

THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1986 - 91

HOUSE OF ASSEMBLY

Tuesday, December 11, 1990

Pursuant to the adjournment, the House of Assembly met at 12.20 p.m.

PRESENT

His Honour L. A. WEEKES, G.C.M, J.P., (Speaker)
His Honour J. J. PAYNE, (Deputy Speaker)
Rt. Hon. L. E. SANDIFORD, B.A., M.A.(Econ.), J.P.,
(Prime Minister and Minister of Finance and Economic Affairs)

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

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)

Hon. H. A. BLACKMAN, B.Sc.(Econ.), (Minister of Housing and Lands)

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

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

Hon. C. V. WALKER, (Minister 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, Ministry of the Civil Service)

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.

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: The Minutes of Tuesday, December 4, 1990.

Hon. P. M. GREAVES: Mr. Speaker, I move that the Minutes of the meeting held in this Honourable Chamber on Tuesday, December 4, 1990 be taken as read and confirmed.

Hon. W. O. FRANKLIN: I beg to second that.

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

GOVERNMENT NOTICES

Hon. P. M. GREAVES: Mr. Speaker, I beg to give notice of the following:

A resolution to approve the guarantee by the Minister responsible for Finance of the payment of the principal and of the interest necessary for the redemption of the bond issue in the sum of \$10 000 000 and

that these funds be placed in the Sinking Fund which was established for servicing Sugar Industry Bonds.

SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: Mr. Speaker, I move the suspension of Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 for the remainder of the day's sitting, Sir.

Hon. W. O. FRANKLIN: I beg to second that.

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

GOVERNMENT BUSINESS

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

ORDER NO 3: RESOLUTION TO APPROVE THE BORROWING BY GOVERNMENT OF 30 MILLION POUNDS STERLING FROM BARCLAYS DE ZOETE WEDD FOR THE ISSUE AND SALE OF BONDS THE PROCEEDS OF WHICH WILL ASSIST IN FINANCING GOVERNMENT'S CAPITAL WORKS PROGRAMMES IN SUCH AREAS AS AIRPORT DEVELOPMENT, ROAD CONSTRUCTION AND COASTAL CONSERVATION .

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, Section 3(1) of the External Loans Act, Cap. 94D authorises the Government to borrow money outside Barbados for such purposes and in such sums as Parliament by resolution approves.

The External Loans Act goes on to state that such borrowing shall be effected and secured by the issue and sale of securities and that repayment of the principal and interest and any related sinking fund shall be a charge on the Consolidated Fund.

The full faith and credit of Barbados is also unconditionally pledged for the payment of the principal of and interest on the securities as well for any premium charged, assessment or other expense incurred with respect to the issue.

The Government deems it expedient and necessary for public purposes to borrow the sum of 30 million pounds sterling, or approximately Bds. \$116 million from Barclays de Zoete WEDD Ltd. of London by way of the issue and sale of bonds. The loan is in the nature of a general programme loan. The proceeds will therefore assist in general implementation of the Government's capital development works programme including such areas as airport development, road construction and coastal conservation.

I am therefore moving that this Honourable Chamber should approve the borrowing of the sum of 30 million pounds sterling for the purposes I have just indicated. I do so against the background that Barbados throughout its history, to date, both as a colony and as an independent country, has had to rely on foreign borrowings on access to the international capital markets for resources and financial inflows to achieve its objectives and to promote the * wellbeing of our people.

Perhaps I should say a few words about the role of borrowing in our economic life because there seems to be some confusion and some misunderstanding about this matter. Why do we have to borrow? Can we do without borrowing?

I recall, Sir, it was the English Bard, William Shakespeare, who once said "neither a borrower nor a lender be, for borrowing dulls the edge of husbandry and lending soon loses both loan and friend." Unfortunately, Sir, very few of us are able to follow that aesthetic precept of this English poet. I myself am not sure whether in his own operations in order to get his dramatic works, on to the London stage whether he had to indulge in any borrowing. I would not be surprised if he was not speaking out of experience. Very few of us are able to follow those precepts.

What I do know is that borrowing is at the heart of the financial and economic system, both domestically and internationally. 12.30p.m.

The private households of Barbados indulge in borrowing, both short-term and long-term for the purposes of day to day living. We buy consumer durables and we buy or enter into home mortgages, all on the basis of borrowing and credit arrangements.

The business enterprises, Sir, engage in borrowing activities for a variety of purposes, including inventory management, property development, asset acquisition or purchase of capital equipment. The Government borrows, from time to time, for a variety of purposes in order to even out the troughs between the day to day Government expenditure and receipts, in order to implement the development programme. From time to time, Sir, countries and governments borrow for balance of payments support.

What we have is a picture that, at all levels of economic life in this country and in all countries, borrowing and the extensions of credit constitute one of the engines of that economic activity. All of us want to see our country Barbados grow and develop. That is what we all wish. But the wish is not enough.

In order to achieve our goals, we have to import certain goods and services from abroad ranging from drugs

- and, Sir, I refer to ethical drugs. Not the other kinds of drugs - to tractors. But we also have to sell certain goods and services abroad ranging from the sugar we produce to the garments which we may make. We need foreign exchange to carry on these activities. A shortage of foreign exchange imposes a limitation on our growth and development, as a nation. If we do not earn the foreign exchange, we either have to do without it or we will have to borrow. Our development is dependent upon investment and investment results from savings. If we are not saving in sufficient amounts and we wish to maintain a certain level of development, then we will have to use the savings of other people. Other people in our country or other people in foreign countries. There is no other way, Sir, if we need to maintain that level of development and if we are not generating the resources from our own economic activities.

I would say, Sir, that in most cases, it is better if we can use the savings of other Barbadians, for investment. For we would, in that sense, be borrowing from ourselves and we would be owing ourselves. But that is not enough.

If we want to get that life-saving drug which is not produced in Barbados, if we need that intermediate or capital good to help produce other goods, we have to import it from abroad and we have to pay for it in hard currency. We have to buy the foreign exchange for that transaction. It is best if we can earn that foreign exchange from the goods and services we sell abroad. But if we are not doing so or if we are not earning enough from our foreign trade and other service activities in that sector, in the external sector, that is, then if we still determine that it is in the national interest to have the imported products or services then we have to borrow the foreign exchange.

So long as there is a deficit, on the current account of the public finances, and so long as we have to pay for a capital programme, then we have an overall deficit which must be financed by raising revenue, by reducing expenditure, by borrowing or by a combination of these measures. I think at this stage, Sir, I should say that no one has been as much committed to the prudent management of the public finances of this country than I have been and that my Government has been.

I have stated, on more than one occasion that the policy of my Government is that current expenditures should be met, from current revenues, with a little left over to contribute to the capital development and capital improvement and enhancement of our country. I said as much in my 1988 Financial Statement and Budgetary Proposals, the first one I presented to this Honourable Chamber. I took revenue stimulating measures to achieve that objective which is a sound objective and which is in the interest of all Barbadians. A howl of protest greeted the direct tax, the surcharge on income, even though I said it would be for one year.

The Opposition which is passionately committed only to opposition led the howl of protest. I think I can still hear them, all of them opposed to this measure to reduce the fiscal deficit. They opposed it vehemently. That Opposition, on that occasion, opposed our efforts to live within our means.

Aside.

Rt. Hon. L. E. SANDIFORD: You can start from 1986.1 am dealing with 1988.1 am not hearing asides, Sir. This is part of my presentation. I am not dealing, at this stage, with 1986. I will leave the Honourable Member for St. Peter to repeat his strictures at that particular time, if he so wishes. Sir, that was 1988.

In 1989,1 turned to another option. I tried one option in 1988 and there were howls of protest from the Opposition. Again in 1989 we were committed to that principle that we should seek to meet current expenditures from current revenue, with a little left over for the capital development programme. I have not heard anyone who is sound in the practice of public finance oppose that as a principle for Barbados or a principle for a developing country. In 1989,1 turned to another option and, that is, the raising of indirect taxes through consumption taxes and other imports. Even though, Sir, philosophically I am opposed to that particular area as a major means for raising revenue, I believe that on grounds of equity that that should not be the principal means of earning revenue. But in the circumstances because politics are the art of the possible and we are building a nation and we are pulling a people together so that we can move forward on the basis of some kind of consensus towards achieving the kinds of objectives and goals that are in the interest of the nation. We are in a democratic country and no one is more passionately committed to the democratic process than we are in Barbados and that my Government and myself are, Sir. We are passionately committed to the democratic process and all occasions possible we will seek to get the maximum possible consensus for the measures that we take. There was a howl of process in 1988. Then in 1989, Sir, when I chose the option of indirect taxes through consumption taxes and other imposts, again there was a howl of process, Sir, led again by an Opposition that was committed passionately only to opposition. I think I can hear the words again, Sir. I can hear them saying, "Barbados is being overtaxed. We are being called upon to make too high a tax effort.", and all the other arguments trotted out on such occasions. That is what was said when we tried to keep our deficit to as low a level as possible. 12.40 p.m.

Yes Sir, by these efforts, and the Member for Christ Church East will be pleased to hear, they worked. You see I did not bother with you in Christ Church East because I believe you have been misled very much so. We did not even pay much attention to you on that particular night.

They did not bother with you on that particular night. It was a fantastic meeting with fantastic speeches and the content was such that the people were so satisfied that we did not have to call your name very much.

Asides.

Rt. Hon. L. E. SANDIFORD: Sir, as a result of our efforts to follow the path of prudence in the management of our public finances, Sir, we were able to reduce the fiscal deficit net of amortization and as a percentage of our total output of the gross domestic product from 8.9 per cent, that is of the GDP in fiscal year 1987 and 1988, to 4.6 per cent of the GDP in the fiscal year 1988 to 1989, and to 2.3 per cent of the GDP in the fiscal year 1989 to 1990. I think, Sir, that that has been a remarkable achievement. It is the last year 1989/90 for which we have firm statistics available. The statistics for the year 1990 to 1991 are not yet in. But for that last completed year, Sir, we were able to reduce the fiscal deficit as a percentage of GDP net of amortization to the figure of 2.3 per cent which is the best figure ever in the history of Barbados since recorded figures have been kept from the 1970's, Sir. I am going from the 1970's, Sir. It was the lowest figure ever, Sir - I think we should say that - in our history since the 1970's when I believe a systematic set of figures have been kept.

I think, Sir, I have established this particular basis for the borrowing or established the need and desirability of borrowing. I would not wish to belabour that point, Sir, but I felt that I had to do it because many people ask whether we have to do the borrowing or not. I believe that it is important from time to time in our public statements that we repeat some of the arguments for this. I would like to say, Sir, that having established that particular basis we then come to the particulars for this particular loan. But before doing so, I would like to say that this is not the first time that we are making use of our legislation in order to make foreign borrowings. I have said that we have borrowed on many occasions in the past. All Ministers of Finance, Sir, have come to the Chamber to borrow money. All of them without exception have come to this Chamber to borrow money. All of the Ministers of Finance of Barbados have come to borrow money and it is really amazing, Sir, that those who have sought to raise loans on the international capital markets should be the ones who for whatever purpose get up and try to mislead the public into believing that either we do not have to make foreign loans or that...

Aside.

Rt. Hon. L. E. SANDIFORD: I have not accused you of saying anything like that because I would hate to think that you would say anything like that. I know that the Member of St. Peter cannot say anything like that either because he has been consistently supportive of the need to make foreign loans. Having come out of the stables of a

Government that consistently borrowed abroad, he could not oppose this loan here today, Sir. I do not believe that there is anyone out there who would oppose this loan today. I do not think so, Sir. I cannot conceive of it, Sir. There is a time and place for everything, Sir. But I believe on the floor of this House, Sir, on the last occasion that I sought to raise the ceiling of the Local Loans Act the principal spokesmen, if my memory serves me right, Sir, both said that they would support a foreign borrowing in these circumstances. I do not recall, Sir. Well, I am not sure who is the principal spokesman for the Minority Opposition on these matters. I believe it should be the Member for St. Peter, Sir. 12.50p.m.

Both spokesmen for the Opposition have supported the raising of foreign loans, that is when we were discussing the Local Loans Act, and by their actions and by their words they tend to be supportive of borrowing on the international market. It is therefore, Sir, very surprising that at a time when we are seeking to raise a foreign loan that they should be conducting in public activities and that they should be uttering words which might give people the impression that they are opposed to this loan. I find that very remarkable, Sir.

I do not believe that we should carry opposition so far in this country, that when a measure is clearly in the interest of our economy, when it is known that we need as a country to borrow funds abroad, that we should try to give the public the impression that either the loan should not be raised, or I try to find some subsidiary argument so that there might be some kind of climb down, so that you can satisfy the need to oppose and passionately oppose, while at the same time seeking to maintain some kind of purity to a particular philosophical principle. That is the kind of straddle, Sir, that I do not think should be in the interest of the integrity in politics that is so often preached and talked about.

Sir, some queries have been raised about the terms and conditions of this loan. First of all, I should say that the lead arrangers for this particular loan and the group we are working with for the arrangement of this loan is Barclays de Zoete WEDD Limited, which is the merchant bank arm of Barclays, PLC. In it there is a repurchase fund and this has raised some comment, so I come on to it head on.

It is not a requirement unique to the proposed Sterling issue. It is not a provision that is unique to this Barbados-Sterling issue. I am advised, Sir, and I will speak guardedly on this, and if my advice is not correct I will seek to correct it, but I am advised that in the 1986 Inter-American Development Bank \$75 million loan - it was a 9 3/4 per cent stock maturing in the year 2015 - I am advised that a repurchase fund was included in that particular loan.

Where issues are too small, that is, not more than £70 to £75 million, in order to be inherently liquid a repurchase

fund is normally required to guarantee the investors that there will be liquidity and an orderly market. The smaller the issue, the greater may be the need for a repurchase fund. More and more, therefore, Sir, repurchase funds in the volatility in the markets are becoming more and more a part of loan issues. This fund should be seen as part of Government's strategy for managing its external liabilities, and if we invest it with our customary prudence it can, in 10, 15 or perhaps 20 years, become large enough to repay the very principal of the loan. I am speaking specifically about the repurchase arrangements.

At that time too, Sir, the interest on the fund should make a significant contribution towards the interest of the original amount borrowed. In other words, if we have this repurchase fund and it is prudently invested and there are returns on the investment, in effect what it would be doing is lowering, let me call it, the effective rate or the real rate of interest on the loan which should in fact then be less than the 13.5%, I believe it is, according to the Resolution.

Sir, prudently we have to make arrangements for the management of our borrowings. We have to make sure that our interest is paid, we have to make sure that the principal is paid. We have to make sure that the principal is paid and when, Sir, borrowing is done for the good of the country, it is not only the present generation that will benefit from the borrowing, but those who inherit our country after us, Sir. Our children and our children's children will benefit from the enhancement, improvement and maintenance of conditions in our country. So, I would not expect to hear any argument about some burden on future generations. That is a kind of old fashioned argument. I wasn't complaining. I was stating a fact, Sir, that when they talk about high expenditures, I am saying that that expenditure is going substantially towards the repayment of loans contracted by the Barbados Labour Party government. I can't say the National Democratic Party because they have never had any opportunity to be a government in this country and will never have an opportunity to be a government in this country either, but I talk about the Barbados Labour Party government. They had an opportunity to be a government of this country and they contracted loans and they are complaining about high expenditures when they know, whether they were Parliamentary Secretaries, or whether they served in Ministries of Finance. I am not complaining and my Government is not complaining about the loans. We are saying that loans were contracted including the loan from the International Monetary Fund which you do not get up and tell the people of Barbados that we are still repaying even though you know that we are still repaying it. It has not finished. We are still repaying it and you know that and in all of the talk about expenditure and loans you do not get up and say that the present Government of Barbados is repaying that particular loan. But, we have to give the facts. 1.00p.m.

Asides.

Rt. Hon. L. E. SANDIFORD: So, Sir, this argument... Now, you want me to attack your Leader on the floor of the House today, talking about telling the truth. You want me to attack him again about telling the truth. Don't provoke me about that. ,

Mr. SPEAKER: I am not going to entertain them.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, you always tell the truth, Sir, so I really could not be speaking about you. That is what you want me to do.

