barbados down the road, 7 year money was no good. We were looking for 15 year money, 20 year money, if possible. 1.00p.m.

I would like to hear from the Prime Minister whether, in fact, project funds have been identified for the Judicial Centre or whether Government intends to do it out of its own Current Expenditure, or has Government identified soft loans or any loans? I was talking about the ECGD Funds, but perhaps the Prime Minister did not hear or was not following when I was making the point, Sir, that I believe that there could be funding available through the ECGD. But the money was only seven year money in our time.

Asides.

Mr. D. A. C. SIMMONS: Secondly, Sir, I wish to draw attention (in view of the rumour that Government is

trying to have the Court of Appeal established and staffed) to a trend that has developed over very, very many years, but a trend which I do not think has to continue, and certainly there is a view held by distinguished, retired Caribbean judges, that we have perhaps been going the wrong way for a long time in appointing judges straight out of the Public Service. It is, I think, accepted certainly in most common law jurisdictions that it would be far better to have the majority of judges... We are not saying that the judiciary should be a closed shop, but we feel that the majority of judges should be drawn from among practitioners at the private Bar.

There has to be a career path for those who have worked in the judicial and legal service. But what we have and have had for many years is a total complement of judges drawn straight from the public sector as it were except for Mr. Justice Ward. Sir, this is something that I think we must address. We are all aware of it. I think that all of the lawyers would like to see a change and we know that it is not easy to recruit for the Bench because you are drawing from a very small catchment area. At the same time, Sir, I think that as I said sometime ago in this House, if proper incentives were offered perhaps there would be an attraction for members from the private Bar. What I am talking about, Sir, is in the area of pension rights.

It was put to me recently by a practitioner that when you are in practice as a private practitioner you probably can eke out a reasonable and comfortable living. The history of many private practitioners, especially the black ones, has been that they have left very little. They have made very little and have made very little provision for themselves in retirement. I have no doubt that there will be some change in that because most of the practitioners today are thinking in terms of business sidelines and ventures and so on to cushion the effects of old age. Certainly, in the past, it was the experience that many died without very much. They may have had a house and that was about all.

One of the things that lawyers have been concerned about is the question of pensions. Now they ought all to belong to the National Insurance Scheme which will give them a pension at the appropriate age, I do not know, perhaps \$22,000 or whatever it will be. Some have because in the 1970's the insurance companies started to devise retirement income plans. One or two have joined those schemes which will give some additional protection. But there will be some of good quality in the private Bar who would welcome appointment to the Bench as is done in England to be of service to their country for a number of years, let us say 10 or 12 years, if at the end of the day they could be assured that they would get their pension. Now if they just go in for 10 years, it is unlikely that they will get a cheque. What we are asking is that some consideration be given to crediting a number of years of actual practice as qualifying for totting up of years with a view to pension. In other words, if a person has been in practice for 20 years,

some formula could be worked out. I believe it was done with Mr. Justice Ward. I am pretty sure it was done with Mr. Justice Ward but I speak subject to correction. You would be credited for your 20 years in practice with carrying forward let us say 10 years pensionability.

That would be one way in which the Bench could be attractive to practitioners. Another way in which it could become attractive is to consider still in the area of pension the anomaly situation that we have now where, if you are in retirement as a judge, you are probably carrying home more as a retired non-working person than a judge who is actually working. That makes a point, Sir, for the need also to upgrade the remuneration of judges generally. Even though I agree that there has to be a distinction between the levels of salary of judges and magistrates, there is also a case to be made for upgrading the magistrates and reducing the gap that presently exists between their emoluments and those of the judges.

Asides.

Mr. D. A. C. SIMMONS: Sorry, yes. That is so because magistrates do the bulk of the work. It may not be as complex as a judge's work, but they are expected to do far more because it is a summary trial and you do not expect the same complex problems and arguments that you get in the High Court. The mass of work, the sheer volume, requires that we look seriously at upgrading the magistrates. I think that they are at the level of S-5. I think that is it. Well, they need to go a little higher. 1.10p.m.

I am not going into any details today and making any long speech on this because we have had some of these things out already. It has been current in the news media recently and I do not want to repeat too much that has been said before.

I would like, however, to ask the Attorney General to use his influence in whatever way he thinks is appropriate to see if we can redress the terrible situation that exists in relation to inquests. There are situations where people have died as long as eight, nine years ago and there has never been an inquest.

Aside.

Mr. D. A. C. SIMMONS: I am just dealing, Sir, with the administration of justice and I thought I would take the opportunity to draw to the House's attention a very serious matter affecting justice in this country. Very often what happens is that somebody gets knocked down and killed. There is very little that the private practitioner can get by way of information about that accident. There is a limitation period now of three years. It used to be one year before and if you did not file in the one year period the High Court and the Judges we are talking about could not entertain a claim

for damages. As I say, the period was changed in 1980 to three years, but we have situations where people have died outside the three year period - eight, nine years - and you are waiting to have an inquest where the families' interest can be represented, you go on what is called a watching brief and you are allowed to ask questions and probe, and you get from that exercise some indication as to how the accident was caused, which would then allow, you to plead your particulars that are necessary for the High Court action.

In England certainly, whenever there has been a situation in which the judicial system has been grinding slowly or working less than satisfactory because of pressure of work, England has never hesitated to appoint temporary Judges. You have Recorders who carry out work in criminal matters, but very often - and my friend the Attorney General will agree - you pick up a Law Report and you see a decision by Mr. So and So, Q.C. who is a Deputy Judge or Acting Judge or something like that.

There are persons in Barbados who are not connected with cases who would be willing to give of their time a couple afternoons a week to go and get rid of some of those inquests. We have to do it, Sir. As I said, it is a situation that is working injustice and it all has to do with the overloading of work in the Magistrates' courts. There is only so much that a Magistrate can do. It is no fun sitting down, writing evidence from 9.30 a morning until 1.00 or 1.30, concentrating, trying to be fair to people in the dock, or the litigants in civil actions, listening to evidence, looking at people to make up their own assessment as to whether they are telling the truth and so on. It calls for a long period of concentration and that alone can tire you out.

In the old days when I first was practising, Sir, you did not have the kind of pressure from sheer volume that we have now. The society has changed, got more complex. Hire purchase has developed, all of the cases of wrongful dismissal now tend to go before Magistrates. People are dismissed every other day. We did not have all of that years ago, so that there is great pressure, and as I say, I think the situation can be ameliorated

- (a) by improving the working conditions - I know Government has some plans for that - under which Magistrates work,
- (b) improving their emoluments to recognise the work that they do, and
- (c) by Government's favourable consideration of a system of using temporary Judges or Magistrates to assist in removing the backlog, Sir.

Finally, Sir, I wish to make a call to the Attorney General in particular to ensure that when judgment is given against the Crown that the judgments are honoured

speedily. I am assuming a situation where you run the course and you have even had an appeal and that is the end of the matter. There is no reason why Government should be a dilatory paymaster. There are cases where people have had judgments in the High Court, cases where human rights have been infringed and the High Court has pronounced and found that the people's rights were infringed. The High Court has awarded damages for that infringement and a year, 18 months have passed and still the Crown will not pay.

Now that is setting a very bad example. I have had to say this recently, Sir, to persons working in Statutory Boards. The law expects the highest possible standards of probity and fair dealing from the Crown and its agencies. Lord Denning made that very, very clear in the early seventies. The Crown and its agencies of Government must set the highest possible standards and you are not setting a good standard if people get judgment against the Crown and then they have to wait for two years and still are not paid. I have some cases that are settled already but cannot get the money, as small as \$3,500 for a man with a vehicle. Could you imagine that?

An escaped prisoner stole this man's vehicle in dead of night, ran away with it, the police chased him from the Lower Green to St. Joseph, ran him off the road and the police then kept the vehicle. It languished in the yard under the influence of the elements for a long time. They agreed they would pay. They agreed on a figure of more than \$3,000 a long time ago and that poor man has not got a cent. 1.20p.m.

So something has gone wrong in the system where the Crown will accept that they are wrong and then will not pay either pursuant to an agreed settlement or pursuant to a judgment. The Attorney General himself does not have any responsibility for that. All I am saying to him is to find out where the problem resides in the administration of the department and try and loosen it up so that a number of these people will be satisfied, otherwise the Crown would be itself in breach of the human rights of these persons.

Sir, I have spoken recently about these matters and on a previous occasion when a similar Resolution came, and I am not going to repeat anything I said then. I am obliged to you, Sir.

Mr. R. P. BYER: Sir, I want to be very brief because it is anticipated at some time that a debate will be pursued on law and order in this country. A lot of the areas that were covered last week when we dealt with the Police would probably be gone into again. But there are one or two matters which I like to address whenever the opportunities arise that I can deal with them.

The Attorney General would probably say *I* am always asking about the Registration Office. This is true. I like to ask about it. I spent some of the early years of my professional life there as Deputy Registrar, and since then the conditions have not improved any. On a previous occasion certain assurances were given; but in addition to what the Honourable Member for St. Thomas asked about what plans are envisaged for the new Judicial Centre, I would like to find out whether the Registry would be part and parcel of the planning, not necessarily whether it would be part of that building or that complex called the Judicial Centre, but whether the Registry will be spruced up, whether the vaults will be rehabilitated, whether the books at the Registry will be kept in proper condition and that kind of thing.

Now the other thing I would like to talk about is another Registration Office function, the office of corporate affairs and intellectual property, especially the section that deals with trade marks. There are about four clerks that work in that area. They work very well, they look after the business well, but the room from which they operate is very cramped and so on. The work that they do is very important work, and I think that some effort should be made to improve the working environment in which they operate.

Now the Honourable Member for St. Thomas made a statement about the recording of evidence in the High Court and in the Magistrates' Courts, and I think, Sir, that the time has come now when we should have a mechanical recording of evidence. I think we should move away from the type of evidence taking that we have now which is mainly one where the Magistrates or Judges sit down and take notes by longhand. At the Assizes they have Shorthand notetakers there, but the official record is still the record of the Judge and not the persons taking the shorthand notes. I think the time has come when you have got to seriously consider the approaches of some of the more advanced countries where the official record is the note taken by the person who is taking the shorthand. It is done mechanically and not manually as we do, for example, in Parliament. This would help to speed up things, because when Judges and Magistrates have to take notes by longhand, it is very time consuming. A lot of the time is taken up with asking people to repeat what they said and trying to get the general sense of what some person might have said, and I think we must seriously consider this area where we have a mechanical device operated by someone that takes notes of evidence in these matters.

I would also say at this time that I welcome the Attorney General's initiative regarding the criminal convictions of persons - I heard it on the news this morning - who would have spent time many years ago in prison. I know in England, for example, a conviction is spent three years after the conviction, and I welcome that initiative on behalf of the Attorney General. It certainly is something that this Party would like to associate itself with. Certainly I

would like to associate myself with that because in many respects, Sir, some convictions appear on a person's record, and when you look at it, it is a serious conviction in the sense of the offence, but if one were to know the facts sometimes, the facts would suggest to you that the offence might have been of a trifling nature, and when someone has the opportunity now or when the opportunity is given to someone at the end of three years to have that conviction erased from their record, I think, Sir, that that is a good thing. I hope that people in Barbados requiring certificates of character would not be asked the unfair question, when those certificates are presented and showing a clean record, whether you had a previous criminal conviction. I know people would try to get around that aspect of the law by making that kind of requirement. But all in all, Sir, this Resolution is supported, and the Regulations and the Resolution that would follow immediately after, I believe we have no difficulty in supporting.

Mr. J. J. PAYNE: Mr. Speaker, in a debate on this Bill I would not want to go into too much detail regarding the areas already covered. I think the Honourable Member for St. Thomas has touched on a number of issues which have been surfacing for some time, and members of the Bar Association have been raising the questions which he highlighted today. As a member of the Bar, I must say that I support him in many respects in the areas which he has drawn, particularly the question relating to the Hansard report.

I think that it is of some concern to members of the Bar and to the Judges too who read the debates on legislation and matters which come before the House that these matters are not up to date. I don't know if this is a matter for the Debates Committee or what, but I think it is a matter which should be investigated so that members of the public can get an opportunity to see and read what is taking place in the House of Assembly.

He raised the question also of the Judicial Centre and he was enquiring whether funds were allocated for its construction. I know that some time ago the Honourable Attorney General outlined a plan which was in the making not only in relation to the Judicial Centre, but in relation also to a number of areas, including the Magistrates' Courts that were planned to be constructed.

Now I am particularly interested to know what is the position in relation to the one to be constructed at Holetown. Mr. Speaker, I know that some time ago we were informed that the matter was at a stage where it could be put out for tender, and I would like to enquire whether the contract has now been awarded to any particular builder or construction firm, and whether the funds for the construction of that Court at Holetown are in place to have the matter started.

I can say, Mr. Speaker, that the conditions in that court are such that the persons who go there to see that justice is administered, that is, the magistrates, lawyers, witnesses and even employees of the court, work under some very strained conditions, and I would like to know, Mr. Speaker, what is the stage of planning in respect of that particular matter.

Except for those comments, Mr. Speaker, I would like to just indicate that I support the Resolution which is now before the House. Thank you.

Hon. M. A. KING: Mr. Speaker, this debate is not unusual. I believe that some months ago, shortly before the adjournment of this House, the same speech that the Honourable Member for St. Thomas made on this issue he has repeated today. I believe I gave the answers fully on that occasion, and I am being asked to repeat myself now. 1.30p.m.

The Honourable Member for St. Thomas says that nobody knows what went on in the House then, that the Bar does not know. Well, that is not my fault if we give the answers in this House and deal with the issues in this Honourable House and the Bar does not know. You complain about Hansard. The debate is ranging far and wide.

What you are doing is really seriously indicting the Press for not covering the debates of this House adequately and properly.

Aside.

Hon. M. A. KING: I am saying that what the Honourable Member for St. Thomas has said is a serious indictment of the Press for not publicising what took place in this House.

Aside.

Hon. M. A. KING: But I am not talking about Hansard.

Mr. SPEAKER: Order, please.

Hon. M. A. KING: Remember this. Part of our speech was that you want to raise it again on this occasion so that alternative methods may be put in place for publicising what takes place. So you are saying that Hansard is not doing the job so you want an alternative method to be provided. What is the alternative method? Is it not the Press you are talking about? So all I am saying is that your appeal to them is to do their work. It is you criticizing them, not me, so do not say that it is I who is doing it. It is you. Maybe you are right but that is another one.

But, Mr. Speaker, the Honourable Member has raised questions and I will do the courtesy of responding to some of the issues which he has raised.

The Honourable Member for St. Thomas spoke about the Judicial Centre. I repeat myself again that the Chambers of the Attorney General and of the Director of Public Prosecutions will not be in the Judicial Centre.

The centre will house the Supreme Courts of Appeal. It will house the Registry as well and, I believe, there are one or two other departments. I think the Marshals' Department, the Process Department and ancillary departments necessary for the functioning of the Supreme Court will be included in the building.

All departments which are necessary to the functioning of the Supreme Court will be housed in that building.

Aside.

Hon. M. A. KING: I cannot remember now. There will be provision for about 6 Supreme Courts and, I believe, 2 rooms for Courts of Appeal.

Aside.

Hon. M. A. KING: I will proceed, Mr. Speaker. I cannot take on the Honourable Member.

Mr. SPEAKER: I have not heard so why should you?

Hon. M. A. KING: Very well, Mr. Speaker.

I have indicated on a previous occasion as well that we were moving towards a restructuring of the Court of Appeal where we are proposing to have a separate Court of Appeal with Judges who will be Appeal Judges only and where we will do away with the system where the Judges of the High Court alternate with a Judge of first instance and a Judge of Appeal.

Aside.

Hon. M. A. KING: It is not the first time I am saying it. I have said these things several times.

Aside.

Hon. M. A. KING: Bringing in your Act? How long was your Act passed?

Aside.

Mr. SPEAKER: Yes, but the Honourable Member ought not to be interrupted.

Hon. M. A. KING: Mr. Speaker, there are, clearly, a number of problems in relation to the Courts. The Honourable Member for St. Thomas has made the point about appointing temporary Judges....

Aside.

Mr. SPEAKER: I would put them out.

Hon. M. A. KING: Mr. Speaker, the Honourable Member for St. Thomas has made the point about the appointment of temporary Judges, Recorders, additional Magistrates and all of that. I do agree that, perhaps, additional Magistrates would need to be appointed. In fact, I have been in the process of looking around for additional accommodation for housing a restructured Court of Appeal.

One of the problems which we are faced with, Mr. Speaker, is that the problems we have today are cumulative. They are not new problems. They are an accumulation of what has been happening down through the years where not much attention has been paid to the setting out of the courts, for the structure of the Courts and the housing of the Courts as might well have been done.

From the point of view of the restructuring of a Court of Appeal, from the point of view of looking for space for an additional Magistrate, additional accommodation is required and it is not the easiest thing, Mr. Speaker, to find additional accommodation for the purposes in the Bridgetown area.

As I have indicated before that the new Judicial Centre is in the process of being done and once that has been completed it will, obviously, relieve a considerable amount of the pressure for appropriate housing accommodation for the Courts and for the Judicial System.

But, in the meantime, Mr. Speaker, we are still looking for adequate accommodation for a restructured Court of Appeal, perhaps, for an additional Magistrate as well and if that accommodation is available I am sure that we would have no difficulty in making adequate provision for those additional requirements for the administration of justice.

The Honourable Member for St. Thomas has made the point about appointment of Judges from the Public Service and has made the call for an appointment of Judges from private practice. This is something which I have never disagreed with. I think all political parties must be united on this.

There is a need for Judges to be appointed from the private Bar. I have no difficulty whatsoever with that, Mr. Speaker but, obviously, we need to find Judges from the private Bar who are ready, willing and able to perform as Judges of the 3 Supreme Court.

The Honourable Member for St. Thomas makes the point about providing adequate incentives for persons at the private Bar to perform as Judges of the Supreme Court but I just issue one caution, Mr. Speaker.

Persons from the private Bar who are ready, willing and able to serve as Judges are not necessarily adequately compensated by taking judicial office. 1.40p.m.

In the United Kingdom judges who accept the appointment to the High Court Bench are usually successful practitioners of the senior Bar in the United Kingdom who take considerable loss in income - that is right - as a result of taking positions on the Bench. I wonder how many barristers in Barbados would consider taking a considerable cut in income as would judges in the United Kingdom to take a job as a judge in the Supreme Court.

Service on the Bench, Mr. Speaker, has to be regarded as public service. You have to want to serve as a judge. The Honourable Member has called for looking at the position in relation to pension. We will look at that and see what can be done in that regard in terms of crediting years of service at the Bar towards years service as a judge for the purpose of calculating pension. This is something which is in the process of being looked at.

The Honourable Member has managed to get in with your permission, Mr. Speaker, the case in relation to magistrates. He has called for reducing the disparity in salary between that of magistrates and judges because magistrates, as he said quite rightly, do a large part of the criminal work and legal work which is required. I believe that there has been a look by a commission which has been set up to deal with this whole problem of regrading. You never tend to get a satisfactory resolution of the problem. You regrade the magistrates and then the officers in the Attorney General's Chambers and in other parts of the legal service begin to complain about what has been done. From time to time you get the various complaints from the various officers. Attempts are made to readjust them and whatever comes out is never satisfactory. When one side is pleased, the other one begins to quarrel about it. Already we are beginning to have the problems where even on the proposals for the regrading you are having the competing interests saying that this is not reasonable for us. The other side may be satisfied with it but this side is not satisfied. One has to try to look at the whole situation quite objectively and try to come up with something which is best for the overall system.

The whole question of looking at the level of the jurisdiction of the magistrates, the salaries of the magistrates is one which certainly has to undergo constant review and in the final analysis we have to try to come up with something which is in the best interest of the administration of justice as a whole.

The Honourable Member for St. Thomas also made the point about judgments against the Crown being awarded and damages not being paid in adequate time. If the Honourable Member will let me get a record of all the matters of which he complains, I will undertake to look into them.

The Honourable Member for St. George South spoke of the Corporate Affairs Registry about the fact that the office space was cramped and pleaded for our efforts to improve the working environment of the people who work in Corporate Affairs. We have no difficulty with that. The problem again is one of having available adequate accommodation in the Bridgetown area for housing the officers. I make the point again that these problems are cumulative. We are finding that at this point in time the services have grown so fast and the provision of adequate space to cope with the growth has not been done over the years with the result that we are now facing the problem of having to deal with them. As I indicate, the Government is in the process of trying to rectify the position but it is going to take time, it is going to take money, and we will never be able to adjust and remedy all these situations overnight.

The Honourable Member for St. George South has also spoken about the need for having mechanical recording devices in the courts. Again, this is a matter with which I have no problem. -We have, in fact, given instruction that the matter be taken up and be dealt with. You will recall though, Mr. Speaker, some years ago I think the Government had bought these panel type recording machines. A number of them were actually bought. Persons were trained to use them in the courts. They were never, in fact, used and the machines were lying around somewhere in the Public Service idle, unused, and probably now totally useless. That tends to happen, Mr. Speaker, in other Departments of Government as well. I believe in relation to the hospital you might find some equipment up there which should be used and not being used. But these are the problems which the Public Service from time to time is faced with and they have to be dealt with. They are largely administrative problems which have to be ironed out from the point of view of ensuring that adequate provision is made for recording the evidence in the courts and recording it speedily. This is something which any legal practitioner would readily support and, as I indicate, efforts are being made to deal with the problem.

The Honourable Member for St. James North ... Coming away a little from The Judges' Remuneration and Pension Resolution, somehow he managed to get the Hometown Court into that as well. Well, I have already said in here too, Mr. Speaker, what the position with the Hometown Court was. I did on a previous occasion indicate that the architects had been appointed, the engineers had been appointed, and the quantity surveyors had been appointed. I gave the names of all of them. I cannot recall now exactly who they are, but I will undertake to do that at

some later date. The fact is that the architects, engineers, and the quantity surveyors are in the planning stages of the Hometown Project which will include not only the court but a police station, Rates and Taxes Division I think for the North, and the post office I believe. They are in the planning stages of that complex and the architects, engineers, and quantity surveyors have also been appointed for the Judicial Centre. They are in the planning stages. They are having consultations with appropriate officers with the Chief Justice and Registrar. Now I say the Registrar, I do remember the difference between the Honourable Member for St. Thomas and the Prime Minister on this occasion when we were talking about the Judicial Centre and you were asking about what was the provision being made in relation to the Registry, and the Honourable Prime Minister said how you would know full well. You remember and that was not so long ago. 1.50p.m.

Mr. D. A. C. SIMMONS: On a point of order, Sir. I do not understand why the Attorney General feels that he must be defensive about Government information. The public has a right to know. If I asked about the Judicial Centre in June this year, another five or six months have gone on and we want to know how far you have got. I think it is within my right as a member of Parliament and I have a duty to see if Government is actually making active progress on these matters, and he should be pleased for the opportunity.

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

Hon. M. A. KING: Mr. Speaker, I am not being defensive on this. In fact, we have every reason to be quite aggressive in what we are saying, because we are doing something about these things, we are not wasting time. The matters in relation to the construction of the Judicial Centre and the Hometown Complex, and in relation to all the Government buildings, have been put in the hands of the professionals who have to deal with the matter. I am only a professional in one respect, I am not a professional in relation to building and architecture and so forth, and the professionals have to do their work; I cannot do that for them. We have to respond in the period, in the time that the professionals give us in relation to what they are doing.

I believe we should soon have the final plans for the Hometown Complex. We had some preliminary drawings done, but the final detailed plans just before I left here on public business earlier in the month were in the process of being completed. Maybe they are ready now, but I am not in a position to say if they are in fact ready. But suffice it to say that the Government has committed itself to proceeding with the provision of adequate space for the Judicial Centre, for the Hometown Complex and for a number of other areas. What I will undertake to do is to give a full and comprehensive statement and report on all of this in the fullness of time.

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

Mr. SPEAKER: Order No. 3.