Asides.

Mr. SPEAKER: Order, please.

Rt. Hon. L. E. SANDIFORD: Searching around for all kinds of things and the Member for St. Peter wants me to get up and say that the Leader of the Barbados Labour Party, the minority opposition, he wants me to say that, that he goes off and shoots off his mouth on financial matters without consulting him fully on these matters. That is what you want me to say here. You want to outdo other people. A matter of disappointment.

Anyhow, Sir, I think I have spoken.

Asides.

Mr. SPEAKER: I do not need any prompting from Members to advise me how to conduct the debate. The Honourable Member is speaking and I have given him the opportunity to speak and I personally determine when he should speak or should not. Has the Honourable Member completed his speech?

Rt. Hon. L. E. SANDIFORD: No, Sir, I have just paused here.

Mr. SPEAKER: A very long pause.

Rt. Hon. L. E. SANDIFORD: I have paused here, Sir, because that Barbados Labour Party, Sir, is in disarray. That is the problem.

Asides.

Mr. SPEAKER: I think Honourable Members know the rules of the House. Very carefully, speak in undertones.

Rt. Hon. L. E. SANDIFORD: Yes, Sir. I move off from the repurchase fund. Sir, we are dealing with some serious issues here. I hope, Sir, that when they are given the opportunity to stop the only play that they are indulging in and the real battle starts, and I am speaking metaphorically, let me make that clear, that they will not be too

disappointed in the results because we have always tried as a Government to put the matters squarely before the people of Barbados and that is what we are doing now. I have spoken about the repurchase funds, Sir. I have heard some other queries raised about the split emission. The bond is to be subscribed in two parts with 30% or £9 million becoming due on 14th December, and then the second tranche will be £21 million and that will be on 14th March. It will be in two tranches and this is becoming part of a feature of the market. It was also evidenced in that 75 million dollars Inter-American Development Bank loan. I hope no one was misunderstanding me. I wasn't saying that the Barbados Government had entered into a loan with the Inter-American Development Bank. I was speaking about a loan of the Inter-American Development Bank on the London market. I am not speaking to the Press in here. I am speaking to Honourable Members. I don't want there to be any misunderstanding of that. I was not saying that there was a loan by Barbados that included a repurchase agreement. I am saying that in a loan raised by a venerable intermediary, the Inter-American Development Bank, that they went on to the London market to make a borrowing and in it was the repurchase fund and in it also was the split emission. So, I really don't believe that this should constitute a major area for disagreement. It all depends on market conditions.

As far as pricing is concerned, Sir, again the price of any particular security depends upon the prevailing market conditions. There is no way that you can avoid to market if you are going into the market unless you are a big enough substantial player to influence the market itself, you have to be part of the conditions that prevail in that market. The bond, Sir, which will have a coupon of 13.5% and an issue price of 99 will yield 13.36% to maturity. 1.10p.m.

Mr. D. A. C. SIMMONS: On a point of order, Sir. I missed something about coupons. I do not know if they are gold bonds or what. Could the Prime Minister explain what he is talking about? I do not understand about the coupons, Sir.

Rt. Hon. L. E. SANDIFORD: You ask on your left or on your right. Let me tell you. You are an attorney-at-law and you should go and see that it is in the very legislation. It is in the Loans legislation of Barbados. It speaks about the coupon. It relates to the rate of interest that is paid.

If you ask me too, I can also tell the Honourable Member - I am addressing the Chair, Sir. I had better say that before you quite rightly chastise me for not addressing the Chair. Mr. Speaker, if the Honourable Member for St. Thomas wishes me to tell him I can also refer him to the legislation where the term is used but I think it would really be invidious for me to point that out to him. He is a distinguished attorney-at-law. It relates to the rate of interest. What kind of cheap point he wishes to score in

believing that he has some point? That is the childish kind of delight that they seek to take pleasure in. He now wants me to go on and talk about yield to maturity and those kinds of terms relating to the loan but I am not pretending that I am a technocrat in these areas. That is for others to pretend. I do not have to pretend that and take that kind of childish delight in churning out the language of the technocrats. I am a politician.

Aside.

Rt. Hon. L. E. SANDIFORD: That is alleged. What is known is that I am a statesman.

There are some issues, Sir, which have been going at 13 1/2% on the London market. When I look at the prices I would say that it is not outside of the range prevailing in the market.

Aside.

Rt. Hon. L. E. SANDIFORD: Sorry, Sir. I do not understand that. Libor is 8 1/2? He can make the point about Libor.

Sir, I have heard some talk about humiliating conditions. I have pointed out that the Inter-American Development Bank itself had these kinds of conditions in a loan that they raised on the London market. I pointed out that the interest rate on this particular loan is not really outside of the range for loans of this type on the London market. I have heard about conditions more humiliating than International Monetary Fund conditions.

The Honourable Member for St. Peter did not say that. It has not been drawn to my attention that he has said so. I think someone else said so. These conditions are not humiliating conditions. I wish to refute that particular charge. We are taking prudent steps, Sir, both to borrow the money and also to ensure that if our paper is traded on the market because they are bonds and they can be traded and we would not wish to see our paper trading on the market at a price that would then be humiliating and damaging to the standing of our country. We have to take steps in order to ensure as far as possible that does not happen.

Sir, in order to raise this loan is an indication, not of humiliating conditions but of the credit worthiness of Barbados that we have been able to go to the market and raise a long-term loan, 25 years. It would be difficult to parallel any similar loan with that kind of maturity in Barbados. I believe that a former Democratic Labour Party Government were able to get some 40-year money, I believe. It must have been for water development or something through CIDA or through Canadian sources on one occasion or so. I am speaking subject to correction, Sir.

In terms of going on to the private capital markets and raising this kind of loan for mat period of time is an achievement for Barbados. Instead of talking about humiliating conditions, instead of always looking at a glass that is half empty, you have persons who can only look at the dark side. When I speak about the prophets of gloom and doom this is yet another example of the way in which the politics of gloom and doom are preached in Barbados. The Leader of the Opposition said those words.

I am in a quiet mood today. I am not really counter-punching on this particular occasion because I know when you are out on the hustings one tends to be led away by one's own verbosity. That may certainly account for some of the more extremist statements that are made from time to time. 1.20p.m.

But, Sir, I believe that we are talking about matters that affect the vital interest of Barbadians. I believe that, as Barbadians and as legislators, we should be able to assess this matter in its true perspective. There are not political gains to be made from opposing this loan. Those on the Opposition who believe so are indulging in a kind of fantasy. The loan is in the interest of all Barbadians and it is the duty of the Government of the day to raise the loan in order to satisfy the needs for the welfare and well-being of the people of Barbados. That is what we have been doing.

We are seeking to raise this loan. We have it. The maturity term is for 25 years and that is one of the best maturities ever or the best maturity ever, Sir, in the history of Barbados. I do not know what I would compare it with. It is like the person who goes to purchase a home and if they are told, "We could lend you bullet money for 3 years" you know that that would place an intolerable burden, upon the individual seeking to own a home. But if you get a long-term arrangement for 15, 20, 25 or 30 years, then the individual may be able to manage the investment.

What this loan is doing is placing money over a long period of time, 25 years and thereby, it becomes more manageable, for this generation and succeeding generations to manage that particular loan and the commitments which have been entered into. I have pointed out that on grounds of maturity, it is the best that we have ever been able to obtain on the private market, in terms of its maturity. In terms of the repurchase agreement, that should be considered as a sound mechanism for ensuring that the Barbados paper, if it is traded, that it is traded in conditions that would not be damaging to the good name of Barbados. It has built-in within it, if prudently invested, the possibilities of repaying - I am not talking about interest, down the years, but the very principle itself, if it is retained with the investments.

Let me say, the investments, we borrow the money and we put 25% of it in a fund to be invested. That is a

principle, even under other legislation, when the Crown Agents used to handle our affairs, we were supposed to transmit to the Crown Agents, a certain sum out of the proceeds or related to the proceeds of a loan. They were supposed to invest those funds towards the payment of interest and repayment of principal, as a sound practice. We make arrangements in our legislation for sinking fund. This is all part of it

As far as the price of the money is concerned, I have pointed out that on the London market that the 13.5% is within the range of the cost of money, on that particular market. That is where market conditions are and therefore there is nothing strange about that.

I do not know what else there is, Sir. I do not believe that anyone will wish us not to get the funds. I propose to travel to London, tomorrow evening, subject of course, Sir, to approval by this Honourable Chamber. I will not presume to anticipate, unduly, the decision of this Honourable Chamber.

I have reason to believe that, in the past certain loans were signed, even before the actions had been duly completed. But I will not go into that at this particular time.

Sir, I believe I have dealt with all of the issues involved in the matter and I am moving the passing of this Resolution,

We are circulating a retyped text which removed any typographical errors from the text that was originally circulated. In the area of capital where there are lower cases and things like that, so that there should be a clean copy available to Honourable Members.

With those words, Sir, I beg to move that this Resolution do now pass. I look forward to the full and unconditional faith, credit and support of all sides of the House, in the interest of the people of Barbados. Because I believe when we go forward, we should be going forward as a united people, as a united country and as a united Parliament on these particular issues.

With those words, Sir, I thank you very much.

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

Dr. R. C. HAYNES: Mr. Speaker, I certainly formed the impression, from the general tone of the speech by the Right Honourable Prime Minister that he was not only begging for the support of the Opposition, but also was more concerned about lecturing as to the reasons for borrowing than telling Barbados the circumstances in this country, which have led to this most unsatisfactory loan.

Let me say this, Sir, I have said before that this country has been so mismanaged that a foreign loan is very necessary and the sooner the better in order to make sure that we do not land in the hands of the International Monetary Fund. The foreign reserves position of Barbados has been so shattered that, in my view, failing to get some foreign currency in this country, by way of loan, in the next few days - I am not talking about weeks - is the only way of averting an approach to the International Monetary Fund. I do not know why the Leader of the Barbados Labour Party allows himself to be put on the defensive on this matter. The reality is

Aside.

Dr. R. C. HAYNES: - and I will establish that, during the course of this day, during one or other of these resolutions - we either get this money or we go cap in hand to the International Monetary Fund. That is what the Prime Minister needs to tell this nation. It is, in that context, that I will take a decision as to how we will go in relation to this resolution.

I am not going to get into any first standard response as to the need of citizens of a country to borrow. I am not going to spend half hour with that kind of almost, silly and insipid response. I will not get involved in that, Sir. I want to deal with the issues at stake here.

When I say, in public, that this loan was worse than the loans that we got from the International Monetary Fund, I say so, Sir, fully conscious of the events that took place in Barbados in 1981, 1982 and 1983. 1.30p.m.

I was shadow Minister of Finance at that time and I knew at the time that the Government of the day had the option of either going to the market for a loan very similar to this, Sir, at usurious rates, or alternatively going to the International Monetary Fund and obtaining a loan at a lower rate that did not involve any exchange rate risk.

They were the realities, Sir. The judgment that the Government of the day made was to go to the IMF.

Aside.

Dr. R. C. HAYNES: I spoke on those matters, and this is a fact. It was not only a fact, but I think the mistake that the late Tom Adams made was not to come to the country and tell them that he was going to the IMF, because not only on the Floor of the House, but he also told me in the dining room that I could say whatever I liked, if he had a choice between landing Barbados with interest rates for 25 years at 13, 14, and 15 per cent or going to the IMF, he would go to the IMF providing they did not insist on devaluation. That is a fact. I am not going to tell lies on those departed, or those here either. The choice which the

Minister of Finance has today is similar. Do you accept a loan under these conditions at usurious interest rates over a 25-year period?

I am saying that to fix any loan anywhere, in any currency, at 13.5% over a 25-year period is a usurious rate of interest. You are talking, Sir, about 100% return on capital every seven years, rolled over three or four times in a 25-year period. You are talking of paying back £101 million on a 30 million pounds loan, and you cannot access 25% of the loan during a stipulated four-year period. When that is stretched out over time you will see the horrendous cost to this country. Not that I am suggesting that the IMF was the course to take, because our fiscal situation and our foreign exchange situation today would almost certainly mean that the IMF would insist on a devaluation, because the fiscal situation is worse and the foreign exchange situation is far worse than it was at that time, and your ^ foreign debt situation of course is much worse as well, so there can be no doubt about it. That is the decision that I have to make, but that does not stop me from being critical of various elements of this loan.

I want to deal with one or two other things, and I will try to get one or two things straightened out. When we in this Opposition comment on the financial affairs of this country, when we make comments on areas where we ^ perceive there is mismanagement, such comments are not design to run down Barbados. What is bothering me, Sir, is that any time you criticise the Prime Minister, any time you criticise any of his Ministers, any time you criticise the Government of Barbados, any time you criticise the Democratic Labour Party, the Prime Minister of this country is saying that such an act is running down Barbados and is unpatriotic.

Aside.

Dr. R. C. HAYNES: If it were just foolishness, Sir, I would not concern myself about that. I am saying that it is sowing the seeds of autocracy in the minds of the people of Barbados and it is totally undemocratic to seek to equate either himself, one of his Ministers, the Government of Barbados or the Democratic Labour Party with the country of Barbados. That kind of thing is dangerous, it is the kind of thing that operates in a dictatorship, not in a democracy. That is the first point, Sir.

The second point I wish to make is that when this country goes to borrow money it is not any Minister of Finance going to borrow money anywhere. I sincerely hope that I will never see the day when a Minister of Finance is slapping tar on the streets of London or Japan or anywhere trying to raise money. It is the country of Barbados that seeks to raise money through its various agencies, whether ""* it be the Government or its authorised agency, the Central Bank of Barbados, or any agents which the Government may appoint. They do the raising of the money. What is the

security or what influences the decisions in the market place is the balance sheet of Barbados and the Government of Barbados and the balance sheet of the Central Bank. No one asks how old a Minister of Finance is, no one asks what level of insurance he has, no one enquires about his state of health, no one enquires about his credit-worthiness, no one enquires about any of these things in relation to a Minister of Finance. It is not the Minister of Finance that is raising the money, it is Barbados that is raising the money and we have established lawful agents to do that on behalf of Barbados and the people of Barbados, so when we criticise the Minister of Finance it does not make any difference whatsoever as to the ability of Barbados to raise money in the international markets.

The problem that the Government has been having throughout the whole of 1990 in raising loans in the international markets is because they have gone to the markets with a balance sheet showing that the Central Bank made a loss last year, showing that they run a current account deficit, showing that they had a tremendous loss of reserves last year. These are the factors that militated against the Government in the international markets, and that is why they have had to go with this kind of loan. It is nothing to do with our criticisms of the Minister. We will criticise any Minister of Government if we believe that his actions are not in the interest of Barbados and it has nothing to do with running down or criticising Barbados.

Indeed, Sir, it is very interesting. Two international bankers, one last Thursday afternoon and one on Sunday, who were here to make major loans to private sector projects in Barbados congratulated the Opposition for signalling to the market that the people of Barbados are committed to law and order in relation to the management of this country's financial affairs. One pointed out further that "as bankers we recognise that a country's political and economic fortunes may go up and down but we expect that the law endures, and when we make investments or loans in a given country, one of the very important factors is the fact that the country has a strong tradition of commitment to the law in the management of its economic affairs." People are not concerned about criticisms that we make, what they are concerned about is the balance sheet of Barbados. 1.40p.m.

What we are concerned about is the balance sheet of Barbados, the balance sheet of the Central Bank and the balance sheet of the Government. So, I hope that I would have dealt with that area and dealt with it decisively, because I think it is a serious assault on our constitutional assumptions that any Member of a Cabinet could be suggesting that he is the embodiment of Barbados. It is not so in any kind of democratic country. Otherwise, Sir, that has serious implications for the whole question of a multi-party democracy in this country. So, I hope that we would not hear any more of those irresponsible mouthings coming from the Democratic Labour Party.

Now, when I hear the Honourable Member for St. Philip South making those statements it does not bother me because I would appreciate that he would not understand the constitutional niceties of which I speak. When you hear the Prime Minister of the country sworn to uphold the constitution and defend the laws of Barbados making those statements, then it becomes a matter of very grave concern to me, Sir and I raise it here, Sir - it makes me very sad indeed - because I know that this is also a matter of concern to a large number of citizens.

Now, Sir, the Honourable Member also tried to make a big song and dance about the value of having a repurchase fund. Sir, it is true that repurchase funds have been established as part of loans for a long time; but loans to private individuals, loans to private institutions, loans to the IMF, loans to the IDE, loans to the Royal Bank, not loans to countries, and I will tell you why, Sir. This country, Sir, under its constitution, under its Financial Administration and Audit Act provides for a Sinking Fund and if a lender has confidence in a country and has confidence in its legal arrangements, then it would never impose on a borrower the requirement to set up a separate sinking fund in respect of a particular loan. That is a fact, Sir and I will say what the problem is. Members of this House don't know what the problem is.

I am saying that the Government has been dipping into the sinking funds of Barbados in order to meet current expenditure. That is a fact. How they have been doing it, Sir? Let me tell you how they have been doing it, Sir. The Sinking Fund consists of securities in foreign currency. You can take up the monthly statistics, Sir, of the Central Bank and see the same figure in the Sinking Fund. What can happen is that you can get a currency exchange, a deposit of Barbados dollars in that fund in place of the foreign exchange and that is what the market has picked up. There is no question about it. What is the legal position, Sir? The legal position is very simple. You have two sinking funds in this country. The Sinking Fund for domestic debt, that can be done lawfully. I want to make it clear. It can be done lawfully with the Sinking Fund for domestic debt which is a reserve item as distinct from simply a foreign asset item. It cannot be done legally in relation to the Sinking Fund for foreign debt and therefore if a lender has confidence that the Sinking Fund for foreign debt in Barbados will be maintained as stipulated under the Laws of Barbados there would be no need for any repurchase agreement. Secondly, if a lender has confidence that Barbados paper would be traded on the international markets at face value and not at a discounted rate then there would also be no need for a repurchase agreement. In other words, Sir, that repurchase agreement is a major expression of lack of confidence in the Government of Barbados. What it is saying, Sir, is we are not satisfied with your sinking fund arrangements, that it is adequate to give confidence to the holders of these bonds. And you can recall, Sir, that following the Depression in the 1930s, when major international institutions particularly

those holding bonds found themselves in a situation where their best customers were let down because of their advice to them to purchase bonds that turned out to be no good, that whole situation has changed; and that is why the international market is insisting on these repurchase agreements. It is all right in terms of private individuals, it is all right in terms of international financial institutions that might come and go. The Royal Bank, at a meeting of the World Bank tomorrow, may be dissolved tomorrow but they can't dissolve a country.

Sir, any time a country finds itself in a position where it has to be called upon to provide a sinking fund in respect of a specific loan, you can be quite sure that the persons organising that loan have a serious confidence problem. I don't know who would have given the Prime Minister of this country the kind of line that he came to Parliament with in respect of that repurchase arrangement. That is what it means. What it means is what I said it means and that is no particular advantage to Barbados.

Asides.

Dr. R. C. HAYNES: I have not checked the law. It might well be. You might well find that they try to establish that kind of arrangement. Even in respect of this loan, Sir, they also have to establish a sinking fund of this and every loan. So, don't come and tell us all these kinds of stories about what a repurchase arrangement is.

Mr. Speaker, you would not believe, Sir, that a private group has been able to raise US\$75 million on the London market for investment in Barbados at much lower interest rates without any repurchase fund, that a second major hotel project in Barbados is about to successfully raise a similar amount of money without any requirements for any repurchase fund or any thing like that. So, it just shows that the international community has confidence in Barbados but they have no confidence in the Government. That is what is happening. The Government is not Barbados. Jamaica as a Government cannot borrow a cent and has not been able to borrow a cent on the international money markets now for over a decade. That does not stop Jamaican enterprises from raising millions of dollars on the international markets. The big mistake that is being made and I think it is because the Prime Minister keeps projecting himself as the embodiment of Barbados, is that people are not distinguishing him and Barbados; but the market does. Barbadians will continue to raise money easily on the international market for various projects in Barbados, while the Government will continue to have difficulty unless it changes its fiscal and other stances in terms of managing the economy of Barbados. 1.50p.m.

Now, Sir, as I said, I will not be responding to all this business as to the principles of borrowing except to make

one point. The basic point which the Minister of Finance has never understood is you can come in here and introduce surcharges. You can introduce all kinds of indirect taxation. You can talk from now until a thousand years from now about your commitment to generating a surplus on current account to help with the capital expenditure but if you do not control the growth of that expenditure you will never achieve that.

Quite clearly, the options which the Prime Minister said he had available to him were surcharges on incomes and increasing indirect taxation. Up to now, Sir, he has not said that he has an option available to him to control the growth of Government expenditure. Then he talks about his great triumph in reducing the fiscal deficit to 2.4% of GDP net of amortisation. You hear the words, Sir? Net of amortisation.

Now, amortisation, Sir, they are the capital repayments for loans in any given year. This is a matter that I have complained of again and again on the Floor of this House. The Central Bank of Barbados can present its accounts as it likes once it conforms to internationally accepted standards. The Government of Barbados cannot do that. The Government of Barbados has to present its accounts in accordance with the Financial Administration and Audit Act. If you present a situation where you incur \$160 million in amortisation, part of your expenditure, and you just wipe that out, you say it does not exist and then say you have a deficit of 2.4% of GDP.

In the past, Sir, going back to the last 40 years, Government expenditure and revenue has always been presented to this House in conformity with the Financial Administration and Audit Act, that is, total Government expenditure as opposed to total Government revenue. The difference between that constituted the deficit.

In the past two years we have had this kind of fancy foot work where substantial slices of Government expenditure have been removed from the books and you get a report "Government net of amortisation". I have no difficulty, it is an accounting concept which is easily understood. If you wish to do that you have to change the law or do what has been done in the past, that is, you present your deficit according to the accounts established by the law and kept by the Accountant General and audited by the Auditor General of Barbados. Then in a separate statement, not presented here - I have complained about this in two Budgets already - you include a paragraph that when amortisation is excluded that is the deficit and that was in the past so with 2.4% you are not comparing like with like.

I believe that 1988, 1989, I am quite sure the capital payments on debt was over \$100 million. You add back \$100 million. Remove the term "net of amortisation", add back the \$100 million and see what the 2.4% then becomes.

That is the figure that you would compare previous deficits with. You cannot do that and that is what has been happening. This marginal commitment to legality is a matter which has been bothering me for a long time.

Aside.

Dr. R. C. HAYNES: It is \$139 million. He tells you what is a deficit but excludes \$139 million of Government expenditure. That is the danger of these things. As I say, there is a reason for presenting a deficit net of amortisation. I have no difficulty with that. I am not saying it is a bad accounting procedure. I am not criticising it on those grounds. I am not saying that it does not have certain functional value if you are refinancing the capital portion of your debt. I am not saying that does not have that advantage. What I am saying is it must be done according to the law.

Your Financial Statement which you produce here on an annual basis must be presented according to the accounts as set out under the Financial Administration and Audit Rules. You have not been doing that. The moment you introduce the Central Bank's accounting concepts into it then you have a problem. There is no 2.4% on the basis of the normal thing. Sure, Sir, we said we needed a foreign loan because we wanted to stop the Prime Minister and Minister of Finance of this country from printing money. By now I would imagine his fingers might be tired printing the money. That is why we wanted a foreign loan but we will deal with that in another context hopefully later in the day.

Now, Sir, an interesting bit of information that only 9 million pounds of this money would be available in December. That is \$36 million? That would not even pay off half of the illegal overdraft. It is a beautiful loan, Sir. Believe, me, when I tell the Minister of Finance that I am sorry, I am upset and disturbed that he cannot bring in \$120 million before December 31. I am upset for two reasons. Firstly on your behalf, but more importantly on my behalf because it means that next year when the NDP forms the Government I will have to go to the market with a balance sheet showing a significant loss of reserves and a major deficit in the balance of payments. I hope the Honourable Member clearly understands why I wanted him to get this money. 2.00p.m.

I hope, Sir, that he clearly understands because I have a feeling that if the Honourable Member could prop up the reserves borrowing about \$100 million, by the end of this month, and introduce appropriate fiscal policies - forget all about the election. You are going to lose the election anyhow. And since you are going to lose the election anyhow, put the fiscal measures in place. Put them in place!

This country could always look back and say that, "Even though he knew he was going to lose the elections, he did the right thing."

Asides.

Mr. SPEAKER: Order, please.

Dr. R. C. HAYNES: Now, Sir, there are one or two other things that are puzzling me about this thing. I do not know of any major airport development going on, at the moment. I do not know of any major road construction going on, at the moment. I do not know of any major coastal conservation programmes going on, at the moment. As far as I am aware, Sir, it has been said before that the IDE would be financing the coasting thing. The Honourable Attorney-General knows exactly what I am talking about. I do not propose to castigate the Honourable Member for this euphemistic definition of the purposes of the loan. Suffice it to say, Sir, that it is for balance of payments purposes. As I say I have no difficulty whatsoever. I will not necessarily be attacking the Honourable Minister of Finance on that matter.

What does concern me is that the money raised by this loan has already been spent over and over again. Far from financing any airport development, road construction, coastal conservation, this money has already been spent. It will go towards bringing the unlawful overdraft, at the Central Bank, back to near legality.

Aside.

Dr. R. C. HAYNES: Not now, Sir. Not by December. Probably by March next year.

It will have to go to help reduce the short-term lines at the Central Bank that are over \$100 million. They normally run at \$30 million. Poor Central Bank. You know, it is a funny thing, Sir, I really now understand why the Central Bank would not exercise authority, under the law, because it is getting some revenue from the illegal overdraft to counter balance what it has to spend on lines. I think we need to understand that. But later on, we will take appropriate steps.

It will go to pay over \$50 million in outstanding bills, on the part of the Government, including tax refunds. People have not been paid their tax refunds. I want to remind Barbadians that, according to the law as it now stands, they must get interest on their tax refunds.

So, Sir, where are we? The Honourable Member said that he should be congratulated for getting a 25-year loan. I am saying this: that this is the first time that Barbados has ever gone to the international markets to raise a foreign loan to be used, exclusively, for current expenditure.

I have not got my cheque for December. I got my cheque for November. But I am aware that that is printed money. That is not worth the paper it is printed on. So when this money comes in now, since I have already had to spend my November salary, it would just give a little support for the money that has already been spent I am not making sport. It is a fact!

Aside.

Dr. R. C. HAYNES: How do you mean I did not have to spend it? Do you think I steal when I go to the supermarkets?

Sir, the point I am making is that, in the past, I have heard criticisms of Governments that they were borrowing money abroad to pay civil servants. There can be no doubt this time. I will tell you why. Because the current account deficit of Government will be over \$120 million this year. So much, Sir, for the policies of the Minister of Finance. His policy is to generate a small current account surplus projecting \$112 million or thereabouts, and ending up with a deficit of about \$120 million. So much for the success of your policies. Invariably it is about \$120 million. Now you are facing an overall deficit of some \$260 million and, maybe, \$300 million for fiscal year 1988-1989, 1990-1991. But I want to deal with those things in more detail, at a later stage, today, Sir. I do not want to get into all of those details, in respect of this particular resolution.

The other point I want to make - I want to finish by ten past, Sir. I really want to finish by then - is legal costs. I believe this House should have some idea about those legal costs and who the lawyers are. And also other expenses.

My recollection is, Sir, that this resolution speaks of but not limit to legal costs to be met by the Government of Barbados:

"Expenses - All costs and expenses incurred in the arrangements of the loan, including but not limited to, legal costs."

I should like to know what the total cost would be and what would be the net contribution to Barbados, after that has been deducted from the thirty million pounds and to whom it would be paid.

I am anxious, Sir, to support the resolution but I need to get this kind of information, otherwise we would have to abstain. I am just making these very important points so that the Minister of Finance can assist us in determining how to vote. We are not going to vote against this. I can give you this assurance. You can go home with that. I am not going to send you along to the markets to sign the documents, not to raise any money, with a recorded vote by this Opposition against you. But I still have to have some more information to determine whether we should abstain

or vote for it. We need this kind of information and also the effective rate of interest

The Honourable Member introduced some strange formula which he did not quite understand. Remember this, you are paying 13.6% or something like that for the life of this loan. You have to remove 25% from the amount of money available to you for lending for use which cannot form part of the foreign reserves of Barbados either. There is no guarantee that there would have to be any stable differential between the money that you will get, on deposit today, and what you will get in two or three years' time. My judgment is that the sterling interest rates would probably average between 8% and 10% over a 25-year period and that this loan is usurious being almost 4.4% above what one can reasonably expect to be the average rate of sterling. That is the point. 2.10p.m.

You may find yourself getting only 6% or 7% on a quarter of this loan and having to pay 13.5%, so that the interest cost might be far greater. Whereas, if you could have shifted the money from Sterling into another market and play around with it, you could actually contract that gap between the deposit rate and the interest rate that you have to pay over the minimal four-year period.

The other point is, Sir, I want to know if there is any protection against the exchange risks involved over a loan that is now 25 years. You might find that the £100 million I talked about that you have to pay back over 25 years can become £200 million, can become anything, depending on the exchange rate and there are ways and means in the financial markets to protect yourself against severe swings in exchange rates.

I believe, Sir, I have covered most of the points and I trust that the Minister of Finance would exercise greater care when he is coming to this House trying to persuade us that a repurchase fund is a great thing because the IDE had to have one, and so on. That does not apply to countries, there has to be a presumption that Barbados will go on for ever and therefore, just as in your public financing domestically, similarly in your relationships with the external international communities, they must have relationships with you on a presumption that you will continue for ever. That is the big difference. That is why we have a sinking fund that should be growing, and you should have told them that it is a signal insult to Barbados to call on them to establish any repurchase fund in respect of this particular loan. You should have told them that the Constitution of Barbados and the Financial Administration Act provide for a sinking fund and you should have told them that we have a level of fiscal responsibility in Barbados that when we give a commitment that we will put X amount in a sinking fund, it will stay there.

I do not like to see my country being treated in this way by any international organisation. I am sure the Minister of Finance does not like it. I understand and sympathise with him because I know the way he must have sweated, particularly coming on to the end of November and into December, and to be able to have your sweat glands relieved of the pressure I think he rushed and signed this thing. I am also grateful for the fact that we have a little breathing space before we are forced to go to the IMF, and hopefully by then there will be some net retention of foreign exchange during the tourist season and that there will be a change of Government in which the people and the international community have greater confidence.

I thank you, Sir.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, I beg to move that this sitting be suspended until 3.15 p.m. this day.

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

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

RESUMPTION Mr.

SPEAKER: This sitting is resumed.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Honourable Prime Minister, towards the end of his quite inadequate presentation, if I may say so, made a call for unity on all sides of the House in relation to this loan. He made a call for all of us to show some sense of patriotism in relation to our attitudes on this loan, citing the fact that loans incurred by the Government of Barbados are used to create assets that can be of value to more than one generation.

Some time late in 1986, on the first occasion that I had the opportunity to speak as the Barbados Labour Party's spokesman on finance, I gave the commitment to the House and the country that we would be supporting all foreign loans which we deemed to be in the best interest of Barbados. Our position on the raising of loans by Government, Sir, has been consistent and the only loan to which we took objection during this Session was the loan on that occasion when in our view Government came at the last minute with an attempt to raise \$160 million on the Japanese market, and this was at the end of a long and tiring budget debate.

We do not need to be reminded about the need for unity where attitudes towards foreign loans are concerned, but perhaps we need from the Barbados Labour Party's side to tell the Honourable Minister of Finance that we find it

galling, grating and insulting that he can understand the need for unity in these matters, that he can understand that loans raised by one administration are used to create assets to serve more than one administration and more than one generation, but yet he would go about the country criticising the Barbados Labour Party on the grounds that he, almost personally, is being called upon to repay loans raised by the Barbados Labour Party administration. So that we have a dichotomy. There are loans incurred in the name of the Government of Barbados when they are raised by the DLP administration, and then they are BLP loans when those loans come to be repaid.