THE CENTRAL BANK OF BARBADOS (AMENDMENT) BILL, 1989

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, this Bill seeks to amend the Central Bank of Barbados Act, Gap. 323C in order to abolish the post of General Manager and to create two posts of Deputy Governor.

From time to time, Sir, it becomes desirable to make some changes in the structure and organisation of institutions, depending upon the needs as perceived by management, and in this particular case the management of the Central Bank has proposed that there should be a small restructuring in respect of the top posts in the Bank itself. These relate to the post of Deputy Governor and the post of General Manager.

The existing Act makes provision for the post of General Manager and the proposal is that that particular post should be abolished and that two posts of Deputy Governor should be appointed. I am fully in support of this particular proposal, Sir, and the Cabinet of Barbados is in support of this particular proposal. In any event, the term of General Manager in respect of financial institutions does have a ring about it that does not appear to be the right ring for a financial institution and we prefer to go with the designation of Deputy Governor. It is a designation that is known to many Central Banks and we are therefore recommending that proposal to this Honourable Chamber.

The Bank of course is a very important institution. It is a corporate body in this country. It has a number of functions to perform and I would just indicate some of these, Sir. According to clause 5 of the Central Bank of Barbados Act, the purposes of the Bank are -

- (a) to regulate the issue, supply, availability and international exchange of money;
- (b) to promote monetary stability;
- (c) to promote a sound financial structure;
- (d) to foster the development of money and capital markets in Barbados; and
- (e) to foster credit and exchange conditions conducive to the orderly and sustained economic development of Barbados.

The Bank, Sir, ever since its establishment has been seeking to implement those purposes and I would say that both in respect of those purposes and in respect of the

it is not doing well. That is the long and short of it - looking for ways and means of finding areas to criticise when in fact they should be seeking to praise the Government for the good management of the economy. That is where we should be. Where we have problems, we will deal with those problems. Let us look at successes and problems together and I challenge the Opposition over there.

Asides.

Rt. Hon. L. E. SANDIFORD: I challenge them to look at the development in a balance way, not in a jaundiced way.

Asides.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I think we need a renewal of patriotism in this country. I think we need it. I have to restrain myself, Sir, because I believe that one has to speak with a measure of balance. But I certainly hope that I would not live to see the day when a Minister of Finance would be leaving this country seeking to raise funds on the capital markets and people in this country would write to those sources out there to indicate that money should not be loaned to Barbados. I hope that I would not live to see that happen. Mr. Speaker, I will not say anything more on that particular issue.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, the Prime Minister has now made a very serious charge of lack of patriotism....

Mr. SPEAKER: Are you on a point of order?

Mr. D. A. C. SIMMONS: I am on a point of privilege, Sir.

Mr. SPEAKER: Privilege!

Mr. D. A. C. SIMMONS: He is seeking to say that Members of the Opposition Party (and we are in the Opposition, Sir) are engaging in acts which if not unpatriotic are certainly of the most scurrilous that one could imagine. Even though we are in the Opposition, we have pledged loyalty to the country and the Queen and we will have differences in here and we will fight them hard on matters of policy. But I think, Sir, if the Prime Minister is going to go to the extent of suggesting that people in the Opposition would deliberately contrive to destabilize the country and to give it a bad name overseas by doing whatever they are doing.

Asides.

Mr. D. A. C. SIMMONS: The Prime Minister obviously has the facts. I think he has a duty to let the country know clearly who is engaging in this type of - I do

not want to say seditious - I just say insidious conduct. I wish to say on behalf of the three in the Barbados Labour Party Opposition that I challenge the Prime Minister to tell this House positively whether either one of the three of us here is guilty of the strictures and the allegations of which he speaks. I am not prepared any longer to take their suggestions and hidden slanders about the character of Members of the Opposition, Sir. We suffered terribly going down and I am not putting up with it anymore. I want the Prime Minister to make a clear statement. He has raised the matter and I think he has a duty. If we are involved, let the country know that we are involved.

Mr. R. P. B YER: I would like to associate myself with the remarks made by the Member for St. Thomas.

Mr. SPEAKER: You have risen on a point of....

Mr. R. P. BYER: ... On a point of privilege, Sir. In so far as they relate to the National Democratic Party, since the other three Members of this party, Sir, who are Members of Parliament are not here today, I will have to enter caveat on their behalf. I throughout my very limited parliamentary life have always sought to walk the high ground of politics and I have always sought to speak my mind whenever occasion requires, whatever the consequences, even if certain people consider me to be their enemy. That does- not bother me, Sir. Certainly, if allegations of this kind are to be made about behaviour which I certainly do not wish to associate myself with, then I believe the Prime Minister ought, as it were, to make a clean breast of it. Sir, that is all I have to say.

Mr. SPEAKER: My position on this matter will be this. If what is said by the Member for St. Thomas is true, then I would be guilty of not protecting Members on this side. On the other hand, I did not conclude that the Prime Minister when he made reference that he specifically pointed to Members in this Chamber and I think that is where the problem would lie. If he specifically meant Members on this side in the light of what the Honourable Member for St. Thomas said in terms of slander and things of that nature, then I cannot accept the statement. But my understanding is that the Prime Minister did not specifically lay the blame on any Member in this House.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I would like to make it abundantly clear that in my references I did not refer to any person in this Chamber. What I did say was that I believe that there is a need for a renewal of patriotism in Barbados and that I hope that I would not live to see the day when there would be people who would do something like that. No reference at all to anyone in here. Anyhow, that is what I have said.

Asides.

Rt Hon. L. E. SANDIFORD: Sir, I made no reference at all to this. Sir, the Member for St. Thomas is right. I have the information. It really hurts me that persons would go to such an extreme in pursuit of whatever objectives they may have. As I said, there is a time and a place and another platform on which these things will be canvassed. Let me make it abundantly clear again, Sir, that we day and night have been seeking to keep this economy on an even keel and that whenever the statistics come out they demonstrate a measure of expertise, good management and success, and that when problems occur we seek to deal with those problems. I will now say no amount of posturing by the Opposition in here or the opposition outside will stop this Government from taking the steps necessary to promote economic and financial advancement and progress in this country. 3.55p.m.

As I have said, Mr. Speaker, the proposals in the Bill that is before us are intended to improve the management structure of the Central Bank and I am pleased to move that this Bill be now read a second time.

Hon. B. M. TAITT: I beg to second that, Sir, and reserve my right to speak.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, if I may first get some procedural matters out of the way. . . and following the debate last week without reflecting on it, I would just like to inform you and the Chamber that with the concurrence of the learned and Acting Leader of the Opposition and my friend, the Member for St. George South, I shall be speaking first in this debate on behalf of the Opposition and therefore I am seeking the privileges that attend that particular function. I say that as a procedural matter to pre-empt any particular difficulties that may arise in this particular matter.

Secondly, Sir, as regards the specific legislation that is before the House, and if we may get it out of the way, the legislation as the Prime Minister has said seeks to change the nomenclature and increase the number of top posts in the Central Bank. On the face of it we do not have any particular difficulty with that matter. It is standard in other jurisdictions that you should have Deputy Governors of the Central Bank and in a sense Barbados is coming into line, if one may put it in that form, with what pertains elsewhere.

There are, however, Sir, a few minor issues which one may want to raise. Under the existing legislation which is to be amended, I think at clause 11 of the Act, the practice was that the Governor and the General Manager of the Central Bank were both appointed by the Minister, and there was a good reason for this, because the Act also stipulated in many other various places that the General Manager of the

Central Bank would act and assume the functions of the Governor of the Bank in the absence of the Governor himself.

The substantial change that this piece of legislation will create is that while it will retain the existing provision that the Governor will be appointed by the Minister, it now makes provision for the two Deputy Governors to be appointed by the Board on the approval of the Minister. The particular point in issue here is that the legislation still retains the provision that one of the Deputy Governors will act as the Governor and assume the functions of the Governor in his absence. And one wonders, if we recognise that to the extent that the Governor has to be appointed by the Minister, why it is not clearly recognised as well that a person who at any time must act as the Governor of our Central Bank should also be appointed by the Minister and not by a Board.

What this Act has done, Sir, in short is that in a sense '• it has led to a diminution of the power of the Minister of Finance in relation to the appointment of the Governor and any person who will act, for whatever period, as the Governor of that institution. Mr. Speaker, we are not here creating a controversy about it, we are recognising that this is the intent and the effect of the legislation. We know that there are some people in the Central Bank who love to see themselves as creatures of the Minister of Finance. There may be others who do not, but if I may state my own personal position in the matter - and as I say it is not a matter that is really contentious - I believe that the post of Governor of the Central Bank occupies such a tremendous position in the management of the economic affairs of this country that any person who is to be appointed to that post, whether in a substantive position or to act as the Governor of the Central Bank should be appointed by the Minister and not by a Board. If the Government wants to have it that a Board should appoint a person to act sometimes as the Governor of the Central Bank with the approval of the Minister, and if they want to lessen the powers of the Minister in this particular respect, thy way not mine. But I am only stating my own position that I would prefer to see in every situation where anybody is going to act as the Governor of our Central Bank, that that person's appointment should be explicitly by appointment of the Minister of Finance. That is my position as regards the particular change that is now today being brought by the legislation which the House is being called upon to approve.

It is not a massive point of issue, Sir. It is in my view a point of principle. It does not in itself detract from the fact as well that the Central Bank of Barbados, if I may say so publicly, has really emerged as a centre of excellence in the Caribbean. It is an institution of which Barbados can be proud. It is an institution which in many respects leads all other institutions of its kind in the region as regards not only the timeliness of its reports, but also the range of its

publications. We live in societies which perhaps tend to be anti-intellectual, and it is to the credit of the Central Bank of Barbados that over time it has built up a tremendous range of scholarship that has been of tremendous guidance, Sir, not only to policy makers but to members of the academic community both in Barbados and the rest of the world.

I want, therefore, Mr. Speaker, to say, since the Prime Minister has been silent on the matter, that I trust that the two persons who will fill the posts as Deputy Governors of the Central Bank will be Barbadians, reflecting the fact that we have largely drawn upon Barbadian expertise to build up an institution of excellence. I make that point very deliberately, Sir, because I myself understand what can happen in institutions where the scope for promotion is very limited. You ask people to do excellent work and then they find that their scope for career advancement is blocked. It leads to institutional underdevelopment because people then have to look to their own devices to advance their careers. And if there is any inclination in the Central Bank, I want to say here this afternoon, to fill top posts by persons who have not contributed to the development of the excellence that the Central Bank has developed over the years, if there are persons who have not contributed to that excellence who are now holding top posts, I would just want to say that I do not support it and that I want to see the Central Bank as a place where Barbadians of excellence can reach the top as well. The Central Bank has good staff, Sir, and that staff must not be suppressed. They must be given every opportunity not only to reach the posts of Director of Research and Deputy Director of Research, but they must also have the opportunity to reach the level of Governor and so on, and so forth.

Mr. Speaker, Sir, the Prime Minister has just returned, as he reminded us, from Malaysia where he had the opportunity to rub shoulders with a number of other Prime Ministers. It was clear from his presentation that he was very heavily influenced by the Iron Lady of Britain, Mrs. Margaret Thatcher. 4.05 p.m.

Hon. B. M. TAITT: Mr. Speaker,, on a point of order, the Honourable Member is misleading the House. Having myself heard the Prime Minister, I heard nothing in what he said which could even remotely suggest that he could have been influenced by the dragon lady, the iron lady or any other lady in Kuala Lumpur.

Mr. O. S. ARTHUR: If not influenced, I want to put to the House in all seriousness that the Prime Minister might have been impressed by the technique and style and obdurate nature of the iron lady of Britain. She like the Prime Minister as we know occasionally gets rid of a Minister of Finance in order to please an adviser, and he, Sir, is also showing a sense of obstinacy as regards the course on which he is set, and he is also showing a glib

misunderstanding of the nature of the economic problems which are facing this country.

One of the things that struck me with the Prime Minister's presentation is that he seems not to be in touch with what is happening in Barbados, that you can in some sense relate the fact that there are problems in Barbados to the fact that there are problems happening elsewhere. There are economic problems and there are economic problems, and we would expect that countries will experience economic problems, but there are some economic problems which bug so heavily in the context of certain kinds of economic systems, that their severity and their occurrence just simply cannot be ignored when they occur. For example, Sir, we heard our Minister of Finance equate the fact that the United States of America has a trade deficit with the fact that Barbados has a balance of payments problem. We simply cannot equate the two. The United States of America, Mr. Speaker, operates a currency that is [^] convertible, and it can pay for part of its imports in United States dollars. But Barbados does not have such a latitude. Equally, Mr. Speaker, the United States of America in some respects benefit from the fact of its import, because a large proportion of its imports are goods produced by its own corporations in other countries of the world, and when it imports those goods, Sir, it is benefiting American corporations. So when our Prime Minister and our Minister of Finance tells us- that there are problems elsewhere and [^] therefore if there are problems in Barbados it is no big thing, he is giving this House a misleading impression of the weight that we should attach to particular types of economic problems.

I want to say to the House this afternoon, Sir, that the record of all small developing countries in the world, and the record of all small developing countries in Caribbean societies, is a record of countries which fail to deal with balance of payments problems as they arise. And their failure to deal with those balance of payments problems, Sir, commit the countries in consequence to severe long term disequilibria, commit the countries to stagnation, recession, and inability to maintain their production systems; and the point I am coming to, Mr. Speaker, is that whenever a balance of payments problem arises in this country, given the nature of our economy, we have to regard it as an especial problem. And I am disappointed, Mr. Speaker, given the record of all other small developing countries which have been reduced almost to ruin in this [^] region by the severity of balance of payments problems, that our Prime Minister would want to equate our balance of payments problem in Barbados of the nature that we are experiencing today with just any other economic problem. We cannot do that in the context of these types of societies, and therefore when this Opposition, Mr. Speaker, - and I speak of the totality of the Opposition on whose behalf I speak - refers to a severe balance of payments problem in this society, we are asking the Government not to treat it as any other problem. [^]

Hon. B. M. TAITT: Sir, on a point of order, I just want to be clear in my own mind. Is the Honourable Member saying he is speaking on behalf of the NDP? I think it is very important in the light of the debates we have. And I don't want to hear anybody sucking their teeth unless they are in this Chamber. He said he is speaking on behalf of the whole Opposition. It is an important point that we know if he is speaking on behalf of the NDP and he should so say.

Mr. O. S. ARTHUR: Mr. Speaker, I know that the Honourable Member for St. Michael West has this tactic of whenever you are speaking and he does not want you to proceed, he wants to break your concentration, and I regard his intervention in that light.

Mr. SPEAKER: The Honourable Member can take recourse to what I have said before. Political parties do not exist in Parliament, so you speak for the Opposition in Parliament.

Mr. O. S. ARTHUR: But, Mr. Speaker, I do not feel embarrassed in having to say this evening that of late the issue in Barbados is that two parties have been referring to Government's attention the fact that there is a serious balance of payments problem in Barbados. That is a matter of fact; it is a matter of public record in Parliament and out of Parliament. And if, Mr. Speaker, that means I am speaking on behalf of the NDP because I have said so, let it tie so.

The point I am making, Mr. Speaker, is that it is ridiculous for a Minister of Finance in the context of a small society like Barbados to believe that a balance of payments problem of unusual severity can be treated as you would treat any other kind of economic problem. And I want to go further. I want to say as well, Mr. Speaker, that this Government, despite the bland and glib presentation that the Prime Minister might have put forward, is running out of economic options, and also that we are about in Barbados to enter upon our winter of discontent in this country, a winter of discontent that will be manifested in the austerity that people in Barbados will have to face because of the refusal of the Government to deal with its balance of payments problems early, and because of the Government having to be put in a position of having to take unusually austere measures to bring the situation under control.

want to say that there is a credibility gap surrounding the manner in which the Government is handling the economy, because at the same time that the Government is telling the country that there is no big problem in Barbados to be addressed, it is in fact executing the very type of economic policies that one only resorts to when the economy is under the most extreme pressure and that particular gap, the difference between Government's statements about the economy, the Government's refusal,

Mr. Speaker, to acknowledge that an economic problem exists, and the nature of the measures that it is executing is what is in fact undermining the functioning of the Barbados economy today. The rest of Barbados, Mr. Speaker, apart from the Democratic Labour Party, all of the people downtown know that this country is facing a very serious economic situation, because the balance of payments permeate every part of the economy in a way that nothing else does; and Government is telling them that there is no problem on the one hand, while on the other hand it is instituting measures of a most severe kind to suggest that problems do in fact exist; and whenever Government creates that kind of credibility gap between what it is saying and what it is doing, despite what the Democratic Labour Party would have us believe, it undermines confidence in the economy and makes the economy more ungovernable and more unmanageable. And if there is a serious economic problem in Barbados, that problem has nothing to do, Sir, with growth; it has to do with the fact that people are left to read the conflicting signals that this Government is sending, and that they are expressing a lack of confidence in the economic management of this country's affairs.

In addition, Sir, it is as if this economy is being operated by way of remote control. The Prime Minister had the opportunity today to give a full and a serious account of problems that despite what that side may want to say are troubling Barbadian people whether they are investors, whether they are people in the distributive sector, whether they are people in the agricultural sector, whether they are people who are pensioners, whether they are the ordinary householders in this country. The Prime Minister had the opportunity to speak in a forthright way on these matters, and part of the problem with this economy is that the Prime Minister seems as if he does not want to come in contact with the problem. It is as if for the first time a Minister of Finance and a Prime Minister wants to leave it to a Governor of the Central Bank under pressure to speak occasionally and under pressure to take a step here and a step there. And I state to the House, Mr. Speaker, that that is not any way to run a serious economy. 4.15p.m.

This economy needs strong handling and this remote control approach with the Prime Minister ducking away from the problem, and does not want to speak about it except in the most good terms, is part and parcel of our economic problem of today. I am embarrassed.

Mr. SPEAKER: Order, please.

Aside.

Mr. SPEAKER: I have already said that I will not permit interruptions when another Member is speaking.

Will the Honourable Member just keep quiet? I am asking Honourable Members not to interrupt the Honourable Member.

Mr. O. S. ARTHUR: I hear my Prime Minister and my Minister of Finance today speak and take refuge in things like growth. Nobody in Barbados knows what the growth rate is.

Asides.

Mr. O. S. ARTHUR: Nobody in Barbados knows for sure and I speak today, Sir, as a professional economist. Nobody in the Central Bank today knows what the growth rate is. What the Central Bank is citing as the growth rate is not based upon any reports or surveys. It is a broad estimate.

The Honourable Member for St. Michael South East would do well to listen. Even at that end of the calendar year the Central Bank is not really in a position to tell you for sure that the economy has grown by 2% or 3%.

I remember, Sir, in 1986 the Central Bank came up with an estimate of growth at the end of the year of minus 2.5%. Within two weeks, based upon consultations with the Department of Statistics, that had been changed, Sir, to 0.5% which is what we presented to this House prior to the Election, Sir, and within a year when the final reports came in, the economy of Barbados was shown to grow, not by minus 2.5% as the Central Bank was suggesting, but by 1.5%.

The point I am making here, Mr. Speaker, is not only that nobody really knows for sure but that you can sometimes have situations of economic growth which are based upon the choice of the wrong policy and that you may have success only for a short period of time but that you eventually have to pay the price and it is for that reason that the most significant thing that the Minister of Finance had said in this debate is that the problems being* experienced by the Barbadian economy is as a result of the success of the policies.

What is the success of those policies? What are the problems with the success of those policies? That the Democratic Labour Party has tried to run this Barbados economy by pumping up domestic spending and that you will get growth for a while if you do that, but, eventually, you are going to lead and find yourself into a serious balance of payments problem.

When the Democratic Labour Party agreed in 1987 to remove credit controls... yes, you opened the flood gates to domestic spending and you will have growth for a time but, eventually, the piper has to be paid and the piper is being paid today because of increases in domestic spending, Sir, and it is a truth.

Aside.

Mr. O. S. ARTHUR: The Democratic Labour Party Government agreed to remove all credit controls so the policy was, "Let us pump up spending in the Barbadian economy". We are today, Sir, facing the results and the unfortunate tendencies of three years of misguided policies by the Democratic Labour Party which says that the best way to run a small economy is to find a way of increasing domestic spending.

What we are reaping today, therefore, Mr. Speaker, is that we are paying the final price.

Aside.

Mr. SPEAKER: I will still repeat, no interruptions. I will probably have to ask Honourable Members...

Mr. O. S. ARTHUR: We are today paying the final price in many respects for the series of policies instituted by the Democratic Labour Party, to run this small economy in a particular direction.

Aside.

Mr. O. S. ARTHUR: I will deal with these things. We are paying the price, -Sir, as well, for a series of mistakes in relation to budgetary indiscretions, particularly, those which have occurred in the last two years and I want that clearly to be understood.

I am disappointed, Mr. Speaker, that given the role that all of us know that balance of payments bear in small economies, that the Minister of Finance has not spoken in a very forthcoming way on it. Barbados deserves a serious discourse on it and the matter is so serious that at Clause 26, Section 3 of the Central Bank Act it is made a statutory requirement:

"If the Reserve of External Assets has declined, or in the judgment of the Board of the Central Bank appears to be in danger of declining,"

Not just "have declined" but "appears to be in danger of declining"

"so as to jeopardise the adequacy of such Reserve, the Bank shall submit to the Minister a report on the reserve position and the causes which have led or may lead to such a decline, together with its recommendations concerning the measures it considers necessary to forestall or otherwise remedy the situation."

The drafters of this legislation, Sir, understood what the Minister of Finance seems not to understand - not only that you should even go to the point of forestalling the

occurrence of balance of payments problems in societies such as ours. And they wrote it into the Act making it a requirement of the Central Bank that if, in its judgment, not only that reserves were declining, but instead that reserves could fall, that you should bring it to the Minister's attention by way of a report indicating causes and telling the Minister what were the appropriate policies to be pursued.

I must ask this afternoon, after hearing the brief that the Minister read, whether the Minister had complaints from the Central Bank of Barbados under Section 26 of this Act, Mr. Speaker, whether, in fact, he has had a full account of the nature of our reserve problems in this society, whether he has had an explanation from the Central Bank as to the factors which caused those declines in the reserves and whether, as required by this statute, he has had a comprehensive set of recommendations as regards the measures that should be applied. Because if the Bank has complied with what is required by law, we have, certainly, this evening, Mr. Speaker, not heard it from the Minister of Finance.

Therefore, Mr. Speaker, I believe that at this juncture in our history Barbados has to take the necessary measures not to compromise or jeopardise the future of this society by doing whatever is necessary to protect our external position.

The reserve position, Mr. Speaker. The Minister of Finance chose not to talk about it but he should have told us, not only that the reserves have fallen, and it is what the debate is about, Sir, but the suddenness of the reserves fall and the depth of their depression which must suggest themselves as a cause for concern of any serious Government.

Whenever, Mr. Speaker, reserves in Barbados fall by as much as \$150 million in six months, Barbados has a very serious problem and that is our reality today that despite what the Governor of the Central Bank might have been saying, the immediate problem that has to be addressed is that in the last six months of the year, Barbados reserves have, in fact, taken a very steep drop in a very, very short time. 4.25 p.m.

Mr. Speaker, Sir, you would better understand it if you were to read here for yourself the basis on which the Governor of the Central Bank speaks. It is true that at the end of December, Sir, our reserves were \$350 million and he has worked out that they have fallen by \$104 million, because at the end of September, Sir, our reserves were perhaps \$247 million. But there were two intervening periods. Our reserves increased between January and March by \$50 million but then they have subsequently fallen between April and September by \$157 million. The

Minister of Finance has to look at all of the factors which surround that fall in the reserves.

One fall which the Minister would do well to talk about, Sir, is the fact that savings in Barbados have not only slowed, but savings in Barbados have started to decline. The facts are set out in the Economic and Financial Statistics of the Central Bank of Barbados. Let me read them for you, Sir.