We find it therefore very difficult, for this kind of reason, to give the Minister of Finance our unstinting support in this matter, because there is but one Government of Barbados and there has been a tradition in this country that Governments have repaid the loans raised by other Governments without a murmur. We have repaid the loan raised by the Democratic Labour Party in full, including the loan signed in April 1976 by the Honourable Member who was then the Minister of Health to finance the construction of sewerage facilities in this country, Sir, and as a condition in this matter we need to see a difference in attitude by the Prime Minister.

We cannot on this side be giving Government our support when Government raises loans, understanding that there is but one Government, but then hear the Minister of Finance on the streets criticising the Barbados Labour Party because he has to pay our debt. Let us understand that there is but one debt incurred by the Government of Barbados, approved by Parliament, and if the Minister is to persist in his carping attitude towards the repayment of loans raised by Parliament and in the name of the people of Barbados, we will have a profound difficulty supporting this particular matter. Therefore, Sir, as a pre-condition for our support in this matter we need to have an assurance from the Prime Minister of this country that all of his future utterances regarding the repayment of loans will reflect the fact that there is no such thing as a BLP loan, there is a loan incurred in the name of the Government of Barbados and that he is repaying the loan of the people of Barbados.

Mr,
Speaker, Sir, the supreme and real fitting irony....

Rt. Hon. L. E. SANDIFORD: On a point of order, Sir. I think the Member is really misrepresenting the tenor of my statement and I therefore refuse to accept that that Honourable Member, or any Honourable Member, can be critical and in very scathing terms about the actions of the Democratic Labour Party Government and myself as Prime Minister and Minister of Finance and Economic Affairs, and when I counter punch then they say I should not take that stand as Minister of Finance.

Aside.

Rt. Hon. L. E. SANDEFORD: You criticised the terms of the loan as I spoke.

Mr. O. S. ARTHUR: Mr. Speaker, the Honourable Member has just done nothing but betray his feelings as a Prime Minister. He is not a leader, Sir, he is a counter puncher. He counter punches rather than leads the country. He counter punches even in his own Cabinet, because all he is about is counter punching, but the country wants a leader. He is a reactor, Sir.

I was about to make the point, Mr. Speaker, that it really is a supreme and fitting irony that the Democratic Labour Party administration has had to turn to Barclays, the bastion of white big business internationally, to bail them out of the predicament in which they find themselves. It is a supreme and fitting irony, Sir, an institution that has in the past been the butt end of some of the most carping criticisms by the Democratic Labour Party for its relationship to South Africa. 3.25 p.m.

Now, Sir, this is the institution which the Democratic Labour Party has to call on in order to bail them out of a predicament and I say predicament, Mr. Speaker, Sir, advisedly, because the Prime Minister was very careful not to give any real satisfactory explanation as to why we have to borrow now, apart from a collection of platitudes. He invoked, Sir, even the name of Shakespeare in trying to explain why he needs to borrow. We heard the implication that has run into financial problems because he had imposed taxes but that there were howls of protest from the Opposition as if, Sir, the implication being that in reacting to "the howls of protest" - those were the words he used - from the Opposition that he had by some set of circumstances undermined his financial position. One hears the Prime Minister and we understand the implication that he has followed the bad advice of the Opposition in removing the surcharge and therefore he has this financial situation. We heard his recourse again to apprise the precepts of financial management from which even he has departed; because the Government of the day, Mr. Speaker, no longer subscribes to the view that it has to run a current account surplus. He has come to understand that there are some items classified as current expenses, Sir, for which there is no need to raise taxes. For example, when the Government includes in its current expenses loans and advances to Civil Servants, there is no need to raise taxes for that. That is a self-liquidating item of expense during the course of the financial year. He has also come to understand that when the Government commits itself to a strategy of raising foreign loans to amortise the foreign debt that to the extent that the foreign loan is the source of revenue, you do not have to raise local loans for that item. But he asked the House, Sir, to accept that the reasons there is a need for his having to borrow now, is because of some principle involved in the management of the public finances, which he did not elaborate and hence he did not

go on to tell us, Mr. Speaker, what is the true situation facing the country as regards government finances and the state of our country's reserves. The House must understand that this loan is being raised in order to redress a very significant problem in relation to Government finances and in relation to the foreign reserves of this country.

The Minister, Sir, has not given this House a satisfactory explanation of these matters, Sir, and I am challenging him to deny it. If the full extent of the problem facing Government finances is that his overdraft, which was \$155 million last week is now \$165 million yesterday, continues to rise and rise and I believe, Sir, that he understands what he is doing and he has no desire to act in breach of the law but he is acting in breach of the law precisely because he has no option. That is our point. No Minister of Finance wants to be in a position where you can charge that he is having money printed by way of an overdraft that is over the limit and he can only be doing that, Sir, if he has completely run out of financial options. I am challenging him to deny on the floor of this House, Sir, if it is not true that the overdraft has risen by almost \$10 million since late last week. That is the financial predicament, Sir, that underpins the need for this Government to come to his House for this kind of loan.

He must also tell the House, Sir, whether it is not true that the Central Bank foreign reserves that were as high as \$277 million as recently as April of this year were as of yesterday, Sir, \$174 million including CMCF - a fall of about \$100 million in the course of eight to nine short months. The combination of these two things, a dire crisis in relation to public finances that forces a government to act even illegally to pay its way and an acute shortage of foreign exchange puts Government in the position, not only, Sir, where it has to borrow, but it has to borrow on the lenders' terms and our argument in this particular matter, Sir, isn't that the Government is borrowing but that the Government is borrowing at the lenders' terms to the point where in our view it is making concessions that are unnecessary and it is not providing itself with the latitude that would ordinarily surround a loan of this nature,

I want, Sir, in dealing with that point to look at the features of this loan. The Leader of the Opposition started a comparison between this loan and the loan raised from the International Monetary Fund in 1982. I am very qualified to speak about that loan and the House knows. I was a member of a group of four which met with the International Monetary Fund officials on June 15th 1982 to define the parameters of a loan with the IMF and the Leader of the Opposition, Sir, is correct that it was precisely a loan of this kind that we tried to avoid incurring in 1982 in the interest of Barbados so as not to disfigure our debt service profile.

But, he could have gone further, Sir. There were a number of conditions that we set ourselves in determining

whether to take the IMF program or not. The first was that we were not prepared to take an IMF programme if it involved a devaluation that we still had our bond options open. This loan is similar to that IMF programme insofar as there was no devaluation in either. Secondly, Sir, we were interested in getting the lowest interest rate and in our view, the IMF rates were then lower than those charged on the commercial banks. But there were certain conditions, Mr. Speaker, that reflect poorly on the features of this present loan and the Members can go to the Cabinet paper that I wrote following our meeting with the IMF of June 15, 1982 that the then Minister of Finance, Tom Adams, Sir, said that one of the features of the loan that he would want as a desirable and necessary feature, that the IMF program should be so front-loaded, that we could have access to the largest proportion of the funding up front when our balance of payments situation, Sir, was under the greatest pressure. Now, compare that, Sir. We did get an IMF programme free of devaluation but also with the resource flow so structured that we could draw down the largest proportion of the IMF resources up front when Barbados needed the foreign exchange most.

This Government, Sir, has gone to London and let Barclays get them to agree to a loan, not only of 13.5% but that you get 1/3 of the loan today when Barbados needs the foreign exchange and you have to wait some time in March to get money that our people must work and pay back. Where is Barbados' interest being protected in all this pattern, Mr. Speaker? Why could not the Member come to the House and tell this House that like in every loan that has been borrowed with Japan, or Natwest or anybody else, that we have managed to negotiate a loan where we are getting the foreign exchange right now? Even the IMF gave Barbados better terms than these and these are the features of this loan that we find reprehensible because Mr. Speaker, we understand the need for Government to borrow the funds but we also have, Sir, to protect Barbados' best interest and we are saying to Government that it cannot be in Barbados' best interest to have this loan so structured that the drawdown for the funds will be such that it will not be available to Government when our balance of payments are under the greatest stress. You don't have to go into sophisticated economics to know this, Sir. You must know that it is in the period between January to March when there is the least pressure on the balance of payments because that is when you have the tourist dollars coming in. Whereas it is the period between September to December, Sir, when you have the build-up in Christmas spending that you have the balance of payments under the greatest pressure and here are we, being asked to agree to a loan in which, Mr. Speaker, money is to be borrowed in our name by our Government and the bank lending us is to tell us that we are to get the money some time in the future when perhaps our need for these dollars is greatest now. The Minister, Sir, I think, has to deal with these matters in a serious way. 3.35 p.m.

Mr. Speaker, I have already in my public utterances drawn reference to what I regard as the unsavoury aspect of this loan, that is, the repurchase fund. A repurchase fund is established purely for the protection of the lender. It has absolutely nothing whatsoever to do with the interest of the borrower.

The point I am making to the Government is that this loan is being raised under a specific piece of legislation. This loan is being raised under the auspices of the External Loans Act, Cap. 94D which says at Clause 6:

"A sinking fund shall be established for the redemption of each issue of securities made under this Act and the monies necessary to maintain and service that fund shall be paid half yearly in such amounts as are approved by Resolution of Parliament."

This Act is an Act brought into being by the Democratic Labour Party in protection of our sovereignty in 1972. It is really telling all foreign lenders that the Government of Barbados recognises that when it borrows it has a responsibility in order to make provision to redeem what it has borrowed and in full drift of that we are prepared to write into our laws the provision that we will create our own sinking fund to which we will ask our own Parliament half yearly to make subscriptions to repay any loans that we raise.

We go to London to Barclays to let Barclays tell us to ignore what we have in the Laws of Barbados. They are going to lend us \$120 million but despite what we have in our own Laws, we are to let them hold \$30 million of the money that we are borrowing from them, monies that could be used over the course of the next four years to help build up exports in this country, to help pay off the high interest, that despite our own sinking fund arrangements established by Law we are to let a foreign lender tell us the money we are borrowing from them must now be put into a different kind of sinking fund arrangement. This is offensive. This is unheard of.

I am "saying, Mr. Speaker, it is also a very bad financial arrangement. A loan of this expensive nature should, in my view, be supported by the Government creating some form of export earning assets that will enable us to help service this loan over the period. When the repayment of over \$400 million of interest will put an additional strain on our export earning capability.

It is my submission to Government that it would have been better for Government to agree to put that \$30 million into an export development fund to begin to address the real problem facing the Barbados economy. Our problem now, Sir, is a lack of export production capacity rather than have this money floating about London as a piece of paper. We do not need more paper. We need export production

capacity to help employ people in this country and also to help service this loan and other loans.

I am saying as well, Sir, that any foreign lender to Barbados who cannot respect Section 6 of our Laws Cap. 94D who has no respect for that has no respect for the people of Barbados. I think it is offensive. The tragic thing about it is this legislation was really and wilfully enacted by the Democratic Labour Party because they were conscious then to let the world know that the people of Barbados would honour obligations incurred in its name. What have we come to in 1990 despite our sinking fund agreement written down not like a banana republic by any dictator but written down in our Laws?

I am saying that this whole arrangement is sad that we have had to come to this position. The general features of this loan suggest that the Government negotiated this loan not at all from any position of strength. There was almost no position of party in the matter, that this is a relationship and unequal exchange expressing a relationship of exploitation. That is what this is about. We went into a situation where the Government apparently felt that it had no chips to play with and it had to be accepting whatever was offered to it. One cannot explain the features of this loan in no other capacity.

The Government says in the Addendum to the Resolution that the loan will be used to help finance capital development to the country. I wish that was true. The reality is, of course, that by the end of the year, as the Leader of the Opposition has pointed out, the Government will draw down no more than \$36 million, if so much of the loan, on the understanding that it will draw down two-thirds of it amounting to 21 million pounds in March.

I rather suspect, Mr. Speaker, as the Leader of the Opposition has already asserted, that the chief purpose to which the first draw down could be put is really to ease the strain that Government is now experiencing in the Central Bank and also to attend to Government's current financial expenses. We are not going to make a big deal out of this, Sir, because it always appear more responsible when one has to borrow long-term money at high rates of interest that you give the appearance that you were really creating assets.

We would find it so much easier, Mr. Speaker, to support this loan if the Government were to give us the assurance from the Floor of this House that it will use some portion of this loan to expand Barbados' export earning capability because the payment of that kind of interest is heavy.

I also have to make the point that on Friday October 26 when the question of the Local Loans Act arose. I then spoke and gave the Government the assurance that I also felt that it should do what we did in 1985. In 1985 the

Barbados Labour Party raised a loan abroad but despite having to go through an election, we put some of those funds into special deposits because we knew there were loans to be repaid late in 1986. It is hard on Barbados at all times to have to find \$50 million in foreign exchange in one day in order to repay a loan. We then committed some of our foreign exchange loans to a special deposit so that come 1986 Barbados' fair name would not be tarnished in the marketplace.

We went through an election without touching that money. We put Barbados first. The records of the House will show that I implored, I did not set it as a condition, the Minister of Finance that in considering the usage to which the funds to be raised in London should be put, that he should bear in mind that the Japanese loan raised by the Democratic Labour Party in late 1986 falls due to be repaid in October 1991. That is a \$68 million liability that has to be paid on one day. Paying that kind of money on one day puts a strain on the reserves that the country cannot carry. It means, generally, that you have to create a special deposit in advance to clear that kind of one shot external payment.

The Government, obviously, if it is not going to use part of these proceeds to deal with that situation, will very shortly have to go back to the market for another large loan to cope with the \$68 million that has to be paid in October, ^ 1991. I want to repeat, therefore, what I said on October 26, 1990 that we would feel easier with Government raising the funds in London if we knew that part of the proceeds would go towards the creation of that special deposit to maintain Barbados' fair name. 3.45 p.m.

The only reason why we are able to borrow loans like these, as the Prime Minister has said, is because Barbados' credit worthiness has been assured, on the strength of its capacity to pay all of its loans in the past. The day we lose ^ that capacity, as we apparently lost it in October, when we could not pay back Trinidad on that day, loans like these will become a thing of the past.

We need therefore to hear the Prime Minister speak in a much forthcoming manner about the general background to this loan together, Sir, with the features of it. He was not sure, for example, how the one quarter of the money that has to go to the purchase fund was to be invested. He was not sure for how long they were to be invested. But surely, Sir, all of those things would have had to be sorted out, in advance, before a Government could commit itself to a financial package in which 30% of a loan comes off the top in order to service the larger loan.

The point I am making is that the Government would have to be sure that the investment of that \$30 million was ** so clear that they would realize an amount, not only to repay the principal of \$120 million but go somewhere towards paying a part of the interest which the Prime

Minister recognizes to be a potential burden. He recognizes the problem but he cannot tell the House, what the arrangements are in relation to the investment of that \$30 million. How can the House therefore just go into an inordinate situation with Government, where we might or may not succeed depending upon arrangements which are to be put in place some time in the future, Mr. Speaker?

We are saying there is not a sufficient basis upon which the Government can cause us to give our wholehearted support to this loan. We recognize our responsibility, as an Opposition, not to create the impression to the rest of the world that there is such tragic division in our understanding of the need for foreign loans that, if a foreign loan is to come to this House, that we have to fight against it. We too would want to support the loan, Sir, given the dire financial situation in which Barbados finds itself. But unless the Prime Minister speaks more forthcomingly about the issues that are raised, and I am serious, unless we also get the assurance that the public of Barbados be told that there is but one Government and all loans are raised in the name of the Government of Barbados and repaid by the Government of Barbados, rather than when it suits the DLP purposes, it is a DLP loan or a BLP loan unless we can get those assurances that we will get the unity now, we have to get the unity in the future. It is important to the Barbados Labour Party.

Aside.

Mr. O. S. ARTHUR: It is not foolishness. You cannot come constantly to this House, asking for our unity on this matter, and then go on the road to lambaste the Barbados Labour Party that you are paying back BLP loans causing animosity towards the Barbados Labour Party as if we did something wicked that other governments do not do, when you yourself acknowledged that in borrowing foreign loans, you are creating assets to serve our future generations. We want that to stop as well, Mr. Speaker, because they are asking for unity now and we want unity •for all times.