Commercial Bank Deposits - Saving Deposits, Mr. Speaker, I will find the statistics for you in a minute, Sir. Saving Deposits by private individuals, Sir, increased in the first three months of the year by \$23 million, Sir. At the end of April, Saving Deposits in Barbados, Sir, were \$799 million. They went up to \$803 million in May but by the end of July Barbados had \$3 million less in the bank. It is not only that the rate of savings has started to slow, but Barbadians have in absolute terms started to save less. A serious Government would want to investigate and explain to itself, the country, and this House what set of circumstances can explain a situation in which a society that has consistently been saving now finds itself with not only the rate of savings slowing but the absolute amount of savings that our people are putting into the bank actually declining. In a sense, Mr. Speaker, every balance of payment problem, Sir, is caused by excessive credit creation. It is a matter of fact. Part of our problem is that Barbadian people are saving less arid they are borrowing more. The question that the Minister of Finance must address is what kind of factors explain this peculiar situation facing this country in which our people are now saving less in absolute terms and therefore having to be put to the necessity of borrowing more. Is it, Mr. Speaker, to do with the fact that their real disposable incomes have been massacred by three years of serious taxation? We all know, Mr. Speaker, that if the people are spending it in the supermarkets, Mr. Speaker, then their capacity to put the money in the bank will be to that extent reduced. I am charging, Sir, that the decline in rates of savings and a decline in the rates of deposits in the banking system is a fundamental part and parcel of the economic problem that this society is experiencing today. At the same time as we have stopped saving, we have been forced to borrow more and that the drop in savings, Page 29 - Commercial Bank Saving Deposits by Depositors... it is a serious trend - saving deposits by private individuals. The Government has to examine its own fiscal policies and determine whether it is a truth that the extent of taxation, Sir, as introduced is now making it virtually impossible for the people of this society to save.

Mr. Speaker, Sir, let there be no doubt that the Minister wants to tell us how good times were as compared to how times were before. I say as a matter of fact, Mr. Speaker, that Barbadians saved more in the first six months of 1986 when times were supposed to be bad under the Barbados Labour Party than they did in the first six months

of 1989 when times are supposed to be so good, Sir. In terms of saving deposits, they did in fact save more, Sir.

Asides.

Mr. SPEAKER: I am asking Members to.....

Mr. O. S. ARTHUR: But it is a fact, Mr. Speaker, that we cannot at all dissociate the need for increased credit in the Barbados society to the punitive taxation policies that have been introduced by the Democratic Labour-Party. It is a fact and there is need for a major revision in the fiscal policies of this country, Mr. Speaker, if we are going to get back this economy, Sir, in any particular shape.

I have already, Mr. Speaker

Asides.

Mr. SPEAKER: Order please. Order please.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I would not expect the Members on the other side....

Mr. SPEAKER: I will deal with the Members when they interrupt you. I prefer you to address me and keep going.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, it is very sad that Members on the other side are not in touch with the economy, but it is the truth. It is the truth, Mr. Speaker, that this economy saved less in the first six months of this year than it saved in the first six months.....

Asides.

Mr. O. S. ARTHUR: In commercial banks, that is what I said, Sir. Can you show me the numbers on Credit Unions?

Asides

Mr. SPEAKER: I am asking Members not to interrupt another Member. Every Member will have an opportunity to make his contribution.

Mr. O. S. ARTHUR: Mr. Speaker, I am saying on the basis of the information provided on the Barbadian economy, Sir, that saving deposits in commercial banks in this country have fallen in absolute terms since April of this year and that in absolute terms, Sir, this society saved less this year than it saved in 1986. That is a fact.

The Honourable Members on the other side, Sir, do not know what is the situation with the Credit Unions. They cannot show you the information, Sir. They speak

hypothetically. But there has been a serious erosion, Sir, in real incomes in this society caused by the punitive policies of the Democratic Labour Party.

Mr. R. L. MORRIS: Mr. Speaker, on a point of order. The Honourable Member did not cite the pages or the columns from the Economic and Financial Statistics, September 1989. I, therefore, have certain difficulties in following what he was saying in terms of the formulations, predictions, and projections he was making. That is why I was asking him to clarify what he was speaking about. Table B-15 of Page 27 looks at commercial banks total deposits by depositors. In Columns 1, 2, 3, 4, and 5 for private individuals, I believe that is the column he is talking about, private people savings. You can see a tremendous growth from the period of April. That is the total deposit by depositors. The Honourable Member for St. Peter has chosen to look....

Mr. SPEAKER: Yes, but the Honourable Member, as you said, did not cite a page. So it is very difficult for me to make a decision whether he is speaking on the same thing that you are speaking on.

Mr. R. L. MORRIS: But the logic of what he is saying is this. He is saying that we are saving less. In fact, he is quoting from a table that looks only at time on Page 29.

Mr. SPEAKER: He would have to state the page to which he is referring before we can decide.

Mr. R. L. MORRIS: But the impression, Sir, is that if we are giving information in this Chamber

Mr. SPEAKER: Well, I take the point you have raised. I take the point.

Mr. R. L. MORRIS: Thank you very much, Sir.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am speaking from Page 29 of the Central Bank Report, Sir, Commercial Banks Savings Deposits by depositors, a column called "Private Individuals". If I may tell you, Sir, the figures are January to April - \$799 million, May \$803 million, and July \$800 million, Sir. As it pertains to business firms, in January of this year, Sir, \$15.1 million and by July \$8 million. That is the point I am trying to make that there has been a slow down in the rate of savings and the Government will do well to pass the point that part and parcel of the need for excessive credit creation in the country is because of the pressure on incomes and that the banks are in a position, Mr. Speaker, where the deposit rate is slowing. There is a greater demand for credit and that is part and parcel of the problem that the country is facing today. That is the point I am making.

I am making the additional point, Mr. Speaker, that the nature of Government's response to this particular

problem, Sir, has been grossly inadequate. I am of the fundamental view, Sir, that what is important is not that balance of payment problems arise. All small economies throughout the Caribbean are prone to balance of payment problems, Sir. They are prone to balance of payment problems because of their smallness, because they have this narrow resource base and produce a narrow range of goods and have to import a wide category of imports. 4.35 p.m.

By their intrinsic nature they are prone to balance of payments problems and what separates good management from bad management is not the fact that these problems arise from time to time, but the timeliness and speed with which these problems are addressed.

We have had the experiences, Sir, of other Caribbean countries to draw from. The records must surely show that in the case of Jamaica a balance of payments problem that started in 1974 was only addressed in 1977. All balance of payments problems start as liquidity problems - a shortage of foreign cash - but they can eventually lead to something else: a collapse in the production systems because the shortage of foreign exchange will eventually create a situation where you have to stop importing raw materials, you have to stop importing capital goods, and that is the reason why we must deal with a balance of payments problem in a timely fashion.

Jamaica did not deal with the balance of payments problem in a timely fashion. It postponed its hour of decision and what was a liquidity problem and could have been addressed as a liquidity problem was allowed to become something else leading to the collapse of its productive sectors. I am not reflecting on Trinidad, Sir, but in the case of Trinidad we have seen the same form of refusing to deal with this most serious problem in a timely way, that you had the problem created three years ago but the Government tarried and played with the problem, to the stage where what was just merely a problem of cash became a problem leading to the disintegration of the structure of production.

Those of us, therefore, Mr. Speaker, who are speaking of the need for the Government to deal with the balance of payments problem in a timely fashion have in mind only the patriotic desire to prevent Barbados from going the way of other countries which have done what this Government would want to do.

Mr. Speaker, I have spoken throughout the summer on this matter, not because I want to destabilise the Barbados economy but because I no longer want to live in a society in which, the plague of balance of payments difficulties prevents the country from going forward. I know better than anybody else in this society what is involved in living in a society which has suffocated by reason of the lack of foreign exchange.

Aside.

Mr. O. S. ARTHUR: You can deal with any propaganda that you want to, but I know, Mr. Speaker, more personally than anybody else in this House what it means to live in a society that has suffocated itself by reason of unavailability of foreign exchange. If we have had to pressure the Government, it is not because we want to destabilise, but because the Government shows itself prepared first of all to want to say that the problem did not exist at all. Even today, Sir, I am having serious doubts as regards whether the Minister of Finance understands the extent of the problem that faces the country.

Aside.

Mr. O. S. ARTHUR: I am getting some response from the Minister of Finance who is ordinarily very mannerly and courteous in debates. He does not normally issue a word in this House.

Mr. SPEAKER: Is he not mannerly and courteous? I would hardly permit that kind of behaviour in this Chamber, but I would advise you to address myself and nobody else.

Mr. O. S. ARTHUR: Mr. Speaker, the point which we are trying to get across is that there seems to be a reluctance on the part of this Government first of all to recognise that it is faced with a problem. It has to be pressured into saying something about the situation. When it has said something about the situation, the other Minister of Finance had issued statements which had only, in my view, served to confuse the issue, and then when they had instituted policies, the policies have been policies which have left people to wonder what the Government is about.

I want, therefore, to turn to the manner in which the Government had been dealing with the problem that it wants to tell us in this House does not exist. It must be clear to the Government that it has to use a range of policies to deal with this balance of payments situation. The Government prefers to drag out these policies, Experience will show that the worst possible way to deal with a balance of payments problem is to drag out your policies, because you leave people to speculate in foreign currency transactions if you drag out your policies in such a way that they cannot truly anticipate what you are coming with next. People will speculate, and the proper management of the balance of payments should really ordinarily require a Minister of Finance to minimise the need for people to have to speculate in foreign exchange, because speculation in foreign exchange can also create its own problems.

The Government is obviously now committed (and since the Minister has not explained it we perhaps must discuss it) to a programme by which it wants to reduce credit creation in the society. It recognises, Mr. Speaker,

that it therefore has to control in some respect the amount of credit that the commercial banks are creating. How has the Government sought to do this? First of all, Sir, it changes the bank rate, the rate at which the commercial banks borrow from the Central Bank when they run short of cash. So that a commercial bank would find itself in a position where if it runs short of cash, rather than borrowing at eight and a half percent as it could have done in the past, it must borrow now at 11 and a half percent. But surely, Mr. Speaker, if you are going to have an interest rate policy, have an interest rate policy. But you cannot have part of an interest rate policy and not deal with the rest of it.

I want to ask the Minister of Finance, Mr. Speaker, if under compliance with section 26 of the Act it is not true that the Central Bank of Barbados has put before it a complete interest rate policy, and if it is not true that this Government has only sought to execute part of that interest rate policy leaving people who have to deal with foreign exchange and credit to wonder what the Government will do next. I want to ask the Minister if that is not true.

The point that the Government wants to miss, Sir, is that in economic management there are certain logical consequences and logical relationships between themes, and if you are asking the Central Bank to accept an increase of the interest rate at which it must borrow, by logical extension the commercial banks must expect that there will be a change in the rate at which they must lend. That is so logical, Mr. Speaker, so simple, that one begins to wonder how these connections between themes can miss this Government. Therefore I must put the question again, has an important interest rate policy under compliance with section 26 been put to Government? And what is the Minister of Finance going to do in relation to the total interest rate policy that is implied by the change in the bank rate?

I will tell you, Sir, what might happen. By changing one interest rate, the rate at which the banks can borrow, but not changing the others, you will force the commercial banks to lend only for certain types of activities. But worse, the commercial banks have traditionally been holding excess Government securities. If the Government puts the commercial banks in a position where they now can only borrow from the Central Bank by incurring a loss, the most simple thing for the commercial banks to do is to unload the excess holding of Government securities on the Central Bank, forcing the Central Bank to do precisely what you do not want the Central Bank to do - to have to print money to purchase Government securities from the commercial banking system. That is precisely why we have to insist that the Minister has a responsibility to this House to tell us what is his total policy.

We do not want to have a situation where the whole relationship between things breaks down to the point where people have to, by guessing what the Minister of Finance

intends, undertake extraordinary economic policies that will hurt the Government of Barbados. I do not want to see the commercial banks of Barbados so unload their excess holding of Government securities on the Central Bank leading to the printing of money, as to put even more pressure on the Central Bank. But the Central Bank's policies to date would put them in that position.

My only comment is that I would prefer to see a comprehensive approach rather than a piecemeal, step by step approach, because in formulating economic policies every step you take sends a signal, and it is better to put the whole thing together rather than to have piece today, piece two weeks from now, another piece two months from now, because you are sending conflicting signals.

The Government has now also decided to institute selective credit controls. As early as August, Mr. Speaker, I made the point to the Government that if it were to analyse the position it would see that the most serious growth in credit has been credit for personal reasons and to the distributive sectors and that it had to link the fall in the country's reserves to the increase in credit in the economy, and that what it should have done, it should not have felt embarrassed, it should have reinstituted long ago these credit controls because they should not have been taken off in the first place.

I have, Mr. Speaker, a document that has been prepared by the Central Bank of Barbados, and if you read this, one of the ways in which we have managed this economy is by making sure that we have never allowed import intensive personal credit or credit to the distributive sector to run free. The Barbados Labour Party does not believe in that, but we have kept it under control. Sometimes we have increased it, eased the controls. This is set out here in a document called A Chronicle of Central Bank Policies from 1977- The Barbados Labour Party had instituted selective credit controls on personal credit and credit to the merchants.

Aside.

Mr. O. S. ARTHUR: I am going to develop my point. The Barbados Labour Party, Mr. Speaker, used selective credit controls to make sure that circumstances should not arise where the merchant class or spending for personal imports put pressure on our balance of payments. Those policies were kept in place and we made judicious changes to them depending on the extent of the liquidity in the banking system from time to time, depending on our strength of reserves from time to time. In June of 1987 when the Democratic Labour Party agreed, to a man, to remove those selective credit controls you were flirting with danger - the Democratic Labour Party as a whole. If the Government had not been so obstinate (and that is why I am calling him all versions of Margaret Thatcher) if they had not been so obstinate and if he had moved earlier to use

controls to make sure that import intensive lending did not proliferate, we would not have had in this country a drop in the reserves by as much as \$150 million.

I am therefore saying that the timeliness as well as the sequencing of Government policy is all wrong, and I hope that in his concluding remarks, Mr. Speaker, if the Minister of Finance has any other policy initiative that he wants to take, because the reserves are still declining, he ought to announce it now.

That leads me, Mr. Speaker, to the defence of the Barbados Labour Party, because what the Barbados Labour Party has done in this country is open to a lot of loose and glib, foolish talk from the other side. The notion of a mini budget in Barbados is misunderstood. We are a small economy, Sir, and the functioning of a small economy is such that it reacts very badly to small shocks. We must not believe ever in Barbados that a Minister of Finance must ever be so intimidated that if he brings a budget in May and circumstances change between May and some part of the year that he must not move with alacrity to change that situation. You must not bind yourself in a small economy into the concrete of a fixed policy, refusing to accept that as circumstances change you must change.

People have spoken disparagingly of the use of mini budgets in Barbados, but those mini budgets were introduced in a timely fashion to deal with circumstances as circumstances required us to deal with them.

I heard Honourable Members speaking about our experiences with the International Monetary Fund, but what has been the result? I am proud to have been part of that programme, because if you will read *The Small Island Economies* by DeLisle Worrell, he makes a very telling point, that the policies that we accepted, that formed part of our programme, were policies independently developed by Barbadian technicians. Read the book yourself and see. The IMF did not tell us about any economic policies, the IMF came to Barbados and found a set of economic policies already in place independently developed by Barbadian technicians. I happened to be one of those technicians. This was recorded for history by a member of the Central Bank in a publication called *Small Island Economies*. The policies were independently put in place.

Aside.

Mr. O. S. ARTHUR: The Member for St. Michael North is just a joker, Sir.

Mr. SPEAKER: I will ask you to withdraw that remark. I have not heard him, nor do I think you should respond to him.

Mr. O. S. ARTHUR: I withdraw the remark, Sir, but let the records of this country and of this House show that

our policies with the International Monetary Fund were policies designed to give us a confirmed line of credit while we put in place a programme of adjustment that would lead to an increase in Barbados' external reserves, and the hour of reckoning has come for those who want that experience. 4.45 p.m.

What was Barbados' experience under the International Monetary Fund programme as measured by the objectives sought of increasing our reserves? What is the experience? The experience, Mr. Speaker, is there for all to see, that our reserves increased substantially during the period when the International Monetary Fund's programme was in place, and increased substantially in the period immediately following the International Monetary Fund being in place in this country, Mr. Speaker. And, Mr. Speaker, the important point about it is that policies were taken in a timely fashion to address a problem which a Government was prepared to say existed in Barbados, and that is what made the difference. The International Monetary Fund cannot go to countries and deal with problems other than liquidity problems, the reason being that the whole character of IMF policy is such that it is designed only to deal with problems of a short term liquidity nature. The International Monetary system, Sir, is rested on two institutions, the International Monetary Fund and the World Bank. The International Monetary Fund is concerned with short term adjustment, the World Bank is concerned with making long term funds available. Those countries which wait until they have fundamental disequilibrium in their balance of payments and then go to the IMF will find that an IMF type policy will not help them, because an IMF policy is not designed to deal with any other than a liquidity problem that can be addressed; and by a liquidity problem I simply mean that there is a shortage of foreign exchange cash caused by credit creation, and an IMF policy will address that precisely because all an IMF policy seeks to do is to control the rate of credit creation in the society. Controlling the rate of credit creation in Guyana cannot help because its balance of payments problem is no longer a liquidity problem; it is a problem having to do with the collapse of its export sectors, and I am defending this evening the Barbados Labour Party's early 1980 experience.

Mr. SPEAKER ordered that certain words spoken by the Honourable Member for St. Peter be struck from the record. 4.55 p.m.

But, Mr. Speaker, Sir, a reference was drawn in early 1980 but I want to read the fact into the record, that it is true that in 1982 our reserves started to decrease. They fell from \$145 million to \$117 million when we went to the International Monetary Fund but by December of 1982 they had gone up to \$193. In December of 1983 they had gone up to \$238 and it continued to increase that by the time we

left office our total reserves were at \$313 million and that is the point that I am making, Mr. Speaker.

The Minister of Finance also made some statements which would suggest that he is not totally in control of the situation as it pertains to the economy. He made statements about agriculture not performing at the level required. The Minister of Finance should say that there is a fundamental crisis in Barbados agriculture.

Aside.

Mr. O. S. ARTHUR: It is a fundamental crisis, not just a small problem that he is glossing over.

Last year, Mr. Speaker, 66 000 tonnes of sugar were produced from 28 000 acres of land under cultivation. This year I am told that 25 000 acres of land are under production of which 1 800 might be forced crop forced back in bad shape.

We are to expect, Mr. Speaker, that the output of the agricultural sector of sugar, particularly, is going to be in the vicinity of between 50 000 and 60 000 tonnes of sugar this year, a level of production that will not allow us to honour our commitments.

At between 50 000 and 60 000 tonnes of sugar Barbados will not be able to honour its EEC obligations, its United States sugar quota and, also, meet its domestic obligations and we could be in this country faced for the first time in 300 years with the possibility where Barbados, if it honours its other obligations, will have to import sugar to meet domestic consumption. That is the crisis, Mr. Speaker.

At Spring Hall in St. Lucy we have evidence of an agricultural policy that has gone mad, completely gone mad, that the Government has taken out all of the sugar from Spring Hall. The Government should go and see what is the former ADC estate that all of the sugar is out of Spring Hall. They have planted cotton and what you have at Spring Hall now is complete desolation, castor bean weeds have completely overtaken the place and if you go throughout the length and breadth of Barbados in agriculture as a whole, there is an acute crisis but the Minister would want to tell us that there is no problem in the society.

He speaks, as well, Mr. Speaker, of a little decline in manufacturing but it is true that Barbados' total exports, of which he was boasting this evening, do not bear any relationship to the levels that are necessary to maintain balance of payments stability in this country.

The truth is, Sir, that for the first six months of this year, Barbados exported only \$125 million in commodities and if you were to analyse that, Mr. Speaker, you will find

yourself in a position where this year, again, our total exports would be, perhaps, no more than \$250 million because the sugar monies have already been included in these exports as compared to the situation four or five years ago when this country was exporting, as a norm \$500 million and \$450 million a year.

I am saying that fundamental to our present difficulties is that collapse in our earnings of export receipts from the sale of goods and that has to be addressed. The Minister of Finance cannot be satisfied with a situation where in an economy like Barbados our export of goods are only \$125 million a year.

I wonder why the Government has not used the same policies in relation to exports of goods as it has used in relation to tourism, that in a country like Barbados, which has a fixed exchange rate, our export policies must be designed to take every advantage in exchange rate adjustment elsewhere. We have the exchange rate incentives.

We have done it in relation to tourism that as the United States dollar weakens in relation to the European currencies, we would, obviously, look to the European market but you look in vain for similar policies in relation to manufacturing and it is so simple, Sir, and you have arrangements with the EEC.

But I have heard as well, Mr. Speaker, from the Central Bank, statements which are extremely misleading in relation to the nature and causes of the declining exports. It is ridiculous for anybody in Barbados to be responsible for the fall in exports and increase in commodities required for the construction activity.

What are the facts, Mr. Speaker? The facts are that for the first six months of the year imports by the construction industry have increased as from 1988 from \$32 million to \$37.1 million in 1989, a mere \$5 million increase in materials needed for the construction industry. But yet the Governor of the Central Bank would have us believe that it is the building boom that is responsible for the decline in the country's reserves. By what particular magic can a mere \$5 million increase in construction material in half of the year cause a decline in reserves to the extent of \$150 million?

Aside.

Mr. O. S. ARTHUR: For the benefit of Honourable Members on the other side who, obviously, as a Government, do not read the statistics as published by the Central Bank, there is a table set out between pages 71-74 entitled "Retained Imports By Broad Economic Categories" and in it you will find a category called "Imports of Construction Material" and if the Honourable Members on the other side would take a calculator and just add up

imports and compare them, they would see for themselves that the country is being misled when it is asked to believe that the increase in imports to support construction can explain \$150 million in decline in our reserves.

The country would also understand, Mr. Speaker, if they would follow the Accountant General's Report, that debt and repayment of debt is at the base of our balance of payments problems because the total amount paid out for foreign debt (and I am using a combination of the Accountant General's Report for this financial year, as well as the Central Bank's Statistics, Sir) between April and August, \$45 million was paid out completely for the service of the foreign debt and between January and March \$36.5 million for Government Debt. Add these two together you cannot come any way near \$150 million. 5.05 p.m.

But yet this Government would want this country to believe that the repayment of debt, Sir, lies at the base of \$150 million in this country's reserves. We must not be surprised by the Democratic Labour Party's approach to debt. Before the Democratic Labour Party left office, Sir, in 1976

Asides.

Mr. O. S. ARTHUR: A lot of people in this country, Mr. Speaker, have been misled. But they believe that when the Democratic Labour Party left office that all it left in this country was \$50 million in external debt.

Asides.

Mr. O. S. ARTHUR: I am not talking about the debt - the repayment of the external debt by the Central Government because you are holding us responsible for that, the repayment not the total debt.

Mr. Speaker, the Democratic Labour Party has always been misleading us about the debt situation. It is now a myth in Barbados that when the Democratic Labour Party left office the debt was only \$50 million. The truth, Sir, is set out very clearly in what is really the authoritative study of the debt by Miss Mary Jeffrine of the Central Bank in the Quarterly Report for December 1980. This is referring, Sir, to a very interesting situation and I am speaking, Sir, from Page 34. It sets out a pattern of the Government borrowing. It is a pattern of Government borrowing, Sir, throughout the years and I came to 1972 and 1973. It says, Sir, in 1972 two additional Euro-Dollar borrowings of \$6 million and \$8 million were drawn and the former loan was merged with the 1972 of \$4 million which was renewed. At the end of 1973 a syndicated Euro-Dollar Loan for \$20 million was made for capital expenditure purposes and here comes the crunch, Sir.

During 1974 a portion of this loan together with the entire Euro-Dollar Loan, borrowings of \$8 million, were transferred to branches of banks concerned. As a result, the external public debt at the end of 1974 dropped sharply. So all that happened, Sir, was that the Government borrowed from abroad between 1972 and 1974 and they entered some creative accounting whereby what was a foreign debt was transferred for accounting purposes. That is a fact.

Hon. B. M. TAITT: On a point of order, Sir. Having been a Member of that Government, for the Honourable Member to say on the Floor of the House that the Government engaged in creative accounting is tantamount to saying that the Government told the country lies about its accounting when he himself said that the Central Bank's figures are authentic.

I know, Sir, that I will have a chance to speak, but he is misleading the House. He cannot do that. He cannot give the impression that the Government fixed the books. That is what he is saying to talk about creative accounting on the basis of an article written by a person and he knows that the loan is converted. The figures still have to show that there is an outstanding debt. He knows that. Do not fool the people who do not understand.

Mr. O. S. ARTHUR: Mr. Speaker, I wish the figures were really showing that because what the figures will show you, Sir, is that in 1974 because of the action taken to show what was borrowed as a foreign loan on the books of the domestic banking sector that the external debt of Barbados, Sir, as Miss Zephirin said, fell sharply but it still had to be paid by us in foreign exchange. Mr. Speaker, he does not want to call it creative accounting.

Hon. B. M. TAITT: Sir, on a point of order. I challenge him to show the correlation between what Miss Zephirin or whoever else says and the figures in the book. He cannot take one half of an equation. Let him show what she says and show the correlation of the published figures to demonstrate that the published figures deal with the point made that the foreign debt dropped sharply.

Mr. Speaker, when I come to speak, I will deal with it, but he must show the correlation. He cannot take up a statement made by person A commenting on something that happened and then say that as a result the conclusion he reached. He must show the correlation if he wants to do that. Let him show it so we can refute it.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Government is not going to deny that in 1973, and he is not denying, that there were loans between 1973 and 1974. So that the central point between 1973 and 1974 was that the external debt of Barbados, Sir, fell from \$55 million at the end of 1973 to \$42 million, Sir, at the end of 1974. I want the Member for St. Michael West to explain to me how it is

you can have a situation where your total for loans increased, but at the end of the year you show a loss in debt. The figures are absolutely correct and that indeed, Mr. Speaker, all that happened to reduce this debt from \$55 million.....

Asides.

Mr. O. S. ARTHUR: I am not guessing, Sir. I am stating this from Page 134 of the Annual Statistics of the Central Bank. As he said, Sir, (and you can read it yourself) that during a portion of the 1974 loan together with the entire Euro-Dollar Loan of \$8 million was transferred and you will see the corresponding increase in the domestic debt transferred to the local branches of the Bank concerned. They borrowed from the City Bank. You have to repay in foreign exchange but rather it being short of external debt, City Bank allowed City Bank of Barbados to manage the loan for it and you show it as a domestic debt. What should have been reported as an external debt, it was created. But this is a fact, Mr. Speaker.

Hon. B. M. TAITT: On a point of order, Sir. Is the Honourable Member saying that the plant was not included in any following year as foreign debt to be paid; because the logic of what he is saying is that the foreign debt disappeared and became domestic debt. That is the point he is making. If it happened in a single year, it would have to show up subsequently as foreign debt and, unless he goes on to say that it was not restored until sometime, his argument is not full? Is he saying that you cannot take out one year? That is the only point I am making to him, Sir. When did they restore it?

Mr. O. S. ARTHUR: When was it restored? That is why I am coming to this point, Sir. It was restored, Sir, when the Barbados Labour Party had to repay the debt. I want this point, Mr. Speaker, and the point I am making is this: you borrowed foreign exchange and it was shown in 1978. The point I am making is this, Mr. Speaker: I am hearing a lot of talk from this Minister of Finance, Mr. Speaker, as regards the debt that he has to repay. There is one Government in Barbados, Mr. Speaker, and any debt incurred by a Minister of Finance approved by this Parliament, Sir, has to be paid by another. The debt that was left, Mr. Speaker, by the Democratic Labour Party Government even if they did not show it (and that is the point I am coming to) had to be repaid in foreign exchange in 1977 and 1978 by the Barbados Government. Sir, we did not borrow it - \$20 million plus the \$8 million. We did not borrow it, Sir, and there has been a tradition in this country that we must maintain our reputation in the minds of the world as a serious people by recognising that there is but one Government and that it does not do this country any credit to have a Minister of Finance berating the fact that he has to repay that debt that this Parliament has approved.

I want also to ask the Minister of Finance, Sir, if there is not a Trinidadian loan amounting to \$40 million that has to be repaid next year and if there are not any 20 year loans, Sir, incurred as far back as 1970 that the Democratic Labour Party has to repay next year. Mr. Speaker, there is but one Government and we will have to repay it without a murmur.

Hon. B. M. TAITT: On a point of order, Sir, because not everyone who hears him understands the intricacy, they have to interrupt him. The \$140 million from Trinidad and Tobago was included in the \$258 million which was the total debt the Democratic Labour Party Government had incurred from the time Barbados was formed in 1639 until 1976. So the \$140 million is included in the \$258 million.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am agreeing with the Minister of Health merely to make the point that you left a debt when you left office in 1976 that had to be repaid sometime in the future. Good. In 1990 you may have ** to repay that debt. No big thing! If we were in office, we would pay it as well, Sir.

Hon. B. M. TAITT: The point is the size of the debt. On a point of order, Sir. 5.15p.m.

Mr. SPEAKER: Two Honourable Members are on their feet. ^

Hon. B. M. TAITT: On a point of order, Sir. The difference between us is that we left him with \$258 million and he left us with \$1 billion. That is the difference. He cannot use the argument....

Mr. O. S. ARTHUR: Mr. Speaker, not only is he not true, but the fact is that we can show what we did with our debt. If the society has benefited by way of the massive expansion in its physical infrastructure, the building of schools, the building of the Central Bank into which Honourable Members now are going and parading in their finest at the Frank Collymore Hall - despite the fact that it should not have been built, they are still there - if we built that too, I am proud of it, Sir. We increased our external debt by \$390 million; we can show what we did with the \$390 million. I ask the Democratic Labour Party to show me what they have done with their \$390 million. That is all we are telling the people, Sir, I can show the people what I have done with mine. Show them what you have done with *m* yours.

Mr. Speaker, let these records also show that it was that same Minister of Finance two years ago who is now crying about how the debt is strangling him and causing balance of payments problems who had said it was manageable. And to the extent that just barely two years ago the Minister of Finance was saying that the debt was manageable, I say to the House that he has a responsibility

now to say what set of factors could have now made it unmanageable in two short years. If it is not now unmanageable, Mr. Speaker, as I am hearing from the other side, then it is irresponsible for the Government to be trying to create the impression that it is the debt and the repayment of the debt that is causing the balance of payments problem. They cannot have it both ways. If the debt is manageable, Mr. Speaker, you cannot be saying at the same time that it is causing the balance of payments problem.

But the general point, Mr. Speaker (and I really want to leave this debate) is that the Minister of Finance is taking refuge in a lot of things that are not fundamental to the Barbados economy. We hear about growth. What does the growth mean? We have heard of about six or seven years of economic growth, but yet the problems of Barbados are not going away. I have heard my friend from St. Michael South East talking about per capita income. I have never in this House used that concept

What is fundamentally wrong with this economy, Mr. Speaker, is the balance of payments problem which the Government wants to pretend does not exist and which it is nonetheless acting to curb by the use of the most draconian measures possible, by the use of measures executed in a step by step irrational way. It would really behove this House for the Minister of Finance to begin to agree that you cannot treat a balance of payments problem in the same way you would treat any other problem. His difficulties in managing this economy stem fundamentally from the fact that he does not recognise that a balance of payments problem in the context of a small economy is something that you cannot play with.

Aside.

Mr. O. S. ARTHUR: Had no problems whatsoever, left you with a strong economy. We have had balance of payments problems, Mr. Speaker, but our time was characterised by our willingness and preparedness to move with despatch and decision in order to deal with the balance of payments problem, Mr. Speaker, such that did not cause any long term damage to this Barbadian economy. 5.25 p.m.

Can the Minister of Finance and Planning show today that there is an increase in his reserves, even despite the borrowings, Mr. Speaker? Can the Minister of Finance show or give this House the assurance that the decline in the reserves which we have seen of late has been halted and put behind us, and that the Barbados economy that has come under this pressure in the last six months is in for better times? He speaks of 3.1 per cent growth of the past. What, about the winter of discontent? How will the Barbadian people deal with that winter of discontent? Will the Minister of Finance, Mr. Speaker, tell us what is the reserve position today? Will the Minister of Finance give us, Mr. Speaker, an indication of what are his best estimates

of the reserve position as a result of the policies that he has put in place. Will the Minister of Finance, Mr. Speaker, also discuss with this House the question as to whether or not there is not a serious flight of capital from this country, because what we have heard raises a credibility gap?

Mr. Speaker, the construction imports did not cause the balance of payments problem. The imports for the tourism sector did not cause the balance of payments problem. The debt did not cause the balance of payments problem. Is it not a fact, Sir, that even now the Central Bank of this country is bringing to the Minister's attention the fact that there is a flight of capital from Barbados? What is the Minister's policy to deal with this kind of situation? Is it a fact that people were caught at the airport taking out foreign exchange, and is the Government putting in extraordinary measures to search people and put people under surveillance because it itself agrees that there is a flight of foreign exchange from this country? These are the kind of measures that as the people go into this winter of discontent that they want to hear the Minister answer.

I want to say that the Minister is also boasting about a 3 per cent rate of growth. The 3 per cent rate of growth has been caused to some extent, if it exists at all, by the fact that you allowed credit to explode. The question that you must ask yourself today is that if credit creation led to growth in the economy, what is going to happen now to the economy now that you have put in place measures to restrain the rate of growth, because the growth was financed by credit creation? You now have in place a programme to restrain credit. By how much, Mr. Speaker, will the Barbados economy decline as a result of the measures that the Government is taking to protect the balance of payments? Economic management is very often about a trade off. Sometimes the measures that you introduce to do one thing have an opposite effect in some other parts of the economy, and all I am saying, Mr. Speaker, is that rather than give this House this glowing report about rampant growth and minor problems, the Minister should be telling the people of Barbados to brace to make a sacrifice in Barbados; that all of us have a responsibility now to understand that in the face of balance of payments difficulties we may have to make a sacrifice. Those of us who wanted to change our cars for Barbados' sake postponed decisions; those of us who wanted to buy the extra fridge, Mr. Speaker, postponed the decision. We have all to make a sacrifice, but the country will not make a sacrifice, Mr. Speaker, if the Prime Minister is telling us that all is well, because all is not well. And I am insisting in this debate, Sir, that the Prime Minister must level with us and let us know how much the economy is going to slow down, what sacrifice has to be carried by one and all, so that the country as a country can respond to a clear set of economic policies designed to protect Barbados' best interest, and that is where the Minister is failing in his responsibility. That is why I am disappointed, Sir, in what I am hearing from the Central Bank.

There was a time when the Central Bank in this country was noted for its frankness. There were times when we were in office when we perhaps would have wished that the Central Bank Governor was a little more restrained. He did not feel then that he had to apologise to any Minister of Finance. When he said he wanted to see wage restraint in Barbados, it caused us political difficulties, but he spoke without fear of being challenged by any Minister of Finance. We are not getting that same sense of candour from our Governor of the Central Bank, Mr. Speaker.

Mr. SPEAKER: I want to caution the Honourable Member that he is speaking about a public servant.

Mr. O. S. ARTHUR: I am, Sir, but I am speaking not in a derogatory way. The Governor of the Central Bank in his recent press statement should have alerted the people of this country and must have a public responsibility to condition the people that there is a problem. Let us understand what the problem is so that the people can understand the sacrifice that has to be carried. He did not take the people of Barbados into his confidence, because the position that he gave in relation ...

Mr. SPEAKER: You are now starting to comment on the conduct of the officer, and you know very well if you want to do that what the procedure is.

Mr. O. S. ARTHUR: Mr. Speaker, I want to comment on a statement to the effect that our reserves fell by \$104 million between January and September that was made by the Governor of the Central Bank. It did not convey to the people of Barbados the seriousness of the contemporary position that is facing them, nor the danger that lies ahead. Because the truth of the matter is that you arrived at that number by taking two different time periods into account and confusing them, that you moved from January to September, but you should have said that in that interval reserves increased by...

Mr. SPEAKER: If you are commenting on the statement, then you can't comment on the individual.

Mr. O. S. ARTHUR: But, Sir, I am not commenting on the official, I am commenting on the statement.

Mr. SPEAKER: That is what you are saying. You are saying "he".

Mr. O. S. ARTHUR: Sir, the statement said that reserves fell by only \$104 million. The truth of the matter, Sir, is that our reserves fell in the last six months by \$150 million and that the trend was downwards, and the people of Barbados should be conditioned psychologically to understand that the country as a whole must make a sacrifice to make sure that what has happened to other societies does not happen here, and that is the point I am making. I am not going to call it a dereliction of

responsibility. But it comes perilously close to that in my view, because under section 26, the Central Bank has a statutory responsibility not only to report on what has happened, but if it believes (and this is a very serious thing) that we are likely to have a balance of payments difficulty, it is required by law to report. I must read it again because the Government feels we are making much of the matter.

Subsection 3 says "If the Reserve of External Assets has declined, or in the judgment of the Board appears to be in danger of declining, so as to jeopardise the adequacy of such Reserve, the Bank shall submit to the Minister a report on the reserve position and the causes which have led or may lead to such a decline, together with its recommendations concerning the measures it considers necessary to forestall or otherwise remedy the situation."

If you do not want to report to the people of Barbados, that is your business. But I am saying, Sir, that there is a sense of incompleteness amounting to a dereliction of responsibility in the way in which this matter has been handled generally.

Aside.

Mr. O. S. ARTHUR: They can keep as much noise as they wish, but if he is saying that what was done in the past was wrong and that- he is doing it now, all he is doing is confessing that he is as guilty by association, and if it was wrong then it is even more wrong now because he himself condemned it then and he should therefore be speaking from a position of higher moral authority. I am disappointed to hear the Minister of Finance not being in a position to draw from the benefit of history in this matter.

Mr. Speaker, all the jokes aside, all the frivolity aside, the Minister of Finance this afternoon has done this House a great injustice; he has treated lightly a position that is serious. I made the point earlier, Mr. Speaker, that we are now paying the price for the range of policies that has been executed since 1986. I have said at the risk of being condemned particularly by the Honourable Member for St. John of sometimes giving the same speech too often, and I have been making a particular point, that the fiscal policies introduced by the Democratic Labour Party in 1986 were going to put this country in a box of bricks. It is worth repeating that when you create an imbalance in our taxation system, the Minister of Finance must wear two hats; he must protect the fiscal position and he must protect the external position. If, Mr. Speaker, he puts himself in a position where in defending one he has to destroy the other, he cannot be effective as a Minister of Finance.

The nature of the taxation policies introduced by the Democratic Labour Party in 1986 was such that by radically reducing income taxes it placed the burden of taxes on imports, and the bind that the Minister of Finance finds himself in today is that if he takes measures to protect the

balance of payments, he is also going to undermine his revenue position. That is the bind, that is the box of bricks of which I have spoken in this House at least six times to the disapprobation of persons like the Honourable Member for St. John, warning that it is a dangerous thing in a country like ours to predicate our revenue on imports, because the time may come when you have to defend the balance of payments, and you do that only by putting Government revenues at risk. And I am saying, Mr. Speaker, that the reluctance of the Minister of Finance to address the balance of payments position is precisely because he does so knowing that any measures he takes to correct the balance of payments by restraining imports are going to put his revenue position in peril.

When therefore I say that there is a need for a comprehensive package, it is because all of these things are interrelated. And it must be clear to Government that if indeed it succeeds in curbing imports in Barbados, that sooner or later it is going to have to make a fiscal adjustment. Mr. Speaker, I am therefore asking this evening if Government has thought through this matter; if all of these things are before our policy makers, what are going to be the implications for Government finances for the policies now being pursued to cut down on imports, given that the taxation system has now been thrown into a position where it depends on its imports for revenue. That is why, Mr. Speaker, I am saying that the Minister seems not to have understood the totality of the situation that faces the country. And you cannot, therefore, given the structure of taxation, now have an import control policy unless you also make an adjustment to taxation in the country as well, unless you avoid making adjustments to the taxation by adjusting Government expenditure. And therefore you cannot avoid taking action on the fiscal side, whether it be in the form of adjusting the taxation system or reducing its expenditure to the level where you can accommodate the cut down in imports. But Government revenues and expenditures are now directly linked to our level of imports. The Government understands that; the numbers tell them that, and hence if you touch one you have to touch the other too, and you have put before the public a policy by which you are going to cut one. The public through me speaking on its behalf as the watchdog of finance in this country must ask the Government how can you touch one without touching the other too if one is related to the other. These things are unsettling to those of us who are interested in the sound economic management of this country.

There is also, Mr. Speaker, no substantial inflows of capital to Barbados. That is a fact. And the Government is making a fundamental mistake if it believes that the Barbados economy can be indefinitely run without the benefit of capital inflows. It has to be addressed, Sir, and therefore in a comprehensive approach to economic management, the Government would have to recognise that the way out of the balance of payments difficulty cannot just only be by adjusting the bank rate and dealing with

selective credit controls, but that you must also have an export development policy to take advantage of the fact that exchange rates will help you in certain markets as a starter to begin with. And you must also have policies that will deal with the question of capital inflows since they are one of the important sources of foreign exchange. Where is the support from the Government? Where is the approach from the Government? 5.35 p.m.

Why is the Government treating this serious pattern with such frivolity, trying to regale us with nonsense about the economy has grown, so therefore, there is nothing to be concerned about? When the winter of discontent comes, Mr. Speaker, and the people of Barbados cannot get basic consumer goods...

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, on a point of elucidation.

What I did say in my speech was that there was growth in the economy. If the Honourable Member for St. Peter wishes to deny that, he is free to deny that.

I have never said during my presentation that there is nothing to worry about in this country as regards the economy and the finances. What I did say in my speech was that there are certain leading economic indicators some of them pointing upwards and some pointing downwards and we must have a balanced approach. That is what I have been calling for.

If he sets up an argument to say that I have been saying that there is nothing to worry about and then criticizes me for saying what I did not say, then, I would have to say that that is a most illogical way of arguing because he is criticizing something that I have not said.

Mr. O. S. ARTHUR: Mr. Speaker, he also spoke of a good performance, generally. But the Minister of Finance was particular to make a very important and interesting statement. He said that the problems that we are experiencing today are due to the success of his policies. Now, what Minister of Finance that we can have in Barbados who will tell the country that the country is having problems because his policies are successful? You said that.

Now, what kind of Government would measure the success of its policies in terms of the problems that it has created? That is the difficulty with our Minister of Finance and he is correct that the problems that we are experiencing today are due to the fact that you have growth accompanied by serious balance of payments deterioration.

Aside.

Mr. O. S. ARTHUR: The Minister of Finance has said that the problems of the country (and I want the House to understand) are due to the success of his policies. One would not ordinarily expect that a successful policy would lead to problems. Mr. Speaker, that is what he is saying that his medicine was successful but the patient died and I am saying that he is correct.

I am also saying, Sir, the error that he is making is inciting growth without understanding what causes growth; that the growth was caused by an explosion in credit which cannot be sustained and that you can have a little economic excursion where you have a growth in a quarter. But the people of Barbados must be interested in sustained growth that does not bring with it balance of payments problems and that leads to a decrease in the level of unemployment.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, on a point of elucidation.

I said that part of the problem was that our policies were working, they were successful and we were having some problems resulting from that success, precisely because tourism is growing. Everyone knows that there will be a substantial increase in imports and it is because of the increase in tourism because out of every dollar that is spent in that particular area, part of it has to go out in terms of purchasing in respect of tourism.

If the manufacturing sector is producing there is an increase in purchases for intermediate goods so all of these things place some pressure on your demand for import and there must be some connecting problem here.

I do not understand he is now making joke when he is getting up trying to say that you do not have problems from success.

I am elucidating the point that I had made. Thank you.

Mr. O. S. ARTHUR: Mr. Speaker, perhaps, I am dwelling on this growth because it is essential to the propaganda of the Democratic Labour Party but you must go beyond the question of growth like any economists trained in the Caribbean would do.

The whole generation of Caribbean economists, Mr. Speaker, of whom I am proud to be associated, understands that he just cannot look to a change in the GDP to give us any serious indications as to what is happening in the economy, and that what is happening in the Barbados economy now, Sir, is a very serious dilemma that has to be addressed by the country as a whole.

The Government would have us believe that it has had six years of economic growth. But an economy that is

growing and growing in a real sense is one in which you see declines in unemployment. Hence, some questions have to be answered.

By how much, Sir, must this economy grow and for how long before we can deal with the question of unemployment? Unemployment is supposed to come from growth and that is one of the kinds of issues that arises by a glib approach to the issue of growth. By how much must this economy grow, Mr. Prime Minister, and Mr. Minister of Finance for us to be able to tell the young people of Barbados that a growing economy is accommodating them. Because what is the point of the Central Bank being able to say year by year that there is a 3% growth but you cannot see it in terms of the living conditions of the people in terms of their capacity to find jobs.

Mr. Speaker, what is the point of having growth that cannot be sustained and that is where the Minister of Finance is not striking the balance that you can have growth for a quarter, or you can have growth for a year, but you can also pay a price for getting that growth that puts the economy thereafter in a position of decline.

When I speak, therefore, about our coming winter of discontent, I am saying to the House that despite the fact that the Democratic Labour Party is telling you that there has been growth, that the growth has been secured at such a balance of payments price that austerity measures now have to be put in place such that you cannot speak of growth in the future.

Aside.

Mr. O. S. ARTHUR: The Member is saying "true". Hence, the Minister is correct when he says that our problems of today are the cause of the success of his policies and that there is no point, I am saying to the House, in putting Barbados in a position where it has a policy for growth in one area that cannot be sustained and a policy for growth that leads to problems of a severe magnitude that will require draconian measures to resolve at a later period.

Our winter of discontent now is because the Democratic Labour Party might have given you a brief little moment of economic splurge. But you are paying the price for his fascination with growth as the objective of his economic policy. That is the point and the Prime Minister has to come off growth at all costs and recognize that in managing an economy there are trade-offs; that, perhaps, it might have been better if he was in a position to report a 2% growth but that you had a sounder balance of payments position because there has to be a trade-off between the two. But he is fascinated, and the Democratic Labour Party is fascinated with growth, growth.

What does that mean to the ordinary man who cannot get a job, Sir? What will it mean to the housewives at

Christmas who will have to endure the strictures that accrue from a credit control policy? What does growth mean to the pensioners in Barbados, Mr. Speaker, who have to go into the supermarkets and buy potatoes at \$2.50 a pound? What does it mean, to those people who have to go to the supermarkets and face a situation where they are on a fixed income but the price of basic foods are rising.

Mr. Speaker, I did not interrupt....

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

Rt. Hon. L. E. S ANDIFORD: I rise on a point of order because we are talking about issues which are fundamental to the economy of this country and the member for St. Peter is persistently indicating positions which I am supposed to have taken which I have never taken.

He is now saying that I am fascinated by growth and that is the only thing that I am interested in. I have presented two Financial Statements to this Honourable House and I listed six different fundamental economic objectives, not one, six. 5.45 p.m.

I said it in the first one in 1988 and I repeated it in 1989. How, therefore, can the Member get up and say with any kind of credibility that I am interested in one particular fundamental economic objective and I am going to read the objectives. I am going to read it because this must go on the record. The first one is the attainment... I am reading from the Financial Statement and Budgetary Proposals presented on Wednesday, April 26, 1989 in this Honourable Chamber. The Member's memory cannot be so short that he can get up now and say that I am interested in only one fundamental objective and that is what he has been doing throughout his address ascribing to me the position which I have never enunciated.