But we also want the Prime Minister to address more seriously the background for the loan when he goes to London to impress on the lenders that all sides of the House understand the needs of the loan. But we also feel that Barbados' best purposes would be served, if we could get the money, up front. It would be left to us, as an independent people, to know what we want with our money that we are borrowing, that we also want the banks abroad to know that we have, written into our laws provision for a sinking fund arrangement that we feel confident that we can manage. It is on those conditions, Sir, that we will give our wholehearted support to this loan. But, failing that, that Barbados Labour Party would have to abstain from this matter.

I am obliged to you, Sir.

Hon. H. A. BLACKMAN: Mr. Speaker, Sir, I am not going to get into the economics. I am going to speak the plain truth here this afternoon. I am not going to call any names.

For quite some time, Mr. Speaker, the impression was being given, throughout Barbados, that Barbados would be unable to raise any loan on the international market and that Barbados would have to go to the International Monetary Fund. That is where we have started off. That Barbados would be unable, this Government would be unable to raise a loan on the international market and that we would have to go to the IMF.

If you start from that premise, Mr. Speaker, you will understand this afternoon what all the shouting and all the ranting and raving was about. Because Barbados has, to all intents and purposes now, raised a loan in the international market when it was said that we would have been unable to do it. We have done it, to all intents and purposes. That is where we start off.

Mr. Speaker, let me say this. You have heard persons here speaking about the loan, the conditions and all of that sort of thing. They are taking that line. Neither one of the two persons who has spoken over there so far has spoken about the conditions in the market for lending, at the moment. In the international community today, I only just read it in the "Economist" magazine, the Japanese market is receding, the Chinese market is receding, and Britain is already in trouble. The banking system, to all intents and purposes, the banking markets have essentially dried up. Yet Barbados....

Aside.

Hon. H. A. BLACKMAN: I am telling you. It is a fact. It is a fact that the international lending market has, to all intents and purposes, dried up. I am putting it to you today that there is no other Third World country and certainly no other country in the Caribbean....

Aside.

Hon. H. A. BLACKMAN: that could go on the international market and raise this loan. Jamaica tried it about three or four years ago when the international market was awash with money, and the market laughed at them. Trinidad, if you remember, tried it last year or year before and the market laughed at them. They could not raise the money. At that time, the market was awash with money. the market has money but they are not lending.

Mr. Speaker, I am going to quote just a little part of a letter here. As you well know, the banking markets have essentially dried up. That is what was stated and that is a fact. Those of us who read the "Economist" - you always have it over there - will know that there is no lending on

the international market You can afford to get up and say that there was lending to....

Mr. O. S. ARTHUR: On a point of order, Sir. The Honourable Member is obviously misleading the House. He cannot mean to say that loans are not day by day being made by banks to various countries in the world, companies in the world. I think the extravagance and extremity of the Member's language is in danger of misleading the House, Sir. There is lending going on the international market to governments and the Eastern European countries.

Mr. SPEAKER: The Honourable Member has made his point. The Honourable Member has made the point

Aside.

Mr. O. S. ARTHUR: Mr. Speaker, they ask to whom? The Eastern European countries have just received large sums of funds on the international market. He is misleading the House.

Hon. H. A. BLACKMAN: Mr. Speaker, the Honourable Member, I would not bother to answer him because he knows that what he is throwing in is a red herring. That is special arrangement where these people have just thrown off communism and have taken over capitalism. That is a special arrangement Well, do not just bring in that nonsense and you know that it is so. Most of them are gifts to those European countries who are giving up communism and you know it too. 3.55 p.m.

Aside.

Hon. H. A. BLACKMAN: Mr. Speaker, they are net going to divert *ne. I sat down and at no time did I say a word when the Honourable Leader for the Opposition was speaking nor the financial spokesman for the Opposition Barbados Labour Party.

Mr. SPEAKER: Nor am I going to allow them to divert you either. You just address me.

Hon. H. A. BLACKMAN: I just listened, I did not interrupt. You heard in here, Mr. Speaker, that the lender is lending money on his terms. Mr. Speaker, if you went anywhere to borrow from any institution, on what terms will they lend you money? On what terms will any person, institution, or organization lend money? The point I am trying to make, Mr. Speaker, is that you have heard in here that the lending organizations...

Mr. SPEAKER: Just one moment. The Honourable Members who are sitting nearest to me would understand that if they speak loudly I would not be able to hear the

other Member who is speaking. I would be very grateful if Honourable Members will keep their tones very much lowered. Continue.

Hon. H. A. BLACKMAN: Mr. Speaker, the point I am trying to make is this. If you look at the market for lending where the lending is taking place, the Honourable Member for St. Peter knows that it may very well be precisely the ^ point he is making why the market for lending is tight and to all intents and purposes dried up. Most of the money is going to the European countries. The point is that the lending market today is tight and it is extremely difficult to raise loans on any of the lending markets today especially for developing countries, and the Honourable Members on the other side know that is so.

Mr. Speaker, you heard about the repurchase agreement. The repurchase agreement, Mr. Speaker, has in it a secondary trading part of it which means that the bonds * could be used for secondary trading. If the bonds are not used for secondary trading and the funds are allowed to remain where they are, say for a period of 15 years, at the end of that 15 years depending if the market keeps where it is or slightly about where it is, those funds would have increased to an extent that we could pay back the principal and part of the interest from just that fund which has been sterilized.

Aside.

Hon. K. A. BLACKMAN: You would not understand what I ain saying. I am saying that the \$30 million that are to all intents and purposes sterilized here and if you left them for about 15 years, the interest and the funds there would be enough to repay the enure principal that you have borrowed. That is the whole idea and to give the impression that a repurchase agreement is only used for lending to private institution is not correct. There are about seven examples that I know of that had to use this repurchase •« agreement and whenever the funds in the market are tight that is one way that the lending institutions use. Zambia is one. I can name seven of them, but I do not have all seven but I will get them for you.

The point I am trying to make, Mr. Speaker, is this. They are saying that all of the conditions in the loans are conditions to the benefit of the lender. If you are going into a market, Mr. Speaker, where funds are tight and limited „ and you are able to raise a loan in that market, obviously there are certain conditions that the lending institution will put on when the money is tight that they will not put on when the market is awash with liquidity. The point that the Honourable Member for St. Peter was trying to make about the previous borrowings on the Japanese, Chinese, and London markets cannot be compared with the situation that exists now. When those funds were being sought by the previous administration, there was a lot of liquidity in the lending market and there were many, many institutions

willing and eager to lend money at that time. That is not the situation now. It boils down to the fact, Mr. Speaker, that despite all the talk that this administration had the situation in Barbados so bad that no international market will lend us money and that we will have to go to the IMF to get the money, that has gone through the window. That is what all the talk here is about today.

Mr. Speaker, my view is that, if you go into a market to borrow money, obviously whoever is lending the money must put something to his benefit. He must put something to his advantage otherwise he would not be in the lending market. You will not be lending and it is basic even with individuals. If the ordinary bank is going to lend money to any person, the bank will put in certain conditions in the loan otherwise you will not be in lending. You will not be in the lending process at all. So I cannot understand what all the noise is about. They either agree that we have to have the loans and that whenever there is a shortfall between your revenue and your expenditure it has to be made up either by taxes or by borrowings. The Prime Minister has always said that. It has to be made up by one or the other. If there is a shortfall between revenue and expenditure, you go to the capital markets and you borrow. There is nothing wrong with that and that has been conceded by the two speakers over there. But as I said, they had to find something to say about this loan. They even went so far to pick on the 13.5 per cent interest rate.

Mr. Speaker, I am glad that the Honourable Member for St. Peter did not go down that road that he was about to go today when in an aside he tried to give the impression that the labor rate in London was 7 1/2 or 8 per cent. In fact, he started to argue with me. It was an asset and it was not right. He was totally wrong. The three month labor rate is 13.5 per cent, six months 13 per cent, and the one year 12.7 per cent.

Aside.

Hon. H. A. BLACKMAN: I am not talking about a three month rate. I am saying that he was not speaking about the three month rate either. He was speaking about the London Inter-Bank rate, the labor rate and he said that it was 18 per cent. I am only saying that he said that in an aside because he obviously did not say it in his speech. So I am not criticising the Honourable Member for St. Peter because he actually did not say it in his speech. I am only trying to say what the London Inter-Bank ordinary rate is at this moment.

Aside.

Hon. H. A. BLACKMAN: Mr. Speaker, I believe that the Government has done well. This administration has done well in raising this loan on the international market. I believe that obviously with this season which has been referred to by a former Member for St. George South as the

"mad dog" season and because of the peculiarities of the season, persons who normally would be level headed and who normally would look at things in a dispassionate manner and analyze things as they should be believe that you have to share as many lashes as possible. 4.05 p.m.

That is to be expected. I believe those of us who realise that for a Government at this time, especially in the Caribbean, to raise a loan like this on an international market, that the Government should be congratulated. All of us, every single person, I believe, would like to see all the conditions on any loans removed, but we know that is impossible. We know that as long as you are borrowing money and as long as you need funds, you have to go ahead with some of the conditions that are put on the funds, because the funds are not yours. To hear the Honourable Member for St. Peter speaking, one would think that when the Barbados Labour Party went overseas to borrow money that they used to set the conditions on the loans. That is the impression I got, that the Barbados Labour Party used to set all the conditions on the loans that they had, that the lending institutions did not set any of the conditions at all, and all of us know that that is impossible.

Let us understand, Mr. Speaker, what the whole thing is about. It is about a Government running a country and when there is a deficit between the revenue and the expenditure it has to be made good. We believe that this money we are going to borrow on the London market is something that the Government could and should be congratulated on, and I have no hesitation in supporting this Resolution to borrow this money on the London market.

Thank you.

Mr. D. A. C. SIMMONS: Mr. Speaker, when the Prime Minister sat down after the introduction of this Resolution, his side cheered lustily. When he sat down I shouted across from here, "what has made it necessary to raise this loan?" Because no explanation was given to the House of Assembly as to the necessity for this loan. Since the Prime Minister has not condescended to tell us why it has become necessary, I think that it is as well that we review the present fiscal and economic position of Barbados to determine whether conditions within Barbados have not precipitated his trip to London tomorrow night.

Mr. Speaker, the Prime Minister needs to tell the country of Barbados that Government's fiscal position is disastrous. Government has no money, Government is unable to pay its daily debts.

Aside.

Mr. D. A. C. SIMMONS: I am going to tell the civil servants that, because they were promised their back pay and all of that by 7th December, and up to this morning, the

llth, a number of teachers phoned me to tell me they had not got their money. They were promised on the 7th, by Friday.

Aside.

Mr. D. A. C. SIMMONS: These are appointed teachers in primary schools. Up to this morning they have not got their money. I have with me a letter dated 6th December, which I can make a document of the House, written by the Director of the NCF to persons who assisted at the Commonwealth Ministers of Education meeting:

"On behalf of the National Cultural Foundation I wish to thank you for participating recently in the cultural presentations that were offered to delegates to the Commonwealth Ministers of Education meeting.

Your contribution was greatly appreciated. Thank you for giving so generously of your time. I regret that payment of your honorarium has been slow in coming. This is a matter beyond the control of the NCF, but I have been informed this week that Cabinet will be processing the payments shortly.

Yours sincerely,
D. ELLIOT PARRIS
Director."

Virtually every Government Department has been in need of supplementary provisions for the last six weeks and Government has been unable to come in here and seek supplementary provisions because the money is not available to ensure the continued smooth working of Government Departments. They were hoping, of course, that by December 15 land taxes and corporation taxes should start coming in to ease Government's cash flow position.

There has been a revaluation on land taxes and the Prime Minister has promised to fix the rate. Not even that decision has he taken, but is going off to London tomorrow night, so that when the demand notices come out it will be next year and the revenue he is looking for in December he will not get, because the Prime Minister is dithering on fixing the rate for land tax.

Now that is a domestic situation. Government has tried to finance its bankruptcy by engaging in the illegalities which we have spoken of for the last two or three weeks, causing the Ways and Means Account to go into disequilibrium and be as high as \$165 million. It never went out of control to that extent and for so long under the Barbados Labour Party. The Honourable Member for St. Peter was careful to have reported in the Press on the weekend the times when the Ways and Means Account under the Barbados Labour Party went above the legal limit, and to show that in short order, I mean in less than a

month, the Account came back within the limit prescribed by law. That has not been the case with this Government.

Aside.

Mr. D. A. C. SIMMONS: Yes, I will concede that, by both Governments. That has been admitted and published by us, but what we are saying is that just .as with an .*,,, individual - since the Prime Minister used the analogy of the individual when he was introducing this Resolution -from time to time you may go over your overdraft limit. As soon as the bank calls you and tells you that you have exceeded the limit, you try and find funds to put into the account to come back within the limit of the overdraft. 4.15p.m.

That is what has happened with the Barbados Labour Party. The difference with the Democratic Labour Party is that they ignore the correspondence from the Central Bank * and the Governor of the Central Bank is mandated to warn the Government. They obviously ignored his warnings to come back within tolerable limits and as a matter of policy continued to burst the overdraft. Now we are saying that that is bad financial management. That is one aspect of it.

So we have a situation where Government's own fiscal position is very bad. The balance of payments are under stress, Sir. Indeed, both balance of payments and the *. foreign reserves are in deep trouble. Let me give you some examples of the state of affairs. In 1989, Sir, there was a loss of reserve of \$82.6 million or 23.5% over 1988. In this year 1990, that trend has continued and the reserves fell by 25.6% in the first 6 months of this year as compared to 1989. It is clear, Sir, discounting the CMCF money which is not available but is a receivable and is in fact a bad debt. Ignoring the CMCF part of the reserves the net available reserves of Barbados are below \$70 million. My friend is checking. It is less, far less I am told than \$70 million.

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Yesterday, Sir, I am advised the Central Bank had \$34 million in actual available reserves. I would like the Prime Minister, since he is prone to say that the Opposition is causing all these problems to deny if that is so. He gets a print-out from the Central Bank every day showing Government's ways and means, accounts, balance of payments, foreign reserves - all that information is at his hands. If I am wrong that it was \$34 million yesterday, I want him to get up and deny and challenge me and show ^ me that I am wrong. Just as the Honourable Attorney General was found in receipt of a Central Bank document during the Budget of 1986, I received and I see and I am telephoned and I get information even off the back of a truck that is reliable about the state of play.

Asides.

Mr. D. A. C. SIMMONS: I want to hear if I am misleading the House when I say that yesterday

Government's overdraft was \$165 million. I want the Prime Minister to get up or the one who spoke in Silver Sands Sunday night and called me a master of lies. I want him to get up, the Attorney General, get up and tell me if I am lying on the Democratic Labour Party Government that you have Barbados in such a state today that the net available foreign reserves of Barbados was \$34 million. That is what you all have done to this country. Blame it on the Labour Party. You have been in Government for 4½ years. That is their tactic. The Prime Minister has walked about this country for the last two weeks giving the impression the Barbados Labour Party and the NDP are somehow in control of the country, in control of international capital markets and are determining whether this country gets a loan or not. I am grateful for the recognition of the strength and power of the Opposition, both sides of the Opposition. That is the position with the foreign reserves. It takes over \$100 million a month. Yes, the whole year we have been criticising the Democratic Labour Party because the DLP is worthy of the sternest criticism and persistent criticism. I know the Prime Minister does not like criticism. He once wanted to be pressurised or removed persons who oppose the Democratic Labour Party. He got a little older but it is like he hasn't got any wiser since those petty days of 1974.