Asides.

Rt. Hon. L. E. SANDIFORD:

- (1) The attainment of the best possible rate of economic growth giving the prevailing circumstances.
- (2) The containment of the general level of price increases for goods and services within reasonable limits.
- (3) The maintenance of the balance of payments at levels which we can sustain as a sovereign independent nation.
- (4) The retention of the existing number of jobs and the creation of the highest possible number of additional jobs in order to provide employment opportunities for persons seeking work.
- (5) The promotion of a reasonable and just distribution of increasing incomes in accordance with the ability of the employer to pay and in relation to the growth rate in the economy.
- (6) The maintenance and enhancement of a basic human needs approach to ensure that all individuals and groups in our nation particularly the disadvantaged and the vulnerable are catered for in terms of their health, education, nutrition, housing, and other social and cultural needs.

Mr. Speaker, these are the six fundamental objectives. They are comprehensive. But to say that I have one particular objective is a distortion of the economic, financial, and social policies of this country.

Mr. O. S. ARTHUR: I am glad that the Minister of Finance will never try again to want to present the success of his economic policies in terms of growth. But I want to ask him some questions further in this intervention, Sir. Is the Minister now satisfied that the increase in food prices by 10% this year represent the failure of his objective as taken, namely the containment of the general level of prices, Sir? Is the Minister also satisfied, Mr. Speaker, that the decline in the reserves by \$150 million in the course of the last six months establishes beyond all doubt that his policies as stated by himself have failed? How can the Minister tell us, Mr. Speaker, one of his objectives was to protect the balance of payments and that he was not only concerned with growth.

Rt. Hon. L. E. SANDIFORD: On a point of elucidation. I am at anytime willing to relate those to the Member. I am dealing with a fundamental distortion in his presentation here today when he appeared to have one particular objective and he is now shifting.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am accepting the Minister at his word.

Mr. SPEAKER: So you were misleading the House. Are you saying that you were misleading? You said that you have accepted.

Mr. O. S. ARTHUR: I have accepted. I understand that he had more than one objective, Sir.

Mr. SPEAKER: I only asked a question.

Mr. O. S. ARTHUR: I am accepting the Minister at his word that he had more than one objective. And I am also accepting the Minister's position, Sir, that if we are to judge him by the objectives that he said and only by those objectives, that he was not only concerned with growth but

he was concerned with containing prices, protecting the balance of payments, and by generating additional jobs; if Mr. Speaker, Sir, we were to accept what the Minister has said are his objectives, then the Minister by his own criteria, Sir, has been a massive failure, a spectacular failure. As a result, Mr. Speaker, since he cannot show any real success in relation to the balance of payments or in the creation of additional jobs, or in the containment of food prices and other prices, he has as I said earlier to take refuge. Those are the words that I used, Sir. He has to take refuge in growth. I am going to drive him off that horse and make him begin to understand that the management of the Barbados economy requires our Minister of Finance, Sir, to be concerned with other things than just to come to this House and tell us about a 2% growth. That is the point, Mr. Speaker.

I am glad that he rose in this debate to challenge that he had other objectives, because why is he therefore talking about the objectives, Sir? Why is he not talking about the objectives, Mr. Speaker? That is the point I am making, Sir. That is the general point that we are getting across in this debate. There is an air of unreality about the manner in which the economic affairs in this country, Sir, are being managed. I am coming home, Sir, where people are wondering why I cannot get a loan to build a house. Mr. Speaker, Sir, people are wondering why. The business sector is raising a fundamental question. Why is it that we do not have to go into this situation where austerity is expected of us and there is growth? The unemployed, Mr. Speaker, is beginning to wonder why is it that I cannot get a job but there is growth. The pensioners, Mr. Speaker, are asking why is it that we cannot get decent increase in pension but there is growth.

Asides.

Mr. D. A. C. SIMMONS: We are asking it for them.

Mr. O. S. ARTHUR: I came to the conclusion that this country, Sir, is being run as if by remote control because the Minister of Finance is not in contact with the problem, Sir. The Governor of the Central Bank and the Central Bank, Sir, have been asked to assume a large responsibility in the absence of any clear and firm management of the economic situation of this country, Sir, by the Minister himself. Therefore, if the creation of two Deputy Governors to add to a Governor will assist in eradicating any of the difficulties that stem from having one Governor, Sir, and no Minister of Finance, I am pleased to give my support to this bill.

I am obliged to you, Sir.

Asides.

Hon. B. M. TA1TT: You mispronounced the word. Mr. Speaker, Sir - what happened? Are you speaking and

running away? Mr. Speaker, Sir, I will not say what his late leader used to say when someone got up and walked out.

Mr. Speaker, it is interesting that the Honourable Member who just sat down finally spoke about the two Deputy Governors after having begun with the two Deputy Governors and in between having given us his perennial speech. I am disappointed that every time the question of economics comes up in this House that the House becomes the arena for the same battle dealt with in the same way by virtually the same people.

Is the Honourable Member recommending - the gravamen of his speech - that the Minister of Finance should have gone early to the IMF? Is he accusing the Minister of Finance of not having taken the people into his confidence? What exactly does he require the Minister of Finance to do?

Mr. Speaker, let me tell you what the problem is as perceived by the Honourable Member who just sat down and some other latter day economist so called who have had a picture of the style and fashion that should operate in the economic affairs in this country and who when that style and fashion does not come out go to the public and give the public all kinds of misinformation in a way to suggest that something is wrong. Let us deal first, Sir, with the Bill before us which seeks to amend the Central Bank Act.

Now Mr. Speaker, it may not be written down in the history books. But I had a substantial amount to do with the creation of the Central Bank Act in 1970 and 1971. 5.55p.m.

As a matter of fact, when the Central Bank Act was introduced into the Senate in Barbados I was sitting in That Place at that time. But prior to that, Sir, as one of the few people having been born in Barbados with some knowledge of central banking, I was involved when I worked in the United States in fashioning and putting together the framework which would become the Central Bank of Barbados. I was involved, Sir, in assisting in finding Barbadians across the spectrum who would have some knowledge of central banking, who would have been able to put the Central Bank on the proper path, because it was important from the very inception that we would reach very early the level which the Honourable Member was able in the initial part of his speech to allude to, the excellence that has been established in the Central Bank.

I do not usually seek to take credit for having participated in that. But from time to time arising out of the statements made by those who have been elevated and who are constantly regarded in this country as gurus in economics, by statements that are constantly made by these persons which I now am coming to conclude are

deliberately designed to mislead the mass of the population, it may be necessary for us from time to time to put the record straight.

Mr. Speaker, I do not pay much attention to those persons who came to economics late. As you know, Sir, a person who is a Catholic, who is converted to Judaism, or vice versa, becomes almost a revivalist. The passion for the new subject sometimes is overweening and outweighs the knowledge of the new subject, so I will not deal with those, I deal rather with a person who ought to know better who constantly misleads.

Now, if you asked anyone in this Honourable House at the moment - and I do not mean this pejoratively - who is the Governor of the Central Bank of Great Britain, I put it to you, Mr. Speaker, that only one or two might be able to actually name the name of the person. If we asked anyone within hearing distance of what I am saying who is the Chairman of the Federal Reserve Bank of the United States, a couple of persons might be able to mention the name. If you ask who is the Head of the Central Bank in Germany, nobody will know, Sir. But if you go in Miami, New York, Boston or Barbados or any Capital in the Caribbean and you ask them who was the Governor of the Central Bank, they will tell you Dr. Courtenay Blackman. And therein lies a tale.

That Governor of the Central Bank - and I am not speaking of him pejoratively, Sir - has set a magnificent pattern for the administrative arrangements in the Central Bank. I agree with the Honourable Member, that in terms of its being a beacon of administrative efficiency and something to which, and I have said this before, administration officials in the Caribbean can look, the Central Bank of Barbados is a paragon of virtue.

The area in which, however, there was a diversion, and the area in which the whole country, the whole system has been put in the wrong framework is where the Governor of the Central Bank of the day considered that it was his responsibility to participate in and compete with the politicians of the day. The Minister of Finance is the person given the responsibility in the framework of the system we have for making the pronouncements about the economy or not making the pronouncements about the economy. It is no business of the Governor of the Central Bank to be out in the hustings discussing on an almost weekly basis (as though he is the head of a Trade Union or the head of some other agency) the economy of the country in such a manner as to be described as flamboyant. I say that as a criticism of the methodology.

Aside.

Hon. B. M. TAITT: The Honourable Member has asked me *sotto voce* if I would sack Volcker. I would say no, because if he answers the question he will know that

Volcker responds to questions that are asked invariably when there is a question concerning interest rates.

Asides.

Hon. B. M. TAITT: It does not matter if he calls the right name.

Asides.

Hon. B. M. TAITT: He is saying that this was what they call an active Chairman, a Chairman of the Federal Reserve Bank.

Asides.

Hon. B. M. TAITT: The Chairman of the economic advisers.

Asides.

Hon. B. M. TAITT: You see what I mean, Sir? The whole area of who is what is an area. The point I am making, Sir, is that I would have fired Volcker if...

Mr. SPEAKER: Has the Honourable Member concluded?

Aside.

Hon. B. M. TAITT: You want to get up on a point of order?

Asides.

Hon. B. M. TAITT: Mr. Speaker, it seems to me I have opened Pandora's Box because the point I am making is very clear. In the United States the Federal Reserve Bank has a Chairman, but the point I am making is that the then Governor of the Central Bank of Barbados interposed himself into the affairs of the country in a manner which may have been acceptable and desirable for him, but in the context of central banking was totally and completely out of character.

That the present Governor of the Central Bank chooses to take the position that is normally the position of Governors of the Central Bank ought not to be used against him by those who have become accustomed to elevating trivia to a level of serious debate in this country. That that Governor happens to understand his role as Chairman of the reserve system of Barbados and therefore Chairman of the Central Bank, Governor and Chairman of the Board of the Central Bank, that he understands his position ought not to be used against him.

From time to time I have heard some comments made about the quality of the Governor. Let me go on the record

and say that he is one of the few people in the Caribbean who understands the reserve system, who understands central banking. He was part of the formation of the Central Bank in Barbados, he was one of the initiators of the Central Bank in Barbados and he was one of the people who assisted in allowing the first Governor of the Central Bank to become the Governor of the Central Bank. And I say he knows more about economics than 95% of the people who talk about economics in this country. He was a person who when he was studying for his Master's Degree in Business Administration at Columbia University got all A's in the subject matter. And at the point when he defended his orals for his PhD. the people who examined him invited him to become a Dean of the Business School of Columbia University, and it was from there that I recruited him to come and work for Barbados for a short time in the IDC. 6.05 p.m.

His record is not one to be trifled with, but because he is a modest man who did not require to tell himself every day "I am great", he is being pilloried by people who are incapable of even understanding some of the things he has forgotten.

I want to go on record as saying that he is one of the finest public servants this country has ever had and that he has played a significant role in the development of this country, to say nothing of the region. And it is foolishness and a fundamental flaw in the character of the public system of this country that because he refused to follow in the footsteps of a previous Governor, he is pilloried from time to time. Imagine a man who says that he is an economist (and it is true that he is an economist and therefore when he does it, it is even worse) saying that growth in an economy is not something to crow about.

Mr. SPEAKER: But he is still an Honourable Member, not a man.

Hon. B. M. TAITT: The Honourable Member, Sir/ Imagine an Honourable Member who is an economist saying that growth is not something to crow about. Sir Arthur Lewis writing in 1970, Sir, for the United Nations, when he was President of the Caribbean Development Bank, pointed out that the most fundamental, far-reaching and long lasting thing of importance in the economy of the developing countries, was to sustain growth at about 2 per cent per annum.

I recall almost like now reading the excerpt which was published with a preface by Hoffman who was then the Head of the UNDP, and the whole issue was that there were 28 developing countries that had managed to emerge and demonstrate that rapid growth in developing countries was possible, and hence the United Nations Development decade was able to be fashioned because those countries in Africa, Asia, Latin America and the Caribbean that had

been able through an approach to economic development to sustain growth, had demonstrated that they were a cut above the rest, and had changed the pattern of aid from bi-lateral relationships to multi-lateral relationships which would allow for a change in the world trade situation, and as a matter of fact the growth that has occurred had occurred because the pattern of world trade had changed.

Now in 1973 when the first economic crisis came to the world, it was at that time that patterns had to change. And in 1973 began a system of curtailment of credit in countries like Barbados which hitherto had had 5 per cent per annum growth. The Government of the day used the policy of price controls, and the Barbados Labour Party went the length and breadth of this country and told the country that any restriction of imports, any restriction of prices was a fate worse than death. And it is strange to hear the spokesman for economics, the spokesman for finance for the Barbados Labour Party who today said he was speaking for the NDP (and if ever you have seen a juxtaposition, if ever you have seen a complete impossibility, if ever you have seen an economic hermaphrodite, you have seen a person who can speak for both the Barbados Labour Party ... I don't mean him, Sir, I mean....)

Hon. H. deB. FORDE: On a point of order, the Honourable Member knows he really can't call an Honourable Member a hermaphrodite.

Mr. SPEAKER: I did not understand the Honourable Member to say that.

Hon. B. M. TAITT: I am not saying that he is; I am saying that the concept of a person speaking for both the Barbados Labour Party and the National Democratic Party on the issue of fiscal policy is like an economic hermaphrodite.

Mr. R. P. B YER: On a point of order, last Tuesday as you would remember, Sir, there was some discussion about the order of speeches and so on, and the Honourable Member for St. Michael West was very vocal as to the interpretation of the rule, and today to forestall any of the kinds of occurrences of last Tuesday, the Honourable Member for St. Peter asked me if he could speak first and I said yes, that if he wants to speak first he can speak first, and I would want to say at the very beginning that he made that very clear so that the privileges would extend to him. Somewhere along the line he was forced by the other side to say that he was speaking for the NDP. Let me say, Sir, at this moment that there are no parties in this House, Sir, and the Honourable Member for St. Peter spoke first on behalf of the Opposition so that the privileges would accrue to him. At a later stage, Sir, I will speak and put my party's position on the matter.

Hon. B. M. TAITT: Sir, I have absolutely no doubt about the efficacy of what the Honourable Member has just said, and I believe that that Honourable Member is speaking with the greatest sincerity as he says that he will speak for his party.

You will recall, however, Sir, that when I got up and specifically asked the question (because I wanted to be sure in my mind that he was speaking for the Barbados Labour Party and the NDP, because he gave that impression) he went on to elaborate and articulate in such a manner as to leave no doubt that he believed he was so speaking. And the only point I am making which I believe is being substantiated indirectly by the Honourable Member who just got up on a point of order, is that if one heard what he had to say and one is familiar with the debates that have taken place in this country over the last 24 months or indeed over the last three years, one would know that he ran both hot and cold, that he was able to approbate and reprobate at the same time, and the last person who did that, Dr. Brathwaite said of him in the courts he would have to be an acrobat. But such is the nature of the economic debate that goes on in this country, that the debate for the purposes of the present headline without reference to the substantial destruction that they do to the economy....

Asides.

Hon. B. M. TAITT: How could that be what I am doing? What have I said that is inconsistent? I challenge the Honourable Member to get up and indicate what I have said so far that is inconsistent. The Honourable Member said he was speaking for both of them. He then towards the middle of his speech - whetf he was flagging - started to attack the Prime Minister and said that the Prime Minister would have to make adjustments because of a policy that the DLP had agreed to in 1987, to use indirect taxation as a methodology for income. He said it, and if in fact in 1989 he is attacking that, he would then have to be attacking fully and completely the position of the National Democratic Party on the new path manifesto discussion that has been going on. You cannot have it both ways, Sir. But I will go on.

I was saying that Sir Arthur Lewis in the 1970s (and no one could question the authenticity and the intellectual capacity of Sir Arthur Lewis as an economist and as a commentator on Third World development) indicated that sustained growth was in fact the most important aspect of long standing and deep rooted development for the people of the Third World. Incidentally Barbados was listed then as one of the 28 countries from the Third World that had emerged, and Barbados has continued, so that good economic policy and good management of the economy is not something that descended upon Barbados in 1980 or 1981 or 1976. Good economic management of Barbados can

be traced all the way back to 1961 and in 1965, 1966,-and 1967 the pattern was set for what kind of economy we would have in this country. 6.15 p.m.

It is ironic that we can have people from the Barbados Labour Party talking about the management of the economy. It was the Democratic Labour Party that established such things as a Financial Administration and Audit Act in 1964 that progressed through the establishment, or, indeed, the culmination for the development of a Central Bank.

In 1971/72 when the Central Bank came to this country, it was not greeted with any fanfare from the Barbados Labour Party or anybody else. It was regarded with suspicion and I say that I participated in that decision long before I or it came to be part of the legislation of this country to attach the Barbados dollar to the United States dollar which was the single most fundamental policy decision made in fiscal policy in this country and has saved Barbados from the fate of its partners and friends in the Caribbean community.

Now, Sir, when the Prime Minister says that we have to re-examine the question of patriotism, I wish to state categorically that I am 100% behind him and with him on that and it had nothing to do with any letters that may have been written, although that will come out in the fullness of time.

I was recently in Washington, Sir, (and I resumed my communication with people in Washington on matters of economics and other international issues) and it was drawn to my attention that statements being made by the former Minister of Finance and by other members of the Barbados Labour Party Opposition, were creating issues in Washington about the credibility of Barbados as a whole in financial circles.

Aside.

Hon. B. M. TAITT: I am saying that people in Washington at the levels where it matters indicated to me personally (I am saying of my own knowledge, Sir) that some of the statements being made by the former Minister of Finance, in particular, are detrimental to the country because in International Law, a Prime Minister, or a Minister of Finance makes a statement and it is a statement of fact, and it is a statement of representation... whatever they say is the position of the country. That is the position of International Law.

Now, in a kind of *eiusdem generis* system, it follows that when Ministers of Finance make statements, or former Ministers of Finance make statements, they have much

more weight in the financial capitals of the world than if other Ministers with other portfolios make the same statements.

Hence, when a former Minister of Finance and his guru use words like devaluation, they create in the minds of people a self-perpetuating myth which, if those who run the country are weak kneed, or incapable of understanding the system they are running can, in itself, lead to devaluation.

Fortunately, the people of Barbados must know the possibility of devaluation in Barbados will only occur if Barbados finds itself in a position where it is unable to repay its debts. Devaluation will occur in Barbados in one of two situations, if Barbados finds itself unable to repay its debts, and then found that when it went to the capital markets to borrow money to pay those debts, that it could not raise the funds. That is the only time that the question of devaluation would arise.

All other discussions about devaluation are like Humpy Dumpy sat on a wall. They are fairy stories but they are stories that are discussed by people who either are ignorant of, or dangerous to, the concepts of economics as they concern a country like Barbados.

We do not need constantly to have a senior lecturer at the University of the West Indies whose experience and scope has been limited to the Cave Hill Campus who knows very little more than the logic that he has picked up out of books (which information can be gathered by any first year student) who comes out every time because he is talking to journalists who, themselves, have not been exposed, and confuses them.

I say that he has a good mind, that he has a logical mind, but that his expertise and experience is limited to the same concepts that he has been putting out for the last 20 years - a concept which was tried by the Democratic Labour Party in 1986 under the aegis of the former Minister of Finance, a concept which carried the Democratic Labour Party and the Government to a point where the country was in danger in the international arena.

I will have a lot more to say about that, Sir. Because I have not participated in the so-called economic debates it has been felt that only six people in Barbados know anything about it. But there is nothing to know.

I will say this for the Honourable Member. The Honourable Member knows more about economics, that Honourable Member for Christ Church West, based on conversations that we have had and statements that he has made, he knows more about economics than a lot of the people who talk about economics. I will say that for him. But he also knows that it is not necessary.

I do not mind his fulminations when he gets elected for the first time from the floor. That is standard. He has to get some little licks in although he was only able to give me two lines. I do not understand. He can only give me two lines and the people eating more chicken, according to the newspapers, this year than they ever ate before. So I must be doing all right that he can only find two lines to say about me.

Apart from that, Sir, he is not a bad fellow. The only thing is, he has allowed himself - when he is looking over his right shoulder, somebody passes through on the left side; but you are going to be restored to your rightful place as Leader of the Opposition in due course. But I do not want, Sir, to divert.

The point I want to make is that I am disappointed that my friend from St. Peter took the balance of payments and turned it into a tour de force. He said, in essence, that the only issue of importance in Barbados is the balance of payments.

Now, he knows that the vast majority of people in Barbados may not be seized of what precisely constitutes the balance of payments. So if you announce that and you pronounce it *ex cathedra*, the world will say, "well, he is a man who knows what he is talking about". He is a man who has been a senior lecture in Economics, so if he says so, it must be so. After all, he is not Plastic Bag so when he says that the economy of Barbados revolves around the balance of payments, that is a truism.

It is a truism in the sense that international trade is the basis on which all countries exist in the international property of nations. And the ability to pay for the goods you buy or the services you buy is the basis on which one exists. So in the words of the lawyers, that is trite knowledge but when you take it and you elevate it to a point where it becomes an axiom, then we have difficulties which must be explored.

Mr. Speaker, Sir, as Your Honour very well knows, an economy like Barbados requires calibration every day, not sometimes. Let me tell you about the wonderful things that he is talking about in 1981. 6.25 p.m.

In 1981 the Central Bank put out a Press Release, Sir. The Press Release was dated May 21, 1981. Anyone who had heard that Honourable Member cannot believe that it had this kind of thing to say and I am quoting from it, Sir.

"The level of economic activity in the first three months fell below that of the first quarter a year ago."

It went on:

"Inflationary pressure however has not increased. The twelve month average rate of inflation up to the end of March was 14.4%, the same as that to the end of December 1980."

So the first thing is that the two situations are not comparable because we are talking about a situation where inflation was 14.4% and a situation now where it is less than 7%.

Asides.

Hon. B. M. TAITT: How much is it? 5.3%, Sir. Now Sir, anyone who has read Samuelson, Chapter 1 will know that inflation has some relationship to balance of payments pressure. Sir, that is no big economic system theory. That is what you learn if you get Samuelson or either one of the books and read Chapter 1. They have push-pull and all those phrases. The Honourable Member read economics too you know, Sir. He really did. He read economics.

Asides.

Hon. B. M. TAITT: No, he never said it. He said he does not like it.

Sir, I am going on to read. Here is the crunch. Here is the difference in situations.

"Tourist arrivals for the three months were 8% lower than in winter 1980. This is the most substantial decline in winter visitors ever recorded. In 1975 the decrease was only 4%. Although there is hope for a recovery in the summer, it is unlikely that the number of arrivals for 1980 will be exceeded. Earnings are estimated to have increased by approximately 20% as hotel room rates were raised by 30% on average for the winter."

Now Sir -1 beg your pardon.

Asides.

Hon. B. M. TAITT: I know, I am kicking too hard now so you want me to stop. Time is coming up for him Sir.

These two factors, Sir, are two substantially....

Mr. SPEAKER: I thank the Honourable Member for drawing to your attention. Two minutes to wind up.

Hon. B. M. TAITT: That's all right, Sir. The fact is that the situation which I just described is an entirely different situation from that which exists now. Tourism in Barbados from 1986 has been consistently and continually rising. The income that is derived from tourism has moved in leaps and bounds. Therefore, when you talk about the

pressures of the balance of payments, if you have inflation that is down, if you have earnings from tourism, the Prime Minister and Minister of Finance is correct that he can look at other factors and he is correct when he says that the growth in the economy is significant because it has been sustained. We are going to have more to say about this, Sir. But I just want to point out that in this same presentation by the Central Bank in 1981 that Government borrowing from the banking system follows the usual pattern. Credit to the sugar industry which came mainly from the Central Bank rose by 63%. Credit to the sugar industry rose by 63% and for the Public Utilities the increase was 13%.

Now in this same document it says (I do not want to tell any lie, Sir) "Lending to the private sector expanded by 5%, half the rate recorded in the first quarter of 1980 to meet the needs of the Public Utilities and the sugar industry". All of the loans which the sugar industry got were made by the Central Bank. When you analyze the situation, Sir (and I do not have the time which the Honourable Member had) what you find is that there is no comparison. So that when he talks about the sudden drop in the foreign reserves, he has to then look at what the patterns are for the next six months. I think that the statement by the Governor of the Central Bank is sufficiently reassuring to the population. What he said was that we have taken this step to put on the selective controls at this stage and if they work maybe as early as January or thereafter we might be able to lift them. I think that is prudent advice. But there is one last point I want to make, Sir.

The Honourable Member tried to give the impression that somehow some statutory requirement had been fulfilled and he tried to give the impression that the Minister of Finance was guilty of some dereliction of duty. He kept quoting Section 26, if the reserves of external assets have declined. Sir, Section 26 does not start with 26(3). It started with 26(1) and 26(1) says: "The Bank shall maintain a reserve of external assets consisting of all or any of the following on such terms and conditions as the Board prescribes and it lists the whole conglomeration of reserves - gold, foreign exchange in currency, international recognized reserve assets, bills of exchange and promissory notes, treasury bills, securities issued. Then it says as a statutory requirement that they should send the information to the Minister of Finance. But it did not say that when they send the information to the Minister of Finance that he would cease to be Minister of Finance.

The executive power in the country to make fiscal policy and to determine what ought to be done does not lie with the Central Bank. The Central Bank is there to gather statistics to advise the Minister and generally to perform the duties which it performs. But the policy has to be set by the Minister of Finance and only the Minister of Finance and the Government can set the policy. Therefore, any suggestion that the Central Bank has sent something to the Minister and the Minister had not acted on it and therefore

it is a dereliction of duty is either a misrepresentation or a misunderstanding of the role of a Minister of Finance in relation to the Central Bank.

I wish that I had more time, Sir, but I am grateful to you for your indulgence.

Mr. R. P. BYER: Sir, I would want to make a very important intervention in the debate at this stage to more or less give some idea of what the National Democratic Party thinks about the current state of affairs in so far as they relate to the economy of this country.

Now let me just say at the very beginning that I am no economic guru as the Member for St. Michael West is so fond of saying. My knowledge of these matters is very limited, Sir, but I have some understanding of what is already taking place. At the outset, Sir, I would want to say that we support the measure in terms of strengthening the administrative and operational structure of the Bank which we hope will lead to some stability.

Now I will still want to ask the Minister responsible in this area one or two questions and they would have to do with how will the appointments be made and whether the present salary range for the now displaced General Manager would operate in the same situation in this case and what would be the duties of the two Deputy Governors; whether there will be any overlapping of duties and so on; whether one will be responsible for administrative matters and whether one will be responsible for operations in the Bank.

Having said that, Sir, I would also want to touch briefly on the issue of credibility as it relates to the Central Bank. Recently, a statement issued from the Central Bank where it was claimed that certain statements made by the Leader of the Opposition were not true, statements relating to the economy and how it was performing and so on. As a direct result of the Leader of the Opposition's statement, the Central Bank through one of its officers issued a statement denying that what the Leader of the Opposition said was true. Subsequent events have proven that in relation to the point being discussed, that is the point of the level of foreign reserves in this country, that the Leader of the Opposition statement was in fact correct. 6.35 p.m.

But at the time the statement from the Central Bank sought to cast doubt and sought to put that statement in disrepute, sought to question the credibility of the Leader of the Opposition's statement.

One other thing that has also transpired is that subsequent to the issue of those statements, the statement and counter statement, what has happened now is that it has been shown that the statement issued by the Central Bank was not a correct one, and one is now left to wonder whether in fact a deliberate untruth was being told.

Why I have taken issue with this statement, Sir, is because very recently as a direct consequence of the one statement and the other statement the Governor of the Central Bank said that he would mount an enquiry to find out who leaked information to the Leader of the Opposition. That in itself was an admission, to my mind, that there was some untruth in the original statement issued by the Central Bank, and it is very difficult for me to understand, it is very difficult for me to accept the claim by the Government that the Central Bank is a reputable organisation.

This is a matter of public concern. The state of the economy at any time is a matter of public concern. Whether or not the public is prepared to accept any of the arguments being advanced by one party as against that of the other two parties, or whatever, it is still a matter of public concern. Matters of these kinds should be discussed publicly and all available information should be brought and put at the public's doorstep so that people who have some penchant for these matters will be able to discuss them and come to some understanding or be able to consider them, think about them, ponder them and arrive at some understanding as to what the true position is at any one time. Not only businessmen are concerned with these matters, but certainly people who for their own academic interest do take these matters to heart.

So it is difficult for me to accept that you are claiming that your institution is a reputable institution and that you would want to put this reputation beyond question, while at the same time you are seeming to say that the institution itself at one time told an untruth. Any such admission, Sir, to my mind would put the credibility of that institution in question and I would think that the Central Bank should come and apologise to the public of Barbados for having deliberately at the very beginning . . .

Aside.

Mr. R. P. BYER: It is not a foolish comment. If they have told an untruth it is, to my mind. . . If you are dealing in credibility, and if you say that you want to get to the bottom of something to restore your credibility, at the outset you were placing your own credibility in question by telling an untruth, so do something about it. It is the first step to restoring your own credibility. That is the point I want to make, so it is not a question as to whether the Central Bank is a little boy or not, it has to do with maturity. It does not have anything to do with youth or inexperience or anything like that, so you can suck your teeth as much as you want to suck them.

Aside.

Mr. R. P. BYER: From time to time we all do that, even you.

Sir, I have a serious difficulty with this approach by a public institution to matters of a public nature. As I said, the Central Bank erred in this respect and I believe that an apology should be made.

There has been a lot of talk about the economy in here this afternoon and whether the spokesman for the Barbados Labour Party was speaking on behalf of the National Democratic Party. I accept your position, Sir, that there are no parties in here, you have Oppositions. There is a Government side and there is a side for the Opposition, but at the same time Parliament as it is composed at this moment is composed along certain lines. There are three different types of opinion, three different voices of opinion, and as I said before and will say again, it was only because of certain arrangements that this side had with the other side of the Opposition that the Member for St. Peter spoke first. At no time was the Member for St. Peter representing the views of this side of the Opposition.

Sir, one of the reasons why the Leader of the Opposition, the Member for Christ Church East, the Member for the City of Bridgetown and I left the Democratic Labour Party was because we thought, and we are still firm in that belief, that they had more or less departed from the policies that they had said they would want, that they went to the country with in 1986. That was my position then, it was our position then, it is our position now. We did not think, and we still are of the view, that it was the correct thing to do. I was not speaking for myself, I was not convinced at that time, and I am still to be convinced, that there was need to be a departure from the policies at that time when we left. Even now there is still great debate as to what ought to be the correct approach for tackling the problems with which this country is faced, not only social problems but at this moment the more acute ones that are problems having to deal with the correct economic path that this country ought to take in terms of maintaining growth, in terms of expansion and in terms of providing the best possible living for its citizens.

The Prime Minister then thought, as he said, that the country was going on the rocks and that he had to pull it back. I was not of any view that it was going on the rocks, neither am I of that view at this moment. I made bold to say then and I say now that up to then the only problem we were having then was the problem of expenditure. If in that regime you are having a problem with spending money but the expenditure was low, even now you are having a problem with the way money is being spent. A lot of money is being spent but there is very little to show for it, as far as I can see.

The Barbados Labour Party, on the other hand, is of the view that the Democratic Labour Party's policy at this moment is merely an extension of theirs in terms of taxation. We of the NDP prefer a low tax regime. 6.45 p.m.

We believe that high taxation stifles in many ways productivity, because when people are working and they receive their pay and then large amounts of that pay go towards taxes, then there are problems for them. I know at the moment there is a regime of high consumption taxes and so on which is indirect taxation, but we still believe that that is not the correct approach, that the taxes at this moment are too high and that high tax regime is in a lot of ways responsible for a lot of the problems that we are having at this moment. We are urging the Government through our many press releases in the newspaper to return to the path that they were going on up to 1986 and early 1987 when the Prime Minister backed away from that position and started out otherwise, because the very problems which he said he wanted to avoid then are the very problems with which he is faced at the moment. He was talking about controlling expenditure, and expenditure now is more or less out of hand. He read out today the economic objectives for relieving pressure on the balance of payments and one cannot say with any conviction that he has achieved this. On his own admission there is tremendous pressure on the balance of payments. As far as I understand, the balance of payments or the foreign reserves are in a negative position. This is not a desirable thing.

It is all right to talk about the successes that you had during this period, but at the same moment, one must also point to the failures during the time that you sought to go on another path. In some ways one can understand what the Honourable Member for St. Peter was saying when he sought to criticise the Minister's statement that there is no point in seeking refuge in growth. Growth is a desirable thing. Any economy must have growth, but what will happen now when the very measures you impose put a damper on credit? You have credit restrictions at this moment; what will happen now is that people cannot get money to borrow to continue building, so that there will be a restriction in terms of expansion in the construction sector, and that would also impact on other things. What will happen in tourism, because you are putting a damper on imports, and you are saying that a large part of your importation bill is because of the increase in tourism. One wonders what will happen in these cases. What will happen down the road will be very interesting. One will have to look and see what will happen in the next couple of months. Certainly next year, 1990, will be very interesting as to what will happen, because I can see that we will have rough times in 1990.

Mr. R. L. MORRIS: Mr. Speaker, it seems to me that debate on economic matters in Barbados at the present time is concerned largely with the matter of perceptions of personalities and particularly the personality of the Minister of Finance and Economic Affairs. In other words everybody who is commenting on the current state of the economy tends to be projecting the idea that the economy and the state of finance can be gauged by the deliveries of a particular person and basically from the position that person

takes in making deliveries. In other words we are hearing that there is a particular stance that a Minister of Finance should take; he should be speaking on the economy every day; he should be making long statements on every occasion. If we come in here to debate what is really a Bill about administrative changes in the Central Bank Act, that should be opportunity for a total statement on the economy. We get the impression that in fact nothing is happening in Barbados, that the economy is being controlled by remote control as somebody has said, and that in fact decisions are not being taken, and that the whole economy of this country is floating and that we are heading towards destruction.

Now I believe that all of this is clearly politically motivated. Of course, you would expect this in a kind of adversary system, especially when you are half way or a little more than half way in the term of a Government, and people are gearing up for elections some time down the road. But I believe there is a certain amount of responsibility that must be brought to bear when we are discussing financial and economic matters in our country.

The whole gravamen of the debate of the Honourable Member for St. Peter, the leading spokesman on financial matters on behalf of the Barbados Labour Party, is that we have a serious problem facing Barbados at this time in relation to the balance of payments. Let us take that for granted. Let us say that the facts suggest that at this particular point in time, at this particular juncture in our development in 1989 that we are experiencing a balance of payments problem; let us take that as a fact. As has been said by the Minister of Finance, as has been said by the Governor of the Central Bank - it has not been hidden - we have not countered that, we have not gone to the public and said there is not a problem in terms of our reserves; so we admit that up front. But certainly that cannot in itself be a matter for total condemnation for the way the economy is being handled. We have to ask ourselves whether this is a temporary situation which will be corrected in the short term by the necessary measures which can be taken, fiscal or monetary measures, or we have to ask if this is going to become a chronic situation, and which will remain with us for a certain amount of time and therefore will be more detrimental in terms of the entire structure of the economy. That is really what we are talking about, because we need to understand that in economies like ours, at some time or other you are going to get stresses and pressures on your balance of payments position. Certainly we can explain how we have reached the position that we are at now. This is not something that crept up on us overnight; we are actually in the low point of certain developments that can be traced to the period of the Barbados Labour Party that came right through 1986 and is now coming to a certain position at this point in time.

Mr. Speaker, all of us realize that the tradable goods sector of the economy of Barbados was declining significantly in the times of the Barbados Labour Party.

Manufacturing was down, agriculture was not performing, tourism was not performing under the Barbados Labour Party administration in the early 1980s, and that meant that for some time we have not been able to earn the foreign exchange that would help to sustain us and to keep the balance of payments problem manageable and controllable. That is a fact. That was happening throughout the Barbados Labour Party times. It is true that we have not yet found the formula in spite of the sterling work we have done to be able to revive the tradable goods sector to the extent that we need to in order to deal with this problem. We have not been able to, although there has been modest growth in manufacture for exports. In terms of things like Pharmaceuticals we have been exporting more; we have been exporting some more electronics and so on, but basically Barbados in the last ten years or so has not been able to tap the export markets in order to bring in the kind of foreign exchange that we need in this country. 6.55 p.m.

Furthermore, our agriculture has not been performing and, particularly, I am talking about export agriculture. It has not been performing to the level that we would want and so with the non-performance to the required level of agriculture and our manufacturing in the export market, we have really been depending largely on tourism.

Now, these are incontrovertible facts. They are not facts that can be levelled at the Democratic Labour Party to say that the Democratic Labour Party has not been performing or the Minister of Finance of the Democratic Labour Party. These are structural problems in our economy that have to be looked at.

The point is that we have to do a lot. As a country we have to sit down and strategize in terms of how we are going to develop our manufactures to get out there in the export market to bring in foreign exchange.

I am saying, Sir, to developments in Barbados. Investment is going in the form of another mall. The money is being concentrated on developing more and more malls. But when you develop malls you are not bringing in any foreign exchange in this country. What you are doing is sending out more and if our businessmen feel that the road to development in Barbados is setting up another mall, and then another mall, that is going to add to our foreign exchange problems.

We have to be risk-takers. We have to get people who are concerned about setting up businesses to produce goods that we can export to earn foreign exchange. But what is happening in our economy is that when businessmen find more money in their hands they are looking for an easy way to make great wealth and one of the easiest ways to make great wealth is either to become a big landlord or to go into the distributive sector and make money. You only pass

around money from one hand to another but what we need is to face the challenge in this country of investing in areas that we can export.

It is not an easy challenge but it is not something to talk about glibly either as though the problem in foreign exchange was something that came overnight - the balance of payments problem. That is a structural problem that we have in the economy that we have to face up to.

How are we going to be able to improve our tradeable goods sector? How are we going to be able to get the Export Promotion Corporation and the Industrial Development Corporation to get businesses grow to the level with the efficiency and the productivity that we can sell into external markets? And a corollary to that. How can we attract some more private foreign inflows of capital?

We have not been getting that in the way we were accustomed to getting in the 1960s, and in the 1970s. There is not enough money coming in, enough foreign exchange coming in and we are not able to sell again to bring in enough.

These are problems that we have to deal with and it has nothing to do with blaming a Minister of Finance or anything like that. We have to sit down and understand what are the problems facing Barbados which is just another developing country facing that same peculiar problem and we have to come up with answers to that.

Now, it seems to me that the whole question of the foreign reserves also has to be related to the fact that we have had to borrow significant amounts (the Barbados Labour Party Administration) and since we came into office we were borrowing to pay off debts basically.

I remember when the former Minister of Finance spoke in this Honourable Chamber in 1986 he made the statement that for the next five years we have to be paying off our debts at the rate of about \$100 million a year. That was his estimation at the time because there was a lot of bunching of debts which became due to be paid at this time.

Now, if the country finds itself with this particular problem (and we know that is a fact that at this particular time there are a number of debts that are maturing that we have to pay back) the question is, where is the income going, to come from to pay for these debts? Where is the hard currency going to come from to pay for these debts?

If your economy is not growing in the areas where you can bring in that income. Well, clearly, we are going to find ourselves in a position where we are going to have to be borrowing some more. These are things that we have to face square on in the country.

We have to face them head on. That is not a problem created by the Democratic Labour Party. That is a problem that has been passed on to us. But we have to take our responsibility to this country and we cannot be afraid to let the people know that we are borrowing. Because of the responsibility of Government we cannot shirk the debts of a previous administration. We have to get the income in order to pay for those debts.

Now, the Honourable Member for St. Peter makes points about how they can show what they did with the money that they borrowed. Of course, you can see. If you go in for borrowing for big projects like the airport, the seaport, the highway and the Central Bank, you would have to be blind not to see them. They are so visible, these magnificent monsters, these creations to put somebody's name in the pages of history.

A country can borrow for \$100 million projects and it can borrow for \$20 million, or \$10 million or \$12 million - projects. But there would be a lot of \$10 million or \$12 million projects stretched all about the place and some \$4 million ones and \$2 million ones. So that you would not walk about and see them standing out but they would be there.

You could not really be asking us to quantify what we have done with the money that we have borrowed because that exercise has been done in here already. You have already asked the Minister of Finance and the Minister of Finance quantified where the money went, in repairing the Police Stations, in repairing the school, Erdiston College and a whole lot of other projects money was spent on. And it would have been spent around a lot of small businessmen in this country.

It would have been diffusing downwards but some people believe that you have to spend money in a \$100 million lump sum, or a \$90 million lump sum in order to say that you have done something. You are creating monuments, not necessarily spending the money throughout the country. So we know that there has been spending on your part and there has been spending on our part. And a lot of our spending has been to pay back the debts that you incurred. That is part of the problem that is facing us now.

The Honourable Member for St. Peter spent a lot of time today because he knew that we are vulnerable in terms of the debts that they created. He is trying now to justify their borrowing, the fact that they borrowed a lot of money in their time. He is trying to justify that and trying to show that we borrowed too and that we left debt back in 1970 and 1971. He is trying to show that.

A debate on the Central Bank Act is not a debate on who had more debts or who did not have more debts. I have always heard the Honourable Member for St. Peter justifying debt. He is on record all the time of justifying

debt. He has always defended the right to get debt, to borrow, and he has given us the open door that if we go and borrow, nothing is wrong, go ahead and borrow.

We are now getting advice from the other side. One said go and borrow \$100 million, the other say that is too little.

Mr. O. S. ARTHUR: On a point of order.

Mr. Speaker, Sir, the Honourable Member is attempting to mislead the House. I have gone on record as saying that I would support a Government of Barbados which borrows for productive purposes and that is the limitation of my commitment. I shall not have the member say that I am giving an open door because an open door implies that a Government can borrow for unproductive purposes like the Sherbourne Complex, Mr. Speaker, Sir.

Mr. R. L. MORRIS: Mr. Speaker, I think he was making a correction for another place. He was not really making the correction for this Honourable Chamber.

At any rate, Mr. Speaker, the Honourable Member for St. Peter was trying to bring into the debate the question of debt, the question of the repayment of debt that is faced by the Democratic Labour Party because that is part of our problem at this time in the economy.

Well, we have a number of loans that are bunching at this time. They are going to be bunching in the years right through and we are faced with the problem of repayment of that debt and that is nothing new. That was established here in this Chamber since 1986.

I remember the former Minister of Finance setting out quite clearly (and he indicated that for almost every year you would be looking for \$100 million in order to pay back that debt) and the indication was given by himself and the present Minister of Finance that you were talking about a number of these Japanese bullets, that we are stilling paying back the IMF for money borrowed by the Barbados Labour Party back in 1981, and that, in fact, these things are coming home just at this time while we are facing a situation where our tradeable goods sectors are not performing. So you have those kinds of problems.

In addition, Sir, as the Honourable Member for St. Peter said, the policy of the Democratic Labour Party since 1986 has been one that has stimulated domestic demand for goods and services. That is true. In fact, he looked at the savings patterns of Barbadians and I thought that he was giving the impression that we are saving less, that there has been a dramatic drop in the rate of savings.

Now, I am going to walk through some figures that I have looked at because I want to know if we are talking about the same things. I took the opportunity of going into

the same text he was using, the Economic and Financial Statistics for September, 1989, and I was looking at the chart and I am looking at the tables that are on page 27.1 am looking at total deposits and I am looking at the private individuals. I think that was the comparison you were looking at. 7.05 p.m.

I looked at a comparison between April 1989 and April 1988 just to get that comparison, then July 1989 and July 1988. That is the first basis I started from to see how savings had moved from one month in the previous year to the current year in April and in July for the same figure. What this showed me is that between April 1988 and April 1989 there was 23.32% increase in total deposits by depositors. Between July 1988 and July 1989 there was a 10.8% increase in total deposits by depositors. So that there was an increase between April of the one year and April of the second year, between July of one year and July of the ** second year.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, if the Member will give way on a point of elucidation. The point I am at pains to make, Sir, is the rate of savings; and the rate of savings is savings in relation to income. The aggregate amount of savings in relation to income - that is the point I am making, Sir. If you were to take the 1986 (not one month, that does not give you a pattern) but if you take the ^ first six months of 1986 and compare it to the first six months of 1989 (aggregate savings in relation to the level of income) there has been a drop in the savings rate. That is the point I am making, Mr. Speaker. The table that the Member is using, Sir, will not allow him if he uses a month in particular to reflect on a trend.

Mr. R. L. MORRIS: Mr. Speaker, I did not understand when he made his first address that that was the basis of the comparison he was making. All right, aggregate savings in ^ relation to income at the time. I did not understand that that was what you were saying. I did not realize that was the basis that you were working on. All right, but I have to take your statement for granted because I was not able to check that. I will have to check it. I do not have the same information that you are working on; so I am not in a position to check that. What I can show because I went right back to pick up the patterns about what he was talking about is that basically there has been a significant growth in savings in Barbados over this period. **

Asides.

Mr. R. L. MORRIS: All right. He is saying that he is distinguishing between the volume of savings and the relationship between savings and income. But the volume in savings has gone up tremendously by any analysis at all that you do. Whether you are talking about nominal savings or you are talking about real savings, savings went up. I am going to take April 1984 as a basis. The savings were -**

something like \$585 million approximately. April 1989 you are talking about \$1 billion. You are talking about an increase of about 71% over that period between 1984 and 1989. There has been a tremendous growth in savings - no question about that. I am not in a position to relate it to income because I do not have the income figures here. But anybody who is giving the impression that savings have been declining in this country, that could not be supported by the facts. But even so, if you are looking only now at the commercial banking sector as an indication of whether people are saving or not without understanding the statistics that have come out from the Credit Unions, there has been a significant transfer of savings from the commercial banking sector to the Credit Unions. You have to give a total picture. You have to give a complete picture if we are to be understanding what is happening here.

I think that people have been saving in Barbados and there has been a mass increase in savings in the post 1986 period. Between 1987 and 1989 people have been saving at an extremely high rate. There has been a high level of savings. Barbadians' problem is not so much savings. The problem with Barbadians is about productive investment. That is really the problem that we are facing in this country. Barbadians can save. They are magnificent savers. But we seem to lack the entrepreneurial skills to take these savings and to convert them into investments particularly in the areas that matter. We need, Sir, to get the expertise to become manufacturers and to be able to convert our savings in such a way that we can then use them to the betterment of our country.

Now the problem I think is a very diverse one. It is one that has to be looked at. All the discussions about the changing structures of the economy are relevant here, but I want to make the point. There is no way that you are going to wave a wand and make Barbadians become businessmen overnight. There is no way you are going to wave a wand and make Barbadians go into those very difficult areas that call for risks, that call for taking your time in order to see the kind of development we need. By some squirk, some irony, the people who have made it as manufacturers whether it is furniture for export or garments for export are not the people who came through our school system. As a matter of fact, the persons did not go through that system at all. Some of them dropped out and only went to elementary school. But these are the ones who have been giving our fledgling manufacturing a chance. It is so difficult because even now it is hard to get Barbadian parents to understand that if a child says that I want to go to the Polytechnic because I want to become a skilled person and that person has a high IQ, that person is a good achiever, that person has 8 grade one's in General, to go to a parent and say "Look I do not want to go on to A Levels at Harrison College and the University, but I want to go to the Polytechnic or Community College and do the OND or HNC," the parents would want to know if that person is crazy. But that might be the road to our moving forward in

the direction I am talking about; that is in the area where we have to be manufacturers and where we have to get into the market in order to sell Barbadian products abroad. I cannot see us progressing as a nation and as a people unless we realize that we have to do that based on trade - very important.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. I will not have the Honourable Member mislead the House because he might be creating the impression, that what I said earlier was incorrect. I have now the information that will guide the Member. In the first six months of 1986, savings by private individuals in commercial banks increased by \$68 million from \$651 million to \$719 million. In the first six months of 1989, Sir, savings by private individuals in commercial banks (I am using your table now on Page 27) from \$958 million, Sir, to \$1,004 million by \$46 million. So in aggregate terms, there were more savings in the first six months of 1986 in the commercial banks and that is the point I made.