When the Democratic Labour Party was last in opposition and they walked all about this country painting a picture of involvement in drugs, trafficking in drugs and destroying the youth of this country, every one of them without exception who didn't speak supported those who spoke the nastiness. That wasn't unpatriotic. That wasn't doing the image of Barbados and the image of the Government great harm. We have not accused any Members over there of being involved in drugs or sought to tear them down. They did it to us. We reserve the right as Opposition if we see certain trends in the society, in fiscal matters, in economic matters to speak with all the vehemence at our control and all the gusto we own to let the country know that something serious is taking place in the country. That is our duty - not right, that is our duty and you have a right to reply. Don't criticise us for holding our opinion and expressing it. We have a constitutional right to freedom of speech. I ask you to get up today and say if anything said in here is a lie. Don't talk about speaking the truth sitting down there. Get up and let us debate it now, if what I am saying is true or not.

Sir, we have a situation where Government's fiscal position is bad, the foreign reserves position is equally bad, disastrous, and the sectors of the economy which should be earning foreign exchange are all in decline. Agriculture, manufacturing, indeed manufacturing is so bad that for the last four years Barbados has been the worst performer in relation to the CBI concessions. The Journal of Business and Commerce reports that Barbados is the worst performer under the Member for St. Lucy. Tourism the other major plank of the economy is also in decline. 4.25 p.m.

Aside.

Mr. D. A. C. SIMMONS: I thought the Minister of Tourism had admitted that tourism had fallen 6%. Where we are not earning income to support our needs, it is necessary to borrow. We accept that. The irony is to be found in the Budget Debate of April 2, 1986. The then spokesman for the Democratic Labour Party on financial matters, the now Leader of the Opposition, at page 3763 delivered himself of these words. He said to the Speaker:

"Sir, the Democratic Labour Party will honour the debt. It will substantially reduce this country's dependence on foreign borrowing. It will reduce the rate of escalation of the public debt and it will take steps to alleviate the burden of debt payment on the people of Barbados."

That was supported, Sir, by all those who spoke on behalf of the then Opposition. When he sat down there were cheers and prolonged cheers for what he said the one who is now being accused of being unpatriotic. He has gone back to being a Shadow Minister for something but he is on this side, Sir.

The party for whom he spoke is now in Government. I commend these words to them as a matter of policy because the Prime Minister did say in 1988 in his Budget speech that the debt burden of Barbados was well managed under the Barbados Labour Party. He has been unable to substantially reduce this country's dependence on foreign borrowing. Every year, starting with the previous Minister of Finance, now Leader of the Opposition, the Democratic Labour Party as a Government has borrowed and borrowed substantially.

The Honourable Member for St. Michael South Central went to Japan and incurred the wrath of the late Mr. Barrow for taking the trip to Japan to borrow money. Since then the present Minister of Finance every year, sometimes twice a year, has come in here with Resolutions to borrow, and borrow and borrow. All I would wish to say is the borrowings under the Democratic Labour Party since 1986 have today exceeded \$600 million. In less than five years they will have borrowed more than \$600 million. I do not know what they have done with it. The Labour Party in 10 years borrowed \$396 million. We found it at \$50 million and we left it at \$396 million. That cannot be a proud record. The Government cannot be satisfied. I do not care how much they will appear comfortable. They cannot be satisfied with this continued borrowing. In the meantime we get nothing by way of positive policies from the Government that would spring a ray of hope that the three major sectors of the economy will perform satisfactory so we can start earning again.

Now, with the Democratic Labour Party Government in such a bind, it had to borrow money. The only question

was where you could get the money from. You had choices. They could go to the capital markets internationally or they could go to the IMF. Really there were only two choices. They have eschewed going to the IMF and gone to London. That is like a man playing poor-great. It is worse going to London than if they had gone to the IMF without any devaluation. If they could have negotiated a loan from the IMF free of a requirement for devaluation it would have been better than the foolishness we have got ourselves into with these Barclays people in London.

Do you know what is going to happen? It is going to cost about \$16 million or \$17 million a year alone for the next 25 years to service the interest. They have to find that first. I do not care what they talk in here about repurchase fund. You know what it means, Sir? The people have lent them \$120 million and have said this \$30 million you have to put it there. You cannot touch that for four years. In the meantime you cannot get your hands on that but you are paying interest on it. That is the kind of loan that these brilliant honourable gentlemen...

Aside.

Mr. D. A. C. SIMMONS: At what rate is it going to earn interest? Tell us please.

Now, Sir, you would recall many a time the late Prime Minister Barrow used to call in here for the repatriation of the Constitution. He used to say that we were still being governed by Washington, or London. This loan is the best example of the colonial status that we still find ourselves in and a state of gross dependence and mendicancy, a word that the Honourable Member for St. Michael East is wont to bandy around. I hope he now understands that the Government of which he is a Member - I know he cannot support this foolishness other than by the principle of collective responsibility but deep down in his heart it must burden him to see his Prime Minister behaving like a mendicant in London going to sign at 13.5% for 25 years.

Now, Sir, the Prime Minister said he wanted to know about the law. Cap. 5 of the Financial Administration and Audit Act deals with a sinking fund. He has come here under this Act, Cap. 94D, section 6 - Did you read it? 4.35 p.m.

Aside.

Mr. D. A. C. SIMMONS: The Honourable Member for St. Peter has read it. It says that:

"(1) A sinking fund shall be established for the redemption of each issue of securities made under this Act and the moneys necessary to maintain and service that fund shall be paid half-yearly in such amounts as are approved by resolution of Parliament.

(2) Securities shall mature at such dates, not later than fifty years after the date of issue, as the Minister determines."

The Attorney-General who went to Silver Sands to talk about law and order and failed to do so must advise his Prime Minister whether, in arranging this repurchase fund, he is not acting in breach of Section 6 of Cap. 94D. You have to form one. You have to constitute one, under Section 6. You should have told Barclays Bank that, true we are borrowing the money from you, but we are not going to sell out our Constitution or act in breach of our own laws. We are an independent country and we have a provision for the establishment of a sinking fund and we will do that, as a government to honour our commitment.

Just before he sat down, the Leader of the Opposition made a glancing reference to the purposes of this loan. I want to take up this theme, Sir. On at least three occasions I have spoken in this House about the Addendum to resolutions which this Government brought for loans. The Addenda all say that the loan is required to help with capital works, Government's capital programme. Even the newspapers believe the Government when they print these resolutions with the Addenda. Today's newspaper said, in their complete ignorance of what is going on, that this loan is to finance airport development, road construction and coastal conservation.

The Prime Minister of Barbados and Minister of Finance has a habit of not replying, when he winds up a debate, to specific questions and detailed questions that are put to him during the course of the debate. He runs from them. He hides and skips. I want him to tell the people of Barbados this evening, when he replies. I am not asking for anything that is not in here, Sir. He has a duty, moral, legal and parliamentary to let it all hang out so that all of us will be better informed. I wish to know about the airport development. What is planned for development at the airport?

Aside.

Mr. D. A. C. SIMMONS: How do you mean "tell him"? Tell him what the position is? How do you mean, "Richie, tell him what the position is?" Do you hear this foolishness now? How can an Attorney-General shout across to the Leader of the Opposition and say, "Richie, tell him what the position is", unless he is conceding that he knows more about it than you? And you are a Member of the Cabinet.

Hon. M. A. KING: Mr. Speaker, Sir, on a point of order. I do not know how the Honourable Member involved me in this debate. I have not spoken in the debate. I do not understand how he is dragging me in. I was asking the Leader of the Opposition to advise the Honourable Member, *sotto voce*, Sir. But I have not sought to tell a lie. I

have not spoken in the debate. That is not a lie. That is the truth, the whole truth and nothing but the truth. I am not like you.

Mr. D. A. C. SIMMONS: Sir, I did not ask for any information from the Leader of the Opposition. When the Leader of the Opposition was Minister of Finance, I may well have asked him for similar information when he came with the Japanese loan. He is no longer there.

The Prime Minister has a responsibility, this is a serious matter. They want the money for airport development, road construction and coastal conservation. I want to have the answers to these questions. What type of development is planned for the airport? Over what period of time will the work be implemented? At what cost? I wish to know if contracts have been signed for development of the airport and who are the contractors.

In respect of road construction - You all are laughing. This is a serious matter because, if this Addendum is misleading, if the Government comes in here to tell us that they want money for these types of capital construction and cannot give the information, or in truth and in fact, there is no such capital construction, then a great fraud has been perpetrated on the House of Assembly. I am not sitting in here for that. I want the answers. I want to know about the road construction.

Mr. SPEAKER: I have a little difficulty though. If you are asking these questions and you are demanding an answer, the Rules of the House provide that those questions can be put to the Minister, if you are demanding an answer.

I am only suggesting it to you to help you along the road. You cannot ask the question and then make an assumption.

Mr. D. A. C. SIMMONS: Mr. Speaker, you feel that the questions I have asked are too detailed. Well I just want some general information from the Minister of Finance. Since you have this with you, Mr. Speaker, it says:

"airport development, road construction and coastal conservation".

Government must have some kind of plan for road construction and coastal conservation. Surely the Prime Minister would know, before they went to London and told the people in London that they wanted to borrow this money for these purposes, they must have had a kind of skeleton programme for the financing.

I want to know, for example, what? Did you want to finish Highway 2A road construction, and the tenancies roads? Are you going to do the little place out there, Nelson? Is this to pay for moving back Nelson another 6 feet or what? I do not know. Tell me. The coastal

conservation. What are you going to do, look at the Crane and Foul Bay, where there has been great erosion? The Prime Minister must know these kinds of things.

Aside.

Mr. D. A. C. SIMMONS: I am nothing to do with what IDE say they are going to finance. They have it here. I want to know what coastal conservation?

Mr. SPEAKER: I have given you some time to

Mr. D. A. C. SIMMONS: Pardon me, Sir.

Mr. SPEAKER: I have given you some extra time.

Mr. D. A. C. SIMMONS: Am I finished, Sir? Already?

Mr. SPEAKER: Yes.

Mr. D. A. C. SIMMONS: I just want to say one final thing, Sir. I am a little fearful about the loan because I understand we are getting £9 million shortly and the bulk of the loan, the other £21 million in March. That has implications for an election.

Asides.

Mr. D. A. C. SIMMONS: Yes. You are not going to get the big lot of money to spend on electoral works and so on until March. Come before March. You know what I am talking about.

Thank you, Mr. Speaker.

Hon. Dr. D. G. BLACKMAN: Mr. Speaker, I believe that debates of these kinds tend to distort reality because of the narrowness of the focus. The perspective, generally, being that of an accountant.

When I hear some of the speeches in this House, on these occasions, there seems to me to be the recitation of accountants, seen or unseen. 4.45 p.m.

The principle upon which most of this argumentation, such as it is based, is equivalent to ordinary profit and loss. I myself do believe that the issues are far wider than this. In every loan raised, there is the issue of what source should the loan come from. I do not believe that a Minister of Finance has the time or should be expected to pick up his telephone and make personal investigations about the state of existing markets in the world. There are technocrats in the Ministry of Finance who perform these functions and put the facts before the Minister. This is not to say that a Minister of Finance must accept willy-nilly what is placed before him and rubber-stamp any recommendations

emanating from the technocrats. But a Minister must assume the good faith and competence of his technocrats and conclude that the information before him is the best information available about existing markets.

I myself have expressed serious reservations about the functioning of technocrats in the Ministry of Finance. As a Member of the Cabinet, it is impossible for me to elaborate upon that. If I were free of these constraints, I would express my view on the nature of this work. But a Minister of Finance must accept the information put before him by his technocrats and on the basis of this information he will exercise his judgment which is primarily a political judgment and not the judgment of an economist.

I myself believe that the political judgment in the instant case was correct and most appropriate in the circumstances. It had been mentioned that the IMF would offer lower interest rates. But what has been admitted as a part of the conditionality, whether a Government chooses to impose it upon itself voluntarily or submit to it in an agreement, is that it is accompanied by a draconian reduction in expenditure and here is where the political judgment becomes most pertinent. Any draconian reduction in the expenditure of Government has serious implications for vulnerable groups within the society and it has implications for poor black workers in whom I have a special interest. It means redundancy, unemployment, and suffering and these consequences ramify into the productive sector as businesses feel the negative impact in a diminution of expenditure from wage earners.

On that ground alone, I believe that it is correct to set one's face against going anywhere near the International Monetary Fund. I myself have had experience in the past decade where old age pensioners in large numbers suffered as a result in the severe constraints in expenditure which were applied as a consequence of the imposition of a severe regimen of an IMF programme. There is no doubt that the advocates of a reduction in expenditure must face the incontestable fact of severe hardship which will be visited upon the populus whenever this takes place. I believe that persons who advocate this approach should go down that road with greatest circumspection. This is not to deny that frugality in expenditure is important and it is something that must be practiced at all times. But a standard of efficiency imposed must be a standard of efficiency that does not conform to a bourgeois accountant's notion of profit and loss but must include a dimension of social responsibility.

So the concept of efficiency where it comes to public expenditure must always take cognizance of and factor in the imponderable issue of social responsibility. The question of conditionality is not an easy one. Even where loans are being made for multi-government institutions where an overwhelming majority of the members can make out a virtually unanswerable case for easing conditionalities with respect to loans to countries with weak or small

economies there are serious problems. The net donor countries although they are numerically smaller always exercise greater leverage in imposing the kinds of conditionalities that they want. If it is so within multi-government institutions that nations set up by agreement *a fortiori*, it is even more emphatically the case *a fortiori* with greater force. It must be so in an area where the private institutions make their own decisions and set their own agenda.

I am completely persuaded by the force of the argument of prevailing market conditions. There is no doubt that there is no great available liquidity in the world markets today for a multiplicity of reasons. The chronic deficit in the United States of America leads to a situation where the United States consumes virtually all of the credit available in that market to the point where the United States Treasury bills to a large extent have to be taken up by the Japanese Government. Anytime the Japanese Government does not bid at a particular level for United States securities, the United States Government experiences a cash flow problem at that particular time. The German market which traditionally has been very liquid is no longer an easy market in which to borrow money because of the German preoccupation with incorporating East Germany into that nation again. 4.55 p.m.

The United Kingdom Government itself - now retching in the throes of a post Thatcherist syndrome, which many spokesmen would like to impose upon this country, a discredited outmoded philosophy which brings in its wake human suffering - with a massive deficit and high unemployment is itself a major competitor for capital in its own markets.

Most countries where capital is available in the western world have in recent times shown an orientation toward Eastern Europe, where a situation virgin of economic chaos exists, as we hear countries make a transition from state capitalism to market oriented capitalism. So there is no doubt at all that market conditions at this given time are not auspicious for a small Government such as Barbados to exercise the kind of leverage where it could demand easier conditionalities than is now the case.

In so far as this loan is concerned, Mr. Speaker, I repeat I support the proposal, because it escapes the draconian requirement which the IMF would impose of having to inflict pain upon the people of Barbados by reducing expenditure, and I am happy as Minister of Transport to associate myself with a loan that has among its objectives the financing of road projects. The demands for road projects are multitudinous. It seems that the more problems in this area are solved the greater the demand. A virtual revolution of rising expectations has occurred in Barbados with respect to roads. People have come to expect

the Ministry of Transport and Works to deliver and this expectation to which they have been conditioned within recent times by the efficiency of that Ministry, enhanced by that Ministry, has led people to believe that their requests will be satisfied. When people's requests are not satisfied, they do not make them. Now they are led to believe that their requests will be satisfied, so the requests come in large numbers.

At the present time on the drawing board is the development of the entire Scotland District and the feasibility study done by Errol Clarke Associates a few years ago with respect to road development indicates that the cost of developing proper road infrastructure, which would serve as a springboard for economic development of the Scotland District is \$200 million alone. I hope the Honourable Member for St. Thomas is listening.

Aside.

Hon. Dr. D. G. BLACKMAN: You asked me what road projects are available for immediate implementation and I am telling you. If the wherewithal was there, and this would contribute to that wherewithal, the Scotland District alone has \$200 million worth of projects. There are 15 bridges in Barbados due for immediate reconstruction. We are discussing a programme of road rehabilitation with the World Bank - we hope the World Bank will agree to finance the project in its entirety - and that is U.S. \$41 million alone. We also have, Mr. Speaker, a project which we are discussing with the Inter-American Development Bank, growing out of recommendations for the Bridgetown traffic management study, road widening, *et cetera*. I do not want to tire you with these details, it is estimated that that will be another U.S. \$50 million.

These institutions cannot provide all the funding, and therefore it becomes necessary to look for alternative sources. Do you want me to go on? The Prime Minister is now under considerable pressure from the Ministry of Transport and Works. At the time the Government signed the agreement for the tenantry road project, which is partially financed by a loan from the Venezuelan Government, we anticipated that there would be only some 300 tenantry roads to be done. Since then it has been brought to the attention of the Government that there are twice as many tenantry roads and as a result of pressure from private builders and so forth, I have asked the Ministry of Finance to finance separately, or approve the financing separately, of another 50 roads or so, and I am hoping that this will be acted upon shortly. All of these things are included to be partly financed by this loan.

Thank you very much, Mr. Speaker.

Hon. H. deB. FORDE: Mr. Speaker, it is obvious to me that the Honourable Member has enjoyed himself, but really it is one of those speeches that, although high

sounding, does not add up to very much, because I could begin my speech by saying to the Honourable Member that not one cent of this money which is being borrowed will be spent on any of the projects he has listed. The Honourable Member very well knows that the Scotland District project on which his Ministry has been working for some years has to be specially financed. He himself has made that point. Even the temporary arrangements being made through Turner's Hall at the moment are only temporary, much to the inconvenience of the people of St. Andrew, and as much as he has a very good intention, I regret to let him know....

Hon. Dr. D. G. BLACKMAN: Mr. Speaker, on a point of order. The statement by the Honourable Member suggests that no work of a permanent nature can be done in the Scotland District unless it is financed from a special source. That is not the case, Mr. Speaker. You said the project has to be specially financed. The part of the Scotland District road infrastructural program includes reconstruction of Horse Hill and that is not done from any special fund resource. 5.05p.m.

Hon. H. deB. FORDE: Sir, the Honourable Member has gone on to Horse Hill in St. Joseph and although part of Horse Hill is part of St. John in the Scotland District, I am speaking specifically about the \$200 million program that is in the report prepared for the Honourable Member's Ministry and which the Government will obviously have the funding on. That is very much clear...

Hon. Dr. D. G. BLACKMAN: Point of order. The rehabilitation of that road is contained in the report the Honourable Member adverted to.

Hon. H. deB. FORDE: I have had the benefit of seeing the report as well and it may be contained in that report but I am saying that the \$200 million is a special project and will be pursued as such in due course. But not, wanting to...

Hon. Dr. D. G. BLACKMAN: Sir, on a point of order. When estimates will be made in respect to that project that particular road will be included.

Hon. H. deB. FORDE: Mr. Speaker, not one cent of this money which has already been spent will be spent on any of those projects and I go further to say, Sir, that not one new job - the tragedy about all of this is that not one new job is going to be created from out of any of this money which is now being borrowed by the Government. Honourable Members who have spoken in this House have been quite correct in stating that the reason why we are being forced to borrow in the way that we are borrowing is because of the Government's disastrous management of the economy and we have reached a stage in Barbados where our foreign reserves are at a disastrous point. I believe it is the lowest that we have ever had in the history of Barbados and coupled with that, regrettably, is that the Government's

fiscal position is in an equally dire condition. Mr. Speaker, this would have been a very sad condition for Barbados if it was not also a situation where the main trading sectors of the economy are today, with perhaps the exception of tourism not performing in the manner that one would expect.

The literal truth is that Barbados is not earning foreign exchange to pay its way either to manage our current expenditure as forecast by the Government or indeed to assist us in paying back the capital expenditure for which we normally borrow to develop Barbados. That situation has been one well known, not only in Barbados to those who would study the economic and other reports but it is a situation that has been well known in the international and financial banking community for a very long time. Anyone who takes the trouble to read the various Central Bank Reports or to read any of the other economic analyses of Barbados' position would have come to the conclusion to which Honourable Members on this side have come, and have come for a long time that we have not been doing well in the productive sectors of the economy.

Mr. Speaker, I was looking through some of the statements I made in this House last year, some that I made this year, some which I made on public platforms as well, both last year and this year and there is nothing new in what I am saying now, except to those who are so purblind that they do not wish to see and they are so deaf that they do not wish to listen and that they could only term anyone who is honest enough and forthright enough to get up and speak in a broad and in an honest manner about the problems confronting Barbados to characterize them as liars and perpetrators of doom and gloom. One of the things I have regretted about public life in Barbados, is that debate on public issues reach the stage where we are now challenging the patriotism of Honourable Members of this House, particularly the patriotism of the Leader of the Opposition and myself whenever we open our mouths in order to make, in our view, certainly honest, and in our view also well-founded criticisms about the state of public affairs in this country. I do not believe that even the Prime Minister accepts his scoffing criticism when he says that people like myself who speak are unpatriotic and don't like this country, Barbados. He can't like Barbados, more than I like Barbados. He might like it as much but never more than I like Barbados and I really find, Sir, that his allegation that the fact that we make statements that are supported by independent economists, both in financial institutions and in academic institutions and are supported as well by the data that those statements show, that there is a lack of patriotism on our part. I trust that I will not have to answer the Prime Minister again on such an allegation. He knows very well. He has been in public life a little longer than I in that he went to the Senate before he came to this House. But, we both came to this Honourable House on the same day and whatever criticism that I might have made of the Government, I have never ever so much as alleged that the

Prime Minister is unpatriotic, which is virtually saying that you are a traitor to this House. Never have I said so much but I contend that the Government if it had been listening and listening for some time would have taken the steps which the Opposition was recommending since last year that we should take in order to prevent Barbados from reaching the sorry state that it has reached.

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In fact, the conditions of this loan are not only onerous, but they reflect the lack of competence which the market and which international financiers have about the way in which the Government has been running the country. Mr. Speaker, each morning that I open the newspaper, I see really a situation in Barbados that I have not witnessed confronting this country in my 57 odd years. I was away from the country for a few days and came back to recognize that within four days, there had been eight serious crimes of violence in Barbados, either murders or suicide. Every day there is an incidence of gang warfare, somebody being stabbed, some act of violence and it must be sending a clear message to us that there is a lack of confidence even within Barbados in the state of the country. It would not be for a speech from the Leader of, either of the Opposition Parties to create conditions which so obviously exist and which have so obviously influenced the attitude of both internal and external investors about Barbados. That is the position today and the Government would be better off if it sat down objectively instead of casting criticism and "slurs at people personally and using the Government Broadcasting Station and the Government Information Services for this purpose. It would be better off if it sat down and attended to the very serious situation of violence and lack of confidence which is perpetrating throughout Barbados today. It would be much better off and if it had done that and was doing that it wouldn't find itself today with the Prime Minister having to run up to London cap in hand, unnecessarily too, I say, in order to sign for this loan. If the loan had already been negotiated there is no necessity for the Prime Minister who is wanted at home to attend to the serious problems confronting Barbados to get on a plane tomorrow night to go up to London to sign for a loan. Leave it to your High Commissioner to do that. Get on with the job that you have to do here. I don't care who goes. I am saying that at this time, leave it to the High Commissioner to sign. Don't give any impression at the moment. Leave it to the High Commissioner to do. There are much more serious questions to be attended to.

5.15p.m. ~

Let me say, Sir, that in my view the Government should spend its time attending to the fundamental problems affecting our country both socially and economically and less time harping about individuals and seeking to make slurs about their integrity, veracity, their strength of character and whether or not they are doing * honourable or dishonourable things. I can list a lot of dishonourable things done by the Government. I do it in a generic sense and never in a personal way. If we have to get

as to whether people told the truth, or did right things and it is going to come down to that, it is going to be a long, hard and bitter debate that will confront this country. I will not yield one inch when it comes to any assault on people's integrity.

Let me say, Sir, that I want to counsel the Government. The Government has a duty now to keep down external borrowing. It has a duty to ensure that when we borrow externally we are only going to be borrowing in future for productive purposes and not by way of balance of payments. The Honourable Members who have spoken on this side have made that point. This is a pure balance of payment loan. It is like a dose of castor oil going through the economy of Barbados except it is not going to have the effect of purifying the system. It is coming in and going out because the truth is that the Government is not going to be using one cent of this money on any of the productive purposes listed in the Addendum to this Resolution. It is going to be used to deal with the Government's serious current account position, the details of which have already been set out by the Honourable Members who have spoken here.

The Government Ways and Means has been a disaster for most of the year. That has come against a background where we have had one of the heaviest levels of taxation ever levied on the people of Barbados, particularly indirect taxation, which continues to impact adversely on the poor people of Barbados. The Government has extracted over \$220 million more in indirect tax. That is what it has placed on the people right across the board. It does not depend on what your income is.

The Government is today taking out of the system more than any other Government, even if you discount for the purpose of inflation, has ever taken out of the system. As a result the man at the lower end of the ladder is paying more to run this country than he has ever paid at any time in the history of this country. Unemployment remains unacceptably high.

Aside.

Hon. H. deB. FORDE: Lower than in our time? The Government continues to say that people are publishing documents that they say are documents and are not. Why does it not publish the true figures? The Central Bank has had to say that it has not had the true figures on unemployment for a long time. Other institutions are saying the same. The Government continues to borrow without paying regard to the need to control external borrowing.

The Honourable Members for St. Thomas and St. Peter have said that this Government in 4 ¹/₂ years has borrowed externally more than the Labour Party borrowed in its 10 years. That is a fact. Those are facts that cannot be

denied. Look at the Central Bank's Report. Look at your own Economic Report.

The Opposition is not saying this in order to prevent us from getting money overseas. It is saying it because it has a duty according to the Constitution of this country to warn the Government whenever it is doing foolishness. No amount of harping on being a liar or credibility affected or any of the scurrilous remarks which Honourable Members may choose to make is going to prevent me from doing my duty to say to the Prime Minister that as Minister of Finance you have to put a check on yourself and take the decisions that are necessary to be taken in Barbados if we are to leave a Barbados to the future generations of Barbadians. We have that duty. I have a duty to let you know it. I will continue to do so.

I want to say, Sir, that the interest rate was not influenced by anything the Leader of the Opposition or myself have said. This interest rate was being negotiated for some months. The Honourable Member for St. Philip South who has spoken gets up and says that the interest rates in London are market conditions. What market conditions is he talking about?

Hon. H. A. BLACKMAN: On a point of order, Sir. I was specific in what I said. I said the Honourable Member for St. Peter today was asking what was the Libor rate and that he had mentioned, not in the debate, that it was 8%. I went outside and called the Central Bank. They gave me the 3, 6, and 12 month Libor rates. I never said anything about market conditions. Do not misquote me.

Hon. H. deB. FORDE: The Honourable Member has explained himself. I accept his explanation now he has made it. The question he should have asked the Central Bank, which he did not ask, or he should have gone and got hold of the Financial Times, is what is the Libor rate for long-term 25 year money to be able to compare like with like.

Obviously there are different Libor rates for money which is short-term. If it is overnight you pay the maximum rate. If you are a month you pay a month higher than if you are three months. Likewise if you are three months you pay a rate higher than if you are six months. Where you are lending long-term as is happening here, I contend that the rate of interest being given by the Government does not compare with the Libor rates for long-term money. That is the position that one has to recognise. It is not right to get up here and talk about market conditions. 5.25 p.m.

Mr. Speaker, Sir, for instance, when we negotiated there was a series of loans that we negotiated, market loans that were made here, in which the effective interest rate, over the period of the loan was below the short-term LIBOR rates, or even some of the rates, on the Euro dollar.

Let me just pull one, the Barclays loan for £27 million which was negotiated by this Government in May 1987 had an effective rate of interest of 9.3%, whilst the prime US rate was 8.08%, the Euro dollar rate was 7.03% and the LIBOR rate was 7.36%. And the Yen bond loan negotiated by the Government, as well, in May 1988 for \$31.8 million had a rate of 6.8%. There was a LIBOR rate of 7.6%, a Euro dollar of 7.35% and a US prime rate of 8.78%. This is when one was going to negotiate on those money markets.

You will note, that if you look at the Financial Times, for instance, on the weekend of December 8 to December 9, you will note that the rates on Treasury Bills and bonds, even long-term are below that and whether it is in Frankfurt, Paris, Zurich or New York, it is much below the rate of interest that the Honourable Member is talking about.

I do not accept either that conditionality in this loan was determined, as the Honourable Member is going to say purely by market conditions prevailing in the market. It is not true that people are not lending on international markets. There is a lot of lending going on, on a daily basis. In the market in Zurich, in Amsterdam, in Frankfurt, in London, in Tokyo, in Hong Kong. It is not true to say that the international markets are dried up and to give the impression to the press that all lending has stopped, except for Barbados. That is not true. The point is there is a lot of lending taking place. Those of us who know and deal with international loans can speak of that, Sir.

I have heard the Prime Minister set out the terms of repurchase of split emission which he has spoken about. He has not.... In fact I was not in the House at the time, so I do not want to say he has not. I would like to know what are the terms for the lead bank that is taking the lead and underwriting this loan? I would like spelt out, what is the commission being paid? And what will be the commission payable on every draw down when the draw down takes place? There is a commission for finding the loan up front. There is a commission given over the whole period of the loan. There will be a part payable on draw down. I would wish to know that. It is going to be deducted from the money which the Government is going to receive in its hands. We have spoken in this House, as though the Government is going to get \$120 million in its hands. It will not be not be getting that. The expenses will have to come out before hand.

Aside.

Hon. H. deB. FORDE: The Honourable Member is saying, "They always do." I am not saying that they do not. I am clarifying it, for the purpose of this debate, so that people would not get the wrong impression. That is going to come out before we even get to the stage. I want to know what is the real position.

I want to talk about the true rate of interest, as well, Sir. I would really want to know the true rate of interest, particularly, in conditions where we are setting aside a quarter of the loan in what I call a sanitized fund. Repurchase refunds, as I like to call them Sir, because it is really refunding a person by way of repurchasing the money you have borrowed. These repurchase arrangements in which you are putting down money that you are paying for, and even if you are allowed to get interest on it, you are not getting the same rate of interest. Nowhere.

Aside.

Hon. H. deB. FORDE: Well, let us know. If the Government has the information in its possession, it has a duty to disclose it to this House, now that it is asking us on behalf of the public of Barbados to support the loan. I am saying, in my experience, and I believe that that experience is relevant to this loan, that the Government is going to be borrowing money at 13.5% and lending it at a rate earning less than 13.5%.

Aside.

Hon. H. deB. FORDE: The Honourable Member says, I do not know that.

Aside.

Hon. H. deB. FORDE: The Honourable Member therefore has a person out there waiting to take 13.5% or more to give the Government. The bank is certainly not going to give back the Government 13.5%. I do not know a merchant bank that would be prepared to do that. Lend you at 13.5%, tell you to put it down for 4 years and pay you more than 13.5%. They would have gone out of business every since. That is pure commonsense.

I am saying, Mr. Speaker, Sir, and challenge the Government, if they have reliable information to prove it is wrong, that they will be paying 13.5% on a quarter of this money and getting less than that for keeping it in a sanitized account. It is not usual for lenders to be so stringent in sanitizing money, unless they have doubt about the credit worthiness, the long-term credit worthiness of the borrower to whom they are lending. It is not usual for them to do so. In event, like any of us in here, the lenders would have looked at the Government's financial statements and its performance over the last four years, before it had imposed the term. It seems to me, Sir, that the effective rate of interest, in the long-term, will possibly be as high as 18%.

I want the Government to tell us whether the rate of interest is a compounded rate and if compounded, in what circumstances. Because if the Government defaults - there are a lot of other conditions that are not stated now, you see, Sir, until we have the loan document - in any payment of interest, I want to know if there are any terms laid down

that it must put right the default within a certain time, bear compound interest or the whole loan is called. I want to know those terms. Those are terms that one would not normally seek.

The Honourable Member for St Michael South Central raised the question of protection against the exchange risks. I want to follow up a bit on this. I am reasonably certain that a lender, in these circumstances, would have provided against its exchange risk loss. It does so by putting a term as a condition in the loan that it will not get back less than the value of its money, at the time of draw down.