Asides.

Mr. O. S. ARTHUR: From \$651 to \$719 and \$958 to \$1,004 million and my point, Sir, is that in aggregate terms as well as by reference to the rate of growth of savings, Sir, the society did better in relation to savings than it is existing now. I stand, Mr. Speaker, Sir, on the point because they are borne out if you were to take all the statistics and collaborate them. I trust, Mr. Speaker, that the Member will stop castigating me for misleading the House.

Mr. R. L. MORRIS: I thank the Honourable Member for bringing further information to the debate. I think he still has to deal with the added factor that within the period the savings and credit unions, and other financial intermediary have been quite significant and that will still have to be put into the total package before we have a better picture. Thank you for elucidating and bringing more clarity to the picture. But the picture is still not complete unless you bring in that particular element. I understand that he will have particular difficulties in bringing that information to bear now. If you are looking at the total savings, the commercial banks cannot alone give you an indication of how Barbadians are saving at this particular point in time. So we have a part of the picture but not the entire picture. I understand what he is saying based on the information within this particular document, but I am saying that he cannot draw conclusions on that alone. 7.15p.m.

I want to continue making the point that the Honourable Member for St. Peter well knows that the problem in terms of balance of payments in Barbados, the problem in relation to our foreign earnings has to do with the tradeable goods sector and the fact that it has not performed under the Barbados Labour Party, it has not performed under the Democratic Labour Party to the kind

of levels we want to see it perform. Whether that has to do with structural problems within our economy, whether that has to do with our agencies like the EPC and the IDC and the way how they are performing, these are facts we have to look at.

Under the Barbados Labour Party manufacturing sunk to a new low. That is a fact. We are trying to come out of that and there has been significant growth. We can still say that the growth levels have not gone beyond what they used to be in the early eighties. We are coming out of a debt, so that when you start comparing you are comparing with a past time. If you set your level in a past time we have not got back there yet. We have been growing significant and we had to come from zero just as we had to come in terms of growth. We came from minus in terms of growth, now we are hearing 3.5% growth.

Mr. O. S. ARTHUR: On a point of order, Sir. The Central Bank's Reports will show that for the six months of 1986 the economy grew by 4.5% and that growth was recorded in every sector. A 4.5% growth of this economy has not yet been realised by the D¹ XT i¹ 1 >ow P'ri> ,n any year, and I will not have - *hc tVici>j!> .- in<-«au the House, Sir.

Mr. R. L. MORRIS: Mr. Speaker the Barbados Labour Party has a record of experiencing i¹ovth in election years. If he went further b^r*ck froT * J>*& U would have seen growth in 1981 too, but tHr urowⁱ) used to come with some serious consequences afkr ^MJ <lk] <xii have to wait for any pattern t<> ue¹ -jop ?< , • ta< u¹- you then had to go to the IMF so they kur» A ;>!> » *t growth In election years, In the penods in bew<- ~^TV «, ^rt \^ V^f negative growth all the tm>^f, so I -\ i m • , * v.~n< tr ^ iher* was growth in early l^oob One;- the* ni ^ , t>op on thx-slate, they used to pump money int< ^ ~* \ (Mum>. We ued to hear about how unemployment went H^wn rwruih nr went down. There w-* i.rovah in '*ihv* <arw oi the economy, but that was diction punp p- ia)g we hy¹ "v experience.

Mr. Speaker, ^/e need to jru>- ' ' Barbados over the last two vu*T<' , * * ' < . . <> ! growth, very visible grovUt ^ iu , p^ *^r ^ a *>v construction. Both of these activities which have serious ramifications throughout the economy must impact on your balance of payments situation. That is a fact. There is no question about that. But we have to make policy decisions. When we came into office the economy was flat. I am not talking about early 1986, which as I said was an election year, when certain things would have been done and you were coming out of a period of negative growth, but I am saying there were areas of the economy that were stagnant. The unemployment level was high. It is true that the rate of inflation was relatively low, but basically we could not have been satisfied with the economy and we decided that we would improve the conditions of life for the people of this

country by ensuring that houses could be built and by ensuring also that there was the construction of roads. Both of these must impact on your foreign reserves position, because you are not going to be building houses in Barbados, especially the middle income houses that are being built, and develop the roads without impacting on foreign exchange.

There is a need to bring in a lot of the components of your housing, and when you are building roads about 50% of that has to be spent in terms of foreign bitumen and so on that you have to bring in, and furthermore, from the time of about the 1980's when we were bringing in quite a few minibuses, that again would have affected your foreign exchange position. If you are buying a lot of private minibuses and Z vans and so on, along with personal transportation, cars and so on, you are talking about using up your foreign earnings.

Aside.

Mr. R. L. MORRIS: You are going to compare five coaches that cost \$1 million when I am talking about years you were bringing minibuses one after the other, but the five coaches are not an issue. The five coaches are an issue for the radio talk shows, not for serious people in PiTliar^nt. The five coaches that you brought in here to entertain hundreds of parliamentarians from all over the ^orlds and when you all travel on conferences you travel in the sarie k'nd jf coaches. That is not a discussion for a sK,ViS Par! indent that is a discussion for Tell It Like It I Wa^ \ou just come back from some sponsored tour of I Britain or something like that, and you drove in a Mercedes J B¹*n/or a Jaguar.

\fr R L MORRIS: You walked. I do not believe ! **? \ hen we travel overseas, as we have to from time v,, we are treated with the same standard that we are to show to people who come here. When we are serious about politics we do not try to denigrate or pull down ourselves as politicians. I do not subscribe to that. I really do not believe it would have been proper to put them ;il! i?) the minibuses we have about here and shuttle them around in those minibuses. I do not believe so.

Aside.

Mr. R. L. MORRIS: That is a decision to be made. No problem with that, but I do not see how it could be a problem of disposing of coaches in a country that is a tourist haven. I do not see there can be any real problem with disposing of them in this country. Do you think that is the first and the last conference there will be in Barbados? With the tourists moving up to 500 thousand a year, do you think there will be a problem moving about this country? Do not create those petty things and make issues out of

them. They have nothing to do with the debate that is dealing with wider issues in the economy.

Mr. Speaker, the point is this. I believe that the members of the Opposition understand very well that the economy of Barbados, like all other developing economies, will have problems from time to time. There will not always be crystallisation, in that every sector will not be performing well. If a report is offered to Parliament suggesting that, there are several indicators. If your rate of inflation can be maintained at 5.3% per annum, if the level of unemployment has dropped from 17.7% to 16.5% —

Aside.

Mr. R. L. MORRIS: I am reading my statistics all the time from the same source, the Economic Review, Volume 16. No. 2, September 1989, not the newspaper. I am talking about this source in terms of the decline in unemployment and the fact that the labour force is growing all the time. The people who are actually working are over 120,000 in this country - the people in the labour force. The active labour force is growing. According to this it is 16 point something or other.

Mr. O. S. ARTHUR: Mr. Speaker, on a point of order. So that the Honourable Member may not mislead the House, I would like the Member to explain how it could be that the labour force could be 123,000 people in September, which is the low period of the year, but only 120,000 in March, which is the high period of the year and when people are looking for jobs. 7.25 p.m.

Mr. R. L. MORRIS: We cannot get into those debates. I am not like the Honourable Member for St. Peter questioning every economic statistic, because otherwise we would be going around in circles, or questioning the methodology of arriving at statistics. I am not getting into that debate because at one time the Honourable Member would be attacking these statistics, and at another time he would be using them. We are not getting into those kinds of ridiculous positions.

Hon. B. M. TAITT: On a point of order, Sir, the Honourable Member for St. Peter would be fully aware that ever since the then Prime Minister came at the back of the Speaker's Chair and admitted that the statistics for unemployment were cooked - he admitted to me that they were cooked behind the Speaker's Chair in a debate, Tom Adams told me that - there was a problem.

Mr. R. L. MORRIS: Mr. Speaker, according to the source I cited, the rate of unemployment fell from 17.6 per cent to 16.5 per cent. I am not going to be debating those statistics. I am not in a position to debate those statistics; you are not in a position to debate them either; and we cannot be attacking them and then using them at another

time. I am willing to go by the statistics that are provided by the technocrats and by the officials. That is my position on that, and I am telling you that according to these, there was growth of about 3.5 per cent, and you are telling me that nobody knows what the growth is.

I am saying that unemployment fell according to these statistics from 17.6 to 16.5 per cent. I am not going to get into any position, Sir, of attacking the economists and saying that they do not know what they are talking about, that when they tell me that there is growth that they do not know what they are saying, as the Honourable Member for St. Peter is telling me. I am not going to follow him on that road. He was trying to give the suggestion that you cannot take the 3.5 per cent because nobody knows what it is, that the economists who are telling us that now don't really know and will come and change their mind next week.

I remember him calling a certain person the Lickmout Lou of the economic profession because apparently 'economics have certain types of people in it. I remember that nomenclature being put on somebody. I don't get into that. I take them to be professional economists. I am not going to call him that; I am not going to call any other person any names. I take them as professionals. If I am naive, I am going to be naive enough to take the figures that they put before me. But all I am saying is that if the economic report for this country says that there is 3.5 per cent growth, that the rate of inflation has been maintained at about 5.3 per cent, that unemployment has dropped and it says at the same time that there are some problems in the balance of payments, I am not going to mouth it out there in the country that we are on the brink of collapse as I am hearing here. All they are saying is that the economy is performing, that there are problems in the economy, and I agree that the balance of payments problem can be a serious problem. But I would not want as the Honourable Member for St. Peter to suggest that it is a chronic problem, that the measures that will be taken and will be put in place cannot correct them, and that it will be a short term problem. I am not going down the road that there is going to be any winter of discontent giving the impression that in a short time Barbados will be in disarray. Because I do not believe that. I have confidence both in the political directorate of this country as well as the institutions that advise the political directorate (including the Central Bank) that if there are difficulties in terms of balance of payments, there are fiscal and monetary measures that can be introduced to stave off these problems. And if you want to give the impression that we do not have that expertise in Barbados, that when we run into problems we can solve them, that is sending wrong signals out there. And for all of them who are walking about talking about the option of devaluation, that is wickedness. It is wicked to be giving the impression that we are on the brink of devaluation; and if the Minister of Finance has increases in interest rates as part of a policy measure, - that is what he is asking, he is asking if that is so - I am saying that there are several options that a Minister

of Finance can make, and in his own wisdom he will make them depending on the state of the country.

When you all were in office you had a high interest rate regime at a certain time because you would have felt that that was the policy that was necessary at that time. And I am confident that the present Minister of Finance will have several options before him; he will be advised by the technocrats, but he will decide what the policy is, and he will determine it not necessarily by the harangue that is coming from the political sector, but on what he considers to be the best for the country. Because the Government cannot be controlled by the people in Opposition who are singing songs only for political mileage; but we have a mandate to pursue. When you are in Opposition you can talk any ridiculous thing, but when you are governing ...

Mr. SPEAKER: The Honourable Member has one minute to wind up.

Mr. R. L. MORRIS: When you have a mandate to pursue, that is a completely different thing. So all the wild prognostications you are hearing every week from people who know everything, and all of the extravagant statements for the newspaper headlines for the star boys that are being made bear no reality to what the normal person is seeing in Barbados. In spite of all of the problems you are talking about in foreign exchange, people have been spending more money in foreign travel; people have been going out of Barbados. Look at the figures in terms of loans from the commercial banks to people who have been travelling out of this country in June and July of every year. That is part of the problem too, and I believe our Government has to look at that particular situation. But I am saying to you that over the past few years people in Barbados have been enjoying a high standard of living to the extent perhaps that some of them might have gone overboard in doing certain things. Let us be very clear about that; that because things were easy people might have felt that the simplest thing to do was to pack some clothes and go off to Miami or Puerto Rico or to Venezuela, because they found themselves in a position where they were enjoying extremely high standards of living. Now when that happens, truly it can lead a country into certain difficulties and when that happens the Minister of Finance will have to take the necessary measures to deal with it also. But the fact that they are travelling was an indication of how they were living, the high standard that they were enjoying. But we have to look at it and review the situation to tailor it to the needs of the country at a particular time.

Mr. Speaker, I pause at this time.

Mr. D. A. C. SIMMONS: I will not be long, Sir. I am not going to be half an hour. I want some explanations, Sir, and I will go slowly so that the Prime Minister can write and I will expect some replies. I am glad to see what is happening at the Central Bank and that they are trying to

rationalise the management structure of the Central Bank. And I endorse everything that has been said by the Honourable Member for St. Peter in relation to the quality of staff in the Central Bank and the type of work that they have been doing. What one can't help is but be impressed by the quality of written work that comes out of the Central Bank, particularly the research department

The criticism I made some years ago, I think when we were discussing the O'Neal Resolution, was that one would like to see in certain of the departments at Cave Hill more publications by some of the staff. I am glad to see that the Central Bank has kept up a high level of production of high intellectual quality. I am also glad to see that the Government acknowledges the work of the Central Bank. There was a time when that Bank was officially opened and all of them would not turn up; they boycotted the opening. That is a fact. That was not considered petty; it was not petty not to go to the opening of the Central Bank and the Frank Collymore Hall; but it was petty when I said I would not sit down with them to fashion any policy on drugs. I just want the public to remember.

Now, Sir, I have some difficulty with the figures that have been coming out in relation to the Prime Minister's comment on the economy and the objectives that he set himself last year in the Budget Today he told us that the economy of Barbados has been performing reasonably well over the first nine months of the year, but there has been good performance generally, though there are one or two sectoral difficulties. I wrote it down. In terms of what the Honourable Member for St. Peter and the Prime Minister had been discussing, the elusive concept of growth, 3.5 per cent is reasonable, not bad at all. 7.35 p.m.

But the document published by the Central Bank itself in September 1989 gives cause for concern because of the decline recorded in several areas. For example, on Page 2 in relation to agriculture, sugar production was down 17% from last year. Performance of non-sugar agriculture was varied.

Now, the next sentence I find startling. The acreage of vegetables planted fell from 437.2 acres in 1988 to 331.5 in the first six months of 1989, that is over 100 acres in relation to vegetables, the loss of 100 acres of vegetable production. Now, that is serious.

Aside.

Mr. D. A. C. SIMMONS: I am still in production. My little tree still producing the hot peppers, selling to the BMC. The Minister of Agriculture would not even give me an increased price of .55 cents a pound.

Aside.

Mr. D. A. C. SIMMONS: You cannot make money in that, Sir. On top of that is my contribution to the national effort. The Prime Minister has a few cane holes, as he said. I have a few pepper trees.

But, I think that is an area, Sir, that we need to address, the loss of 100 acres in vegetable production in the first six months of 1989.

Similarly, Sir, fish, down. You cannot catch fish now. The fish catch continued on a downward trend falling 11.5% below the 1988 level. Energy: production of crude oil for the first half of 1989 was 194 500 barrels, or hear this, 14.3% less than the output of the corresponding period last year.

Production of natural gas fell by 6.1% to 16.2%. Sales of natural gas to the Barbados Light & Power Co. declined by 95.6 thousand cubic metres and so on. There is a figure for wearing apparel that went down by 26%, I think it was, but the picture that is painted is not really one of growth of which we could be confident and of which we should be satisfied but rather a picture of decline - an economy in decline.

No wonder the Honourable Leader of the party on Sunday made the very cryptic and telling point, Sir, that the tricks of 1986 have led to the decline in 1989. The decline in the productive sector is worrying and what the Honourable Member for St. Peter was concerned to get across today is that it is all well and good to say that overall you have a growth of 3.5% but the Barbados economy is fragile and requires prudent management so that the Minister of Finance, the Governor of the Central Bank and the other gurus have constantly to be watching the trends and when a trend is identified, there must be immediate decisions to correct it.

Now, Sir, the Honourable Member has given the figures in respect of the reserves. We have lost \$154 million in foreign reserves over a six month period. That is a matter that calls for some remedial action and I am happy to think, Sir, that on August 2, I warned then that there was a problem with the reserves. I think we were debating the \$50 million loan. I do not get into this thing about who is first, or who is second, or not. I know that I raised it first.

I was glad to see when I was in England for the four weeks they had a big row down here going on in August. There was a row between the Prime Minister, the Leader of the Opposition, and the Leader of the Labour Party. I was not in that at all. The Press did not remember that I had started it. I was out of the island so it did not matter. I am very glad that I was not involved in that.

Suffice it to say that I warned then that there was a problem. The Prime Minister to his credit got up the night and said the foreign reserves were under some pressure and

that he was going to keep an eye on the matter and whatever action was necessary to be taken would be taken at an appropriate time after full study so that he recognized it then too.

Aside.

Mr. D. A. C. SIMMONS: The Press carried it in a little part of the "Nation" top right hand on page 5 or 6. They hid it away there.

I also warned then that there was leakage out of this economy of foreign exchange. The Prime Minister had asked me to give him certain information. Admittedly, on one occasion when I was close to him and had thought of giving him certain information it was not convenient. We were meeting the gentlemen who were here from the English Parliament for cricket at the Prime Minister's official residence and I could not do it there and then I went away on holidays. I still stand by that because I want to examine the figures.

One hundred and fifty-four million dollars is lost in six months.

Aside.

Mr. D. A. C. SIMMONS: Used up then. Construction accounted for \$7 million, debt repayment \$88 million. Show me where is the other 7.

Aside.

Mr. D. A. C. SIMMONS: I was taking it from January. It was for the six months period. The Honourable Member for St. Peter tells me that I am even putting the debt too high. It is \$46 million for the six month period so that is \$53 million. Where has \$100 million leaked out, where?

Aside.

Mr. D. A. C. SIMMONS: Construction was \$7 million. I want to hear you all on that. I am going to show you all where it has gone - \$46 million in debt repayment in the six month period and \$7 million in construction is \$53 million. We still have to identify \$101 million.

Now, Sir, I also heard when I was away that about five people were found taking foreign exchange out of Barbados. It seemed to be a fact that persons were stopped taking foreign money out of Barbados. Strangely enough, they have not, apparently, been prosecuted even though there is legislation in place and the names have not been disclosed. 7.45 p.m.

As a matter of general deterrence to prevent others from following suit, you have to make examples of them. I know that there is a fine balance that has to be struck because if you come on too strong people will then think there is a problem and a lot of surreptitious means will be used to get money out of Barbados. You do not want to create a scare situation. I think that is where Jamaica made a mistake in the 1970's.

But Sir, one of the disturbing things.....

Aside.

.Mr. D. A. C. SIMMONS: When we warned in here during the Budget or the Estimates, Sir, that there was a figure appearing in the official statistics in the Economic Report, we were pooh-poohed. The retail sales on Restaurant Tax for 1987 were \$15.4 million. Check this year's Economic Report. You had a billion increase in visitors, but the figure remained at \$15.4. What is happening is that the money is staying overseas and not getting into Barbados. Now Government has to really sit down and determine some strategies to ensure that people who operate in the tourist industry with overseas connections bring the money into Barbados. That is a problem.

Another problem, Sir, has been in the area of commercial bank credit to the distributive sector. Now Sir, I want to look at the Economic and Financial Statistics for September 1989. Look at Page 13 first, Sir, and take the three year period 1983 to 1986 looking at the quarters right up to June 1986 when the Labour Party went out of Government, Sir. You will see that at no time did it reach beyond \$125 million. You had a range from about March 1983 of \$108 million to June 1986 it was \$119,842,000. In March and June 1984, it went up to \$125 million now the highest.

Now Sir, compare the three-year period since the Democratic Labour Party has been in power, but particularly the months January to June 1989 under the same head "Distribution". Now on Page 14 you can see some startling figures. Where we were able to keep things fairly tight between \$119 million to \$125 million, it now goes in January of this year from \$192 million to June \$219 million. Now while the distributive sector was getting unlimited, as it were, credit, the productive sectors who were accountable earlier were contracting in terms of production and the commercial bank credit that was going to them. For example, look in tourism. Tourism dropped from December 1988 from \$86 million to June 1989 \$78,244,000. These are significant figures.

Asides.

Mr. SPEAKER: May I have some order please?

Mr. D. A. C. SIMMONS: Sir, I did say *sotto voce* that the Prime Minister was out to lunch, because I was trying to direct his attention in which the Honourable Member for Christ Church East Central picked up of the statistics for commercial bank credit to the distributive sector to show that whereas in the three-year period 1983 to 1986, we held that credit between \$119 million and \$125 million, in the three year period under the present Government, it has gone haywire up to \$219 million - \$100 million more.

So that when we said a long time ago, Sir, that the Budget of July 1986 of the then Minister of Finance was a Budget that was designed to benefit a certain class in this society who were well-off already, we were laughed at. All of this has proven it, Sir. The distributive sector.....

Hon. B. M. TAITT: On a point of order, Sir. I do not like interrupting the Honourable Member but I feel the Honourable Member is misleading himself and, therefore, the House. The Honourable Member himself must know that included in that figure would be the entire distribution as it relates to the hotel industry. Now if you look at the category, the people who buy and sell wines, etcetera and if you have the massive increases that we had in tourism in terms of the cruise ships and the ancillary services, there are bound to be some entries. I do not negate the point, but the figures are bound to show an increase in the distributive sector.

Mr. D. A. C. SIMMONS: Mr. Speaker, I accept that the general thesis that because you have an expanding tourist sector that you are necessarily going to have increased imports to service that. I accept that thesis. I said that Government has to explain a massive increase by \$100 million for example over 1986. I will allow a reasonable increase and at the same time tourism itself with the hotel developments and so on have declined.

Asides.

Mr. D. A. C. SIMMONS: I am dealing with the Central Bank, Sir. I am not dealing with any former old member of the Central Bank. I think, Sir, the Government has to explain this leakage or differential of \$100 million in the foreign reserves that have been lost. I am from my position outside of Government trying to find explanations and we have to find explanations. It is not a comforting thought to know that \$154 million leaked out in six months. I have identified the legitimate areas where it has gone, Sir. I have spoken about the underground. I believe firmly that too much has gone through commercial banks to the distributive sector. I am not saying that all. I am looking for possible explanations for this missing \$100 million, the dark figure of \$100 million that we cannot find.

Hon. B. M. TAITT: I wonder if the Honourable Member will give way on a point of elucidation. One does not negate what he is saying as a principle but, Sir, the

difference in the pattern. Now take there are doctors who have just joined together to buy a CAT scan. Now with a CAT scan we are discussing a price in the millions. These are the kinds of things which have been happening in the last three years which would show some change in the pattern certain kinds of imports and, therefore, the \$100 million figure cannot be \$100 million in only durables of hi-fi's, walkmen, and that sort of thing. 7.55p.m.

I think he needs to include that in his discussion even though what he is saying is valid. Furthermore, Sir, they said that we had to get new gloves.

Mr. D. A. C. SIMMONS: Is he reducing a serious debate where he is asking the Opposition to let us put our heads together to real serious problems with the foreign reserves? We are trying to offer some ideas - a lot of them may be speculative - and he is talking about recycling gloves. The next thing he will talk about is chicken, plucked and unplucked.

Sir, I do not accept the point about the CAT scan or some sudden purchase by a group of people; what I think we need to address is a trend. If you start from January 1987, the whole of page 14 shows a gradual build up from \$145 million, going right up each year, getting more and more till you reach the high of \$221 million in July.

Aside.

Mr. D. A. C. SIMMONS: I am indebted. The Honourable Member for Christ Church East Central thinks that in the context of what we are saying that is perhaps even a rapid increase, and that is where Government now has to put on the brakes. Compare, for example, Sir, the three years when the Labour Party was in power from March 1983 to March 1986. It moved from \$108 million to \$125 million and then came back down to \$119 million, but it never went even up as far as \$150 million. Under the present Government it has just gone wild, Sir, and I think that Government has now got to address this question of excessive commercial bank credit. Of course it has started to address it, but it has started to address it too late, because, as I was submitting earlier, there is a clear trend discernible even from January 1988, 22 months ago, Sir: it was at \$154 million and apparently was allowed to go so unchecked that at July it was at \$182 million. That is the problem, Sir. I do not believe this country can stand the level of sudden increase in commercial bank credit, unchecked as it was, and that is why we now have to put on the credit restrictions.

The Prime Minister said he had set for himself five goals. I think one was inflation control, and I am going to score him on each of the goals. Page 1 of the Central Bank's Review for September said that food items showed the fastest increases. The fact is, as the statistics show, Sir,

that of all the items that are looked at with a view to determining the inflation rate, the food items increased more than any other - 10 per cent - and that is important, because it has implications for people on fixed incomes. It has implications for the old age pensioners. As somebd3y said, Sir, when you have to go and buy a pound of sweet potatoes or yams for \$2.50 and so on, that is a burden to the pensioners. The Prime Minister has not been able properly to control the escalation in food prices as a component of the total. I will give him nought out of ten for, that.

Aside

Mr. D. A. C. SIMMONS: Do you see how patriotic I am, Sir, Reggie Hunte notwithstanding? If I sell my peppers direct to the member for the City he would give me \$1 a pound. To the BMC they give me 55 cents, and I am stuck with them for the better part of the year because I want to help the export trade in hot peppers.

Sir, we have been talking today about the protection of the balance of payments. The Prime Minister set as his goal the protection of balance of payments and so on, and it must be clear now from all that has happened that he has been inadequately able to protect the balance of payments. We are in trouble, so I have to fail him on that, Sir. It is serious, \$154 million in six months. He scored nought again, Sir.

Reduction in unemployment was a goal that he set for himself. We have not had official statistics from the Statistical Department on the unemployment rate since the third quarter of 1988. We have here a figure of 16.5 per cent for the period October 1988 to March 1989, showing a drop to 16.5 per cent, but that was at a time when the tourist season would have been at its height and the crop had started and people had been employed. I would like to know what the rate is now. I repeat what I said last week. We have a very hard-headed Minister of Labour. He was quoted in the newspaper last Monday of giving a rate of 33 and a third percent for unemployment. He was quoted on the back page of the Nation as saying that of 40,000 unemployed persons 28,000 were between 16 and 22. According to the Central Bank statistics, the labour force is 120,999.

Hon. N. K. SIMMONS: Mr. Speaker, I think I tried to enlighten my friend on unemployment last week.

Mr. D. A. C. SIMMONS: On a point of order, Sir. His enlightenment was as clear as mud.

Mr. SPEAKER: It is interesting that we have a point of order arising from a point of order. Which one is not a point of order?

Hon. N. K. SIMMONS: I never said, and the Honourable Member for St. Thomas knows that there are not 40,000 people unemployed in this country, to begin

with. Secondly, I never said there were 28,000 people unemployed either. What I did say was that between the age group 16 to 23 there are about 28,000 persons in Barbados, based on the average that 4,000 people are born a year, and they may be more than that. I do not know who put in 40,000. He knows and everybody in Barbados knows that there are not 40,000 people unemployed to begin with, and the Central Bank statistics indicate that, so why must I have to get up every time and correct him? Those between 16 and 23 are only about 7,000 of those employable who are unemployed. 8.05 p.m.

Mr. D. A. C. SIMMONS: I do not know the figures, Sir. I have not seen any official ones since last year. The Central Bank can't give accurate figures on this without using the primary source material, and the primary source material on the certificates has not been available since the third quarter in October last year.

Sir, the only point I am concerned to make is that it is time we get some proper unemployment statistics. Now we have gone a year and the Minister has a duty, I warn him, to write to the Press and say I was misquoted, you have taken this thing completely wrong, you have distorted it or whatever. If he does not do it, I am going to tell the whole country - read it out when I go on the platform and I will make photo copies and give them so that they can say we will do a little arithmetical exercise. He has a duty to clarify it in the same medium. He was party to the distribution and publication of statistics by the Honourable Member who is now about to take his seat prior to 1986 that they had done a house to house survey and found that the unemployment rate was 40 per cent, and they had the *Nation* publish that. I will accept now that it has dropped to 33 1/3 per cent from 40 per cent as put out by the Honourable Member for St. Philip North.

Hon. N. K. SIMMONS: On a point of order, just to clarify that for the Honourable Member. I don't know why he persists. It is getting late and I know he is tired, but don't repeat yourself.

Mr. D. A. C. SIMMONS: Sir, my submission is that the Prime Minister's policies thus far have failed to attain the objectives set by them in relation to a meaningful reduction in unemployment, and until I see better figures, Sir, ... they have got some down at 16.5 per cent and they were 18.6 per cent last year this time and I will give him five out of ten for that. That is about it, Sir. He has scored a grand total of five out of thirty, and I used to mark very hard when I used to do University scripts at Cave Hill. I am very generous, Sir. If there were other persons in here marking, it could have been less.

Sir, we have been making light of these matters in the last half an hour. These are very serious matters, Sir. It has not served the country's interest well that the Governor of

the Central Bank has been apparently reluctant to give timely information to the country. And I really wish to support the Honourable Member for St. Peter when he said that there is a great danger in introducing the measures to redress a situation in a piecemeal situation, because you are sending signals to the country and you are allowing people to start making preparation. You had a change in the exchange rate to \$2.05 and then you had selective controls. It is a matter of the utmost commonsense that if the Bank now has to borrow money at 9 per cent, they are not going to lend it out again....

Mr. SPEAKER: You know you cannot use an argument used by another Honourable Member. I understood the Honourable Member for St. Peter to have used that argument already. I understood him to have used the argument about banks and rates.

Mr. D. A. C. SIMMONS: That if the Bank borrows at a certain rate it has to lend out at a higher rate?

Mr. SPEAKER: That is what he said.

Mr. L. A. C. SIMMONS: Well all I would say is that it seems to me that there is a clear case for an increase in the interest rate as a natural corollary. If that is going to be the third measure in the set of measures, people are going to start preparing. Already the credit controls are bearing very hard on persons. I have heard of a case only last week where a young professional wanted to take advantage of a scheme at a bank which assists young professionals in setting up for practice and you can get credit of up to \$15 000 or something like that. This chap had been promised the money, and all of a sudden last week he was called and told that they can't look after him again; they have to put that loan on hold, and he said it really did not put him out too much, because he has family connections who would help him. But he was told that he was only one of 300 that they had had to turn down. So there is some disappointment that is going to attend the imposition of these things.

What we are saying to the Government, Sir, is that reluctantly and regrettably we can see that there will be a sequence of events culminating in the increase in interest rates. But of course nobody in here, certainly nobody in the Barbados Labour Party, would countenance an increase or would advocate it; but it has in the past been part of a package, and the stage is apparently being set for it, much to our regret.

The balance of payments problem, Sir, that the country has is one which the Barbados Labour Party and particularly the Honourable Member for St. Peter has warned time and again was likely to happen; and he was met by the stern rebuke of the Honourable Member for St. John who used to accuse him of making the same speech over and over again. I hope that the House is now satisfied

that all the prognostications of the Honourable Member for St. Peter have turned out to be right He never said "will collapse", he said "could well be"; there was a high probability, and we are now reaping that All that he forecast is now coming to fruition.

We wish to say to the Prime Minister finally, Sir, that the balance of payments problem that the country has had the capacity to feed on itself and to create a situation of cancer throughout the economy, and that it is really a matter for the Prime Minister. But he has to take action and he has to take the action soon; but he should prepare the country properly for it That is the essence of leadership. When times are tight, you face the country full in its eyes and say to it," Look things are tight, you have to draw your belt and let us all make sacrifices in the national interest."

It is not good enough to just let these things happen and hope that people will not pick them up. The Honourable Member for St. Peter will pick them up and others will pick them up, Sir, and I really say to the Prime Minister that as a matter of the style of leadership he must level with the country face to face (not through any intermediary) and let them know what is the situation and what he demands of them. There are times that you have to take unpopular decisions. The problem with the present Government, unfortunately, is that they find themselves before the election next year having to take very unpopular decisions. I know when the elections will be, Sir, but I will not disclose that now. The inner circle that is working on the elections, certain members over there, two at least over there now, we know how they are working. All I can promise them, Sir, is that when the time comes, they will find that the Barbados Labour Party is ready. Thank you very much.

Rt Hon. L. E. SANDIFORD: Mr. Speaker, I think we have had a very long debate and I believe we can wind up this debate now. I know that you, Sir, have been sitting in the Chair for a considerable period of time, and I think it is only fitting that we should bring this debate to an end.

This particular Bill that is before us, as I indicated at the outset, relates to the introduction in the top management of the Bank of the post of two Deputy Governors and the abolition of the post of General Manager. There is as far as I can see no objection to that particular proposal; it meets the approbation of both sides or all sides of this Honourable Chamber, although there was some suggestion about the manner in which the Deputy Governors should be appointed. At one time there is an argument that there is too much power in the hands of a Minister, and at another time they are saying there is not enough power in the hands of a Minister. 8.15p.m.

So I think we will stick to the proposals that are before us in this particular regard. Therefore, in terms of the

substantive matter that is before this House one will find that, as I said, there is agreement on all sides on the particular proposals and I, therefore, commend it to this Honourable Chamber.

Just a few observations on the economy. We have heard a lot of comment today - a lot of criticisms. But I will say, onct again, as I have said before, that one has, or should be measured in terms of discussion matters that are as sensitive and as vital as the economy and the decisions that affect investment, the decisions that affect the actions of those players in the economy. When the matter of the fall in the reserves was first raised, it is true (and I am glad the Honourable Member for St. Thomas reminded the House today that he had first raised it, and I believe I did say on that occasion and commended him for the restrained way in which he had raised it). I did not know what other kinds of... Let me call them incentives before he accuses me of making any veiled statements that he had set up otherwise for the matter to be blown up....

Aside.

Rt. Hon. L. E. SANDIFORD: Yes, I know that That is exactly the point I am making, Sir. When he asks about where the money goes, if he travels to England that is foreign exchange.

Aside.

Rt. Hon. L. E. SANDIFORD: Sorry, I was not thinking of those kinds of special considerations and foreign exchange goes in a variety of ways.

Those who like to use expensive pens, they have to import them because we do not import any pens in this country. We do not produce the knives or the forks with which we eat. A substantial part of the food that we eat, not only the utensils that we use in eating, but also the very food that we eat, we import a lot of it If we want to maintain the standards of living to which we have been accustomed, we have somehow or another to earn that foreign exchange in order to import the things which means that we have to be able to sell things abroad or we have to be able to have services which come through the invisible mechanism bringing the foreign exchange.

The very newspapers that we read, Sir, when they say that their circulation has gone up.. News print; it has to be imported. It goes in all of these areas and that is why, not on the balance of payments but the sustainable level of reserves, and so on, they constitute a constant concern of this Government and of myself as Minister of Finance.

I said on the occasion when the matter was first raised, I was aware of the situation; I was watching it, and as time progressed and measures were indicated I would take those measures.

Now, the Opposition wants me to introduce a winter of discontent. They are saying we are already in a winter of discontent; but that is their particular approach and their scenario. It is not my scenario. It is not the scenario of this Government. We have introduced through the agency of the Central Bank an increase in the discount rate and after watching the situation for a while with very measured response, we have introduced selective controls.

We are observing the situation and will continue to observe it closely. If further measures are required in the interest of the living standards of all of us, this Government will not hesitate to take them and will not hesitate to explain the reasons why they are being taken. But no one is going to stampede us into taking any kinds of decisions which may not be appropriate at this stage or which may not be timely at this stage.

We will take the decisions when they are necessary and hopefully, good timely measures. But one thing is sure: the ultimate objective is to maintain the living standards and improve on the living standards of people. You can only get that through growth and I am really surprised in this debate to hear that growth is not really an important area of economic concern for a certain brand of economist.

I prefer to remain conventional in this particular way and for me growth is an important aspect of the development of this economy. I look forward to the day when we can have an increased rate of growth in the economy as well as growth in the other leading indicators which would indicate a healthy economy.

That is all I wish to say at this particular stage and I say that as far as those leading economic indicators are concerned, there is no need at this stage to strike any panic button. The economy is progressing and we have some problems in the economy. We are dealing with those problems in the economy.

Other persons have had to deal with matters relating to the balance of payments and to the reserves and it was not by accident that I recall that there was talk about almost \$100 million in leakages referred to by a former Minister of Finance. So I suppose if the Honourable Member for St Peter speaks on these matters he has knowledge about those matters and there is no point getting up and speaking in any holier-than-thou position or from any holier than them stance as though Barbados is going through a unique situation if it has to deal with a problem of balance of payments or reserves.

Of course, we look at the past. We look at the past and we try to draw lessons from the past. But this kind of lecturing and this kind of hectoring that came from the principal speaker for both sides of the Opposition... I think it was a little much today; and when he was challenged he found that he had to abandon the basic premise that he was

advancing and try to go on to other premises from which to argue.
8.25 p.m.

He was really shifting from pillar to post during this particular debate and what has been demonstrated is that he cannot stand up to the pressure of consistent logical argument when it comes to the discussion in these matters. You are not on the platform talking to a captive audience or at a conference or wherever it was. You are here - okay, good.

Mr. Speaker, I must thank you for your particular patience and the way you have kept a lid on the debate. I am sure that taking into account what I have said about political discourse in this country, if we can bring a measure of balance into our comments and restrain the unbridled ambitions that are bristling at this time - why I do not know - if we can control those and remember that ultimately it is our country that we are talking about and that we have as legislators to set a standard and to set a level of debate which does not go into the realm of extravagant, I believe that we would be....

Mr. D. A. C. SIMMONS: On a point of order, Sir. I hope that the Prime Minister will agree now. He was talking in that reflective mood and calling for national spirit and patriotism. I wonder what he said when members of his party in 1985 were spreading it abroad that leading members of the Labour Party of the then Government were involved in drugs.

Asides.

Mr. D. A. C. SIMMONS: It is not a point of order. It is a point of feeling though.

Rt. Hon. L. E. SANDDFORD: I deal in parliamentary debates with points of order and points of elucidation. We are hearing about a point of feeling now. Sir, I think that we have to deal with that point somewhere else. A point of feeling - we will have to deal with that point somewhere else.

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

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

On the motion of Hon. B. M. TAITT, seconded by Hon. W. O. FRANKLIN, Mr. SPEAKER left the Chair and the House went into Committee, Mr. L. L. BRATHWAITE in the Chair.

COMMITTEE Mr.

CHAIRMAN: The House is in Committee.

Clauses 1 through 9 were called and passed.

On the motion of Hon. B. M. TAITT, seconded by Hon. W. W. HALL, Mr. CHAIRMAN reported to Mr. SPEAKER, the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. W. W. HALL, the Bill was read a third time and agreed to.

QUESTION TIME

Mr. SPEAKER: Question Time.

The Honourable Member for St. Thomas - Question 107.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, Question 107-

"To ask the Attorney-General and Minister of Legal Affairs:

1. Will the Minister please state whether Government has settled the litigation commenced by the previous Headmaster of the Lodge School, Mr. C. E. A. Smith, against the Attorney-General?
2. If the answer is in the affirmative, will the Minister please state:
 - (a) full details of the settlement
 - (b) whether any sum agreed to be paid in settlement has been paid, and
 - (c) the source of funds for settlement?
3. If settlement has not been reached, will the Minister, in view of his earlier intimation to this Honourable House on this matter, state any reasons for the delay in settlement?

8.35 p.m.

Hon. P. M. GREAVES: Mr. Speaker, the Reply to Parliamentary Question No. 107 is as follows:

1. Yes, Sir.
2. (a) Details of the amount paid to Mr. Smith are as follows:

Salary for the period 1st September, 1984 to 14th September, 1988	\$ 210 303.46
Gratuity	110642.00
Loss of Transportation Severance	12 125.00
Payment Leave Passage	8263.83
	4500.00

General Damages	20000.00
Pension for the period 15th September, 1988 to 31st May, 1989	18882.90
8% Interest on arrears of salary for the period 1st September, 1984 to 31st May, 1989	33086.91
8% Interest on Gratuity for the period 1st December, 1988 to 31st May, 1989	4425.68
8% Interest on arrears of pension for the period 1st December, 1988 to 31st May, 1989	755.32
Out-of-pocket expenses	919.00
Less deductions	
Rent	12618.20
Surcharge	701.75
Income Tax	55605.35
National Insurance	9 422.76
Total	<u>78348.06</u>
	345 556.04

(b) Yes.

(c) Payment was made from Head 34 - Ministry of Education and Culture, Subhead 7 - Secondary Schools.

Mr. D. A. C. SIMMONS: Supplementary, Sir. To ask the Honourable Minister whether the gentleman has now removed himself from the premises of the Lodge School.

Hon. P. M. GREAVES: That was part of the settlement, Sir.

Mr. D. A. C. SIMMONS: When was he in fact paid and when did he leave?

Hon. P. M. GREAVES: I have not got that to hand. I am not in possession of that information. I understand that he is no longer in the house.

Hon. B. M. TAITT: Supplementary, Sir. Is the Government taking any steps to recover any part of it from anybody?

Mr. SPEAKER: End of Question Time.

MINUTES

Mr. SPEAKER: Earlier today the Minutes were not confirmed and I now revert to the Minutes of 24th October.

Hon. P. M. GREAVES: Mr. Speaker, I move that the Minutes of the proceedings of this Chamber for the meeting held on Tuesday, 24th October, 1989 be taken as read and confirmed.

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

Mr. SPEAKER: If there are no corrections or further adjustments, let these Minutes stand confirmed.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, that brings us to the end of business for today and I move that this House do now adjourn until Tuesday, 7th November, 1989 at 12 o'clock noon.

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

The question was put and was resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly. 8.43 p.m.

CONTENTS

MINUTES

Confirmation of Minutes of the Meeting of

Tuesday, 24th October, 1989 4270 4327

Hon. P. M. Greaves, 4270,4327

PAPERS

Rt Hon I. E. SANDIFORD 4270

Duties, Taxes and other Payments Exemption Order 1989

Duties, Taxes and other Payments Exemption (No. 2)

Order 1989

GOVERNMENT NOTICES

Hon. P. M. GREAVES 4271

1. Resolution to grant the sum of \$5 016 740 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-90, Part I - Current, as shown in the Supplementary Estimates 1989-90, No. 2, which form the Schedule to the Resolution.
2. Resolution to grant the sum of \$9 650 000 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-90, Part II - Capital, as shown in the Supplementary Estimates 1989-90, No. 3, which form the Schedule to the Resolution.
3. Resolution to grant the sum of \$1 237 285 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-90, Part I - Current, as shown in the Supplementary Estimates 1989-90, No. 4, which form the Schedule to the Resolution.
4. Resolution to grant the sum of \$359 715 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1989-90, Part II - Capital, as shown in the Supplementary Estimates 1989-90, No. 5, which form the Schedule to the Resolution.

PRIVATE MEMBERS' NOTICES

Mr. D. A. C. SIMMONS 4271

Bill to amend the Magistrates Jurisdiction and Procedure Act, Cap. 1 16.

Resolution calling upon Government to take measures as are appropriate to reduce the burden of the high cost of musical equipment and sports goods on the youth.

NOTICES OF QUESTIONS

Mr. D. A. C. SIMMONS 4271

1. Question re the number of overseas trips, during the period January 1st 1989 to October 24th, 1989.
2. Question re estimated completed cost *inter alia* of the complex being constructed at Sherbourne, Two Mile Hill.
3. Question re total arable acreage at River and Dodds Plantations
4. Question re the number of Day Nurseries built since May 28, 1986.
5. Question re the number of serviced lots *for* rent to tenants provided by the Government since May 28, 1986.
6. Question re the number of houses *inter alia* built at West Terrace under arrangement with the Venezuelan Government.
7. Question re the need for a pavilion or changing facility at the playing fields in Bridgefield and Proute Hill, St. Thomas.
8. Question when the St. Joseph's Hospital will become operational.
9. Question re rent paid by Government for offices at Windsor Arms, Hastings, Christ Church.
10. Question re the publication of the House of Assembly Debates.
11. Question re the number of public officers granted study leave to pursue the degree of Bachelor of Laws Degree at the UWI.
12. Question re the measures or incentives implemented since May 1986 to encourage and facilitate the development of fish farming
13. Question re the collapse of the Bloomsbury Road, St. Thomas.

14. Question re the number of scholarships provided by Government for Agricultural Studies.
15. Question whether there is an agreement between the Barbados Marketing Corporation and any exporter of onions from Holland.
16. Question re utilization of Government owned Agricultural land.
17. Question re ownership and use of MP906.
18. Question re the development of Associations of Taxi Operators since May 28,1986.
19. Question re Government incentives to promote processing etc. of fish and fish based products since May 28,1986.
20. Question re policy of Government to provide incentives for upgrading of shops etc. in distributive sector.
21. Question re Government policy on reduction of rental cost of factory space in industrial estates.
22. Question re policy of Government on incentives to stimulate non-sugar agriculture etc.
23. Question re policy of Government to relieve persons buying tenantry land from payment of property tax.
24. Question re policy of Government to facilitate introduction of 30 year mortgages.
25. Question re methods to minimise praedial larceny etc.
26. Question re the establishment of rental units etc. at Church Village and Gibbons Land St. Philip.
27. Question re the encouragement of the 4-H Movement.
28. Question re incentives to land owners to facilitate the return of idle land to agricultural production.
29. Question re the availability of land for Spring Hall type projects.

30. Question re the provision of stud services at any agricultural out-station.
31. Question re the purchase of Coaches by the Government.
32. Question re the construction of multi purpose Government Offices" in Speightstown and also harbour facilities thereat
33. Question re losses inter alia by Caribbean Air Cargo Co.
34. Question re bankruptcy of the advertising agent of the Board of Tourism in New York.

ORDERS OF THE DAY

.,4277

SUSPENSION OF STANDING ORDERS.

Hon. P. M. Greaves, 4277.

JUDGES (REMUNERATION AND PENSIONS) (CONDITIONS OF SERVICE AND ALLOWANCES) (AMENDMENT) REGULATIONS,1989.....4277

Rt Hon. L. E. Sandifoid, 4277; Mr. R. P. Byer, 4280; Hon. M. A. King, 4281; Mr. D. A. C. Simmons, 4277; Mr. J.J.Payne, 4281.

CENTRAL BANK OF BARBADOS (AMENDMENT) BILL, 1989 , ...4284

Rt. Hon. L. E. Sandiford, 4284, 4302, 4303, 4304, 4324; Mr. O. S. Arthur, 4288; 4302, 4303,4304; Mr. R. L. Morris, 4312; Mr. R. P. Byer, 4311; Hon. B. M. Taitt, 4305; Mr. D. A. C.Simmons, 4319.

QUESTION TIME

Hon. P. M. GREAVES 4326

REPLY TO PARLIAMENTARY QUESTION NO. 107 ASKED BY MR. D. A. C. SIMMONS

SUSPENSION 4285

ADJOURNMENT 4327

SPEAKERS IN THIS ISSUE

ARTHUR, O. S. (St. Peter) BYER, R. P. (St. George South) FORDE, Hon. H. deB. (Christ Church West) GREAVES, Hon. P. M. (St. Michael North) KING, Hon. M. A. (Christ Church West Central) MORRIS, R. L. (Christ Church East Central) PAYNE, His Hon. J. J. (St. James North) SANDIFORD, Rt. Hon. L. E. (St. Michael South) SIMMONS, D. A. C. (St. Thomas) SIMMONS, Hon. N. K. (St. James South) TAITT, Hon. B. M. (St. Michael West) WEEKES, His Hon. L. A. (St. Michael North West)