I must ask the Government if it is also undertaking a condition of the loan that it is guaranteeing the bank, in this case, against an exchange risk. And, if so, what are the terms? The House has been given a minimum of the terms. The Government should have had the true loan document by now, if the Prime Minister is leaving for London tomorrow night to sign the document. The Government would have had, by now, in its possession outline terms. You have never seen one?

Aside.

Hon. H. deB. FORDE: I am not sure whether the Honourable Member is saying that he has never seen one in his life or that he has not seen one brought in the House.

Aside.

Hon. H. deB. FORDE: He has never seen one.

Aside.

Hon. H. deB. FORDE: The Honourable Member has acted as Minister of Finance in the absence of the Prime Minister.

Aside.

Hon. H. deB. FORDE: Government's main negotiating agent is usually the Central Bank. The Central Bank would have a copy. The Permanent Secretary, Finance and the Director, Finance and Planning would have a copy. So would the Prime Minister, as Minister of Finance. And, hopefully, if the Attorney-General is looking at it on behalf of the Government, a copy should be sent to him, as well, Sir.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, on a point of order. I have often wondered what kind of double standards are being set. When his Government was in office and he was a high official, they never brought any of those documents here and never gave any of that kind of information that they are asking about. Now he expects that

I would bring this information in that kind of way. What is he expecting with these double standards?
5.35p.m.

Hon. H. deB. FORDE: The trouble with the Prime Minister is that he sees everything as a standard or a double standard.

Aside.

Hon. H. deB. FORDE: Mr. Speaker, Sir, I do not want to ask you to enforce the Rules, Sir. But I said not a word when the Honourable Member of St. Philip South was speaking.

Mr. SPEAKER: I shall uphold your request that Honourable Members will speak quietly if they do have to speak so as not to interrupt the Member speaking and disturb myself from hearing.

Hon. H. deB. FORDE: I want to reply to the intervention of the Honourable Prime Minister about double standard. There is no double standard. All I have said to the Prime Minister is that if he is going to sign a loan in London, and I assume that he is going to sign the loan this week...

Mr. SPEAKER: I will ask Honourable Members to be quiet.

Hon. H. deB. FORDE: He is leaving for London tomorrow night. He announced it in the House. So all I am asking him - what is he going to sign? I am asking as I am entitled to ask. If they never asked, that is the problem. I am asking, as I am entitled to ask and should ask with the knowledge then of anybody who has dealt with loans, for the information that I have listed before as to whether or not there is a term and condition of that loan that the Government is guaranteeing of the exchange risk which the lender believes that it may run in a case such as this. The House is entitled to that information. If the Honourable Member has not got the information available to him now, I will accept that he has not got it available to him now and that he may not see a detailed loan document until he is in London, in which case what he will be doing is merely initialling an agreement until the full loan document has been prepared. But I would expect that such a term which is a very important term in these agreements would have been outlined in the negotiations for the loan. Therefore, I would believe that the Government should be in a position to deal with the matter.

I said, Sir, that the Government should keep down its external borrowing. I say that not to limit expenditure and cause social disruption of which the Honourable Member for St. Michael East spoke. I said that because if we do not Barbados will become progressively poorer. This will happen unless our trading sectors become more competitive

and improve. I am going to put it in more simpler language because I do not expect that I want to talk in the officialese of which the Honourable Member says that he is a politician. He is not a technician quite rightly. I am not a technician either so I am going to come down to normal language so that the people we represent could understand.

We must be able to produce more, perform better, sell more services overseas or elsewhere, and earn foreign exchange if we are to continue to have a vibrant economy. We cannot continue in Barbados to borrow our way, particularly if we have begun to borrow our way/in order to run the day to day affairs of this country. We all agreed on that. So that is what I am saying to the Government. I have again to state, Sir, that the competitive sectors of the economy are not performing. That is right. Not only myself have said that but the IMF said it too. The fact is that we are today selling only half of what we were selling in 1985. We are today at the position where we have not been able to meet our sugar quota under this Government. In fact, you would have noticed, Mr. Speaker, the last couple of days the announcement from the Department of Agriculture in the United States that the quota for sugar for Barbados has been increased because of an anticipated shortfall of the output in the United States. The doubt has been expressed that Barbados may not be able to meet its side of the quota. The same goes for most of the other productive sectors.

I believe, Sir, during the speech of the Honourable Member for St. Peter the Member for St. James South *sotto voce* said that tourism was doing so well. That is the trouble with this Government. We are saying that tourism has not performed this year as well as it performed in the past and, therefore, there was some regression and not progression. The trouble with the Government is that if you make a statement like that they take it as a personal criticism of themselves rather than examining the reasons for the shortfall and trying to get on in doing their job. That is their problem. It has not done so because there are problems confronting us and we cannot believe that we are going to borrow our way out of crisis. We have to deal with the fundamental problems. Stop getting under the impression that all we have to do is to borrow and to pat ourselves on the back to say that this is some marvelous loan. It is not that marvelous a loan. It is a very harsh loan for Barbados with terms harsher than we might have even thought had we gone to the IMF.

I want to, Sir, in my last minute, if you will permit me, put the position of the Labour Party very clearly. To re-emphasize the position as put by the Honourable Member, the Barbados Labour Party is against any devaluation of the Barbados dollar. We believe that urgent steps have to be taken now in Barbados to deal with the sectors of the economy that are in disarray in order to prevent such a disaster ever befalling this country. I am indebted to you, Sir.

Mr. SPEAKER: The Honourable Attorney General.

Hon. M. A. KING: Mr. Speaker, the speech of the Honourable Member for Christ Church West has been most unusual. He starts by making the point that this loan reflects considerable doubt about the long term credit worthiness of the Government of Barbados and reflects an attitude of doubt in the mind of the international lenders about the credit worthiness of the country. Now it would have struck me that if anybody had any doubt about the credit worthiness of a country or an institution or person that you would not lend the person any money. Because if a bank has any doubt about my credit worthiness, it is not going to lend me any money.

Dr. R. C. HAYNES: On a point of order, Sir. The Honourable Member, as a senior attorney-at-law in this country, knows better than that.

Asides.

Mr. SPEAKER: Two Honourable Members are on their feet. The Honourable Member rose on a point of order. 5.45 p.m.

Dr. R. C. HAYNES: The point of order I am making is that the Honourable Member is deliberately misleading this Honourable House.

Mr. SPEAKER: You will have to withdraw that. •

Dr. R. C. HAYNES: He is inadvertently, then, misleading this Honourable House, because I am saying that as attorney-at-law of long standing he would know that even if your credit worthiness is compromised, you can still get a loan but there would be various conditionalities. For example, Sir, if he went for a loan.....

Mr. SPEAKER: You cannot expand, you can only correct the point, which you have done.

Dr. R. C. HAYNES: An example, Sir.

Mr. SPEAKER: No, I do not need an example. I think you have made the point of order which you wanted to make.

Dr. R. C. HAYNES: I want to reinforce it, Sir. Give me one minute, Sir, one chance.

Certain remarks made by Dr. R. C. HAYNES were ordered by Mr. SPEAKER to be expunged from the record at this stage.

Hon. M. A. KING: Mr. Speaker, I always remind Honourable Members, particularly those over there, that the

last person who mocked me - and he was the leader of a party - did not last very long after that. Do not mock my weight

I will not be diverted from the point I am making, Sir. I was dealing with the statement made by the Honourable Member for Christ Church. He talked about the fact of the credit worthiness of the country and the fact of the loan being indicative of the fact that the country was not credit worthy. I am saying that that does not make a lot of sense. I am saying that if the international banks and the international lending institutions regarded the country as not being credit worthy we would not get any loans and we would be running pell mell into the hands of the International Monetary Fund, as all of you want us to go.

The other point which the Honourable Member for Christ Church West was able to get in at the beginning of his speech was somehow a comment on the state of violence in the country. We are dealing with a Resolution in relation to a loan, mark you. When they are attacking us, it is all right for them, but when we respond in kind they get upset and say that we are accusing them of all sorts of things. It is all right for the Honourable Member for Christ Church West to make the point about the Prime Minister going to London to sign documents when he should be in the country concerned about the state of violence in the country. Is that a fair comment to make when you are talking about the Minister of Finance going to deal with the finances of the country?

Aside.

Hon. M. A. KING: But don't you remember the state of violence in this country in 1984 and 1985? You wanted to bring in Scotland Yard and Commissions of Enquiry and Police Forces from overseas and all of that to assist in dealing with the problems of crime in the country. Don't you remember how the Prime Minister dealt with you?

Hon. H. deB. FORDE: On a point of order, Sir. The Honourable Member is obviously misleading the House. He obviously has sat as Attorney General for four and a half years and has not even read the files in relation to what went on four and a half years ago. There is no time that I, as Attorney General, wanted to bring in Scotland Yard. The notes which you should read would reflect that I have always said that that is the prerogative of the Commissioner of Police. The Government's prerogative is to make the resources available.

Hon. M. A. KING: Mr. Speaker, the Honourable Member for Christ Church West would know quite well all the proceedings surrounding the Pele Enquiry and what was the state of affairs in the country at the time. He would know what his recommendations to the Prime Minister were in relation to that and he would know how the Prime

Minister of the country treated him in relation to the recommendations he made.

Aside.

Hon. M. A. KING: Don't you know? I hear a lot of people talk about it. Mr. Speaker, a number of red herrings have been brought into this debate. I am not too sure who introduced this first red herring, but some mention was made about Cap. 94D, section 6, about how Government was breaching the law in this regard. Tell me what law is the Government breaking. Section 6 talks about redemption of securities and about the provision of sinking funds. How does section 6 in any way contradict what is happening in relation to this loan? What is there contradictory between the provisions of section 6 of the External Loans Act and the provisions of this loan? Are they contradictory? I do not think so. I do not think on any reasonable interpretation of the law that you can say that there is any contradiction in terms of the Act and in terms of the Resolution which is now before us, so I am saying that is a red herring which is not necessary and which is calculated to mislead, as so many things are.

Mr. D. A. C. SIMMONS: On a point of order, Mr. Speaker. The Honourable Member referred to my reference to section 6 of the External Loans Act and he said that I was speaking in a way calculated to mislead the House. That is an unfair reflection. I asked him to look at it in relation to the repurchase fund, because our contention is that the law of Barbados provides in that section that all these external loans must have a sinking fund set up and that as far as we are aware at this stage, having regard to the information given in the Addendum, where Government is asked to set aside \$30 million in a repurchase fund, which they cannot touch but on which they must pay interest, is at variance with the sinking fund, unless we have an assurance that they are going to set up the sinking fund.

Hon. M. A. KING: Mr. Speaker, the essential point I am making is that there is nothing in the terms and conditions of the loan which prevent the terms and conditions of the legislation being complied with. It is as simple as that. I have said what the legal position is.

Aside.

Hon. M. A. KING: The point I am making is to destroy your foolish argument, then, the nonsensical argument that we are breaking the law. We cannot be breaking the law.

Mr. Speaker, the other point I wish to address is this. Honourable Members talk about the state of the economy and about loans. The Honourable Member for Christ Church West again makes the point that we have a duty to borrow - you know, the high sounding phrases - for

productive purposes only. He makes the point that we do not need to borrow for balance of payments support.

Aside.

Hon. M. A. KING: Tell me what the Labour Party's loans were made for. Let us not get into those kinds of arguments, because we run down all sorts of foolish tracks. What one has to understand, Mr. Speaker, is that the years 1990, 1991 and 1992 particularly are serious years as far as repayment of debt is concerned, because when you analyse the debt profile of the country you would recall that in the years between 1981 and 1986 there were a number of loans which were made by the Government..... in the years certainly between 1981 and 1986, there were a number of loans which were made by the Government and the Honourable Members on the other side are saying that we are criticising them for borrowing money. No such thing. We are saying that in the period 1981 to 1986 there were a number of loans made by Government in respect of which there was a moratorium in relation to the payment and in relation to a lot of those loans, the repayments are now becoming due so that that puts a considerable strain on the need for Government to have money to meet the commitments which are now coming in relation to loans which were during the period of the middle to the late 1980s. So that when we talk in terms of high sounding phrases about what is happening to the economy, let us understand what are some of the causes which provide for some of the difficulties in relation to the revenues of the country which we have to deal with. 5.55 p.m.

Mr. Speaker, the Honourable Member for St. Thomas, I think it was, made a point in relation to the land tax revenues. I am not sure that it was the Honourable Member for St. Thomas. The point made was in relation to land tax revenues, how we were expecting that in the months November and December, that income tax revenues and corporation tax revenues and other revenues would come in and further, that there has been an increase in the revaluation of property and the rates had not been set and that we were trying to rake in considerable sums of money. So that if there was an increase in the valuation at the old rate then the revenues would be increased considerably if there was a substantial revaluation of properties.

Mr. D. A. C. SIMMONS: I am not sure if the Honourable Member was here when I spoke. He might have heard it downstairs or elsewhere on the microphones. What I said was that the Government was obviously expecting an increase in its revenue position as at December 15th, when they would expect return from corporation taxes and land taxes. Insofar as land taxes are concerned, there have been revaluations of properties but the rate which would affect the amount that you pay had not, certainly up to Thursday or Friday last week, been fixed by the Minister of Finance. So he could not expect the revenue until the rate was fixed.

Hon. M. A. KING: The only point I wish to make, Mr. Speaker, was that the rate had in fact been fixed by the Minister of Finance. It has been fixed. It has been signed. Let the Minister of Finance deal with matters of finance. There was no increase in the rate. I can tell you that.

Asides.

Hon. M. A. KING: The rates have in fact been reduced.

Now, a couple of other points, Mr. Speaker, I wish to touch on very briefly and one relates to the state of the international economy. Honourable Members on the other side would wish this Honourable House to believe that it's an easy matter raising loans on the international market; that any country can get loans quite easily. Don't tell me about in the past. In the past is not in the present. The international situation, Mr. Speaker - they can mock and «» talk all sorts of foolishness - has changed dramatically in recent years. Everybody who has taken a casual glance at what is happening in the rest of the world understands that Developing countries in particular do not find it the easiest thing to get money on the markets and the Honourable Member for St. Philip South has made the point that it is difficult getting money on the international markets and the Honourable Member for St. Michael East as well said that he was of that view., I am of that view too. For developing countries in particular it is not a jaundiced view. It is a realistic view. Money is tight on the international market.

Asides.

Hon. M. A. KING: But Mr. Speaker, you look at the countries in this region: throughout Latin America, throughout the Caribbean. The Honourable Member for St. Michael East and for St. Philip South have addressed the question of countries in Eastern Europe and the effect of that in relation to the availability and accessibility of * finance in other parts of the world and for developing countries in particular. So, I am saying that anybody who wants us to believe or who wants this House to believe that developing countries in 1990 can have as easy access to finance as they could have had in 1986 and 1987 is not putting forward a very positive view of what the world economic situation is like today.

The same thing can be said in relation to the comments of the Honourable Member for Christ Church West when he talks about the LIBOR rates which were available in 1986 or 1987 for long term 25-year loans. I am not too sure if the Honourable Member did give figures for what he said were the rates for 1990.

Hon. H. deB. FORDE: I could only give the Honourable Member the rates at long term as at November 10th to the 16th. The Japanese prime rate was 8%, LIBOR

was 8% and long term Eurodollar 8% and the US prime was at 10%. I have those up to November 10th - 16th.

Hon. M. A. KING: The point still remains, Mr. Speaker, that developing countries in the world today have problems. Let us face it. We would be foolish in blinking our eyes to reality if we ignore that fact. The Honourable Member for Christ Church West went on to make the points, which we on this side have made, about the fact that there were sectors of the economy not performing as well as they were and that to that extent, the earning of foreign exchange in vital sectors of the economy created a problem. But, when he makes the point that the country can't even meet its sugar quota for this year or last year, I am not too sure what period of time he was talking about. What is he doing? Is he blaming the Government for failing to produce sugar? What we are saying is that clearly the sectors of the economy which are in the business of earning foreign exchange clearly need to do better. We have not denied that. Nobody in their right mind would deny that the sectors of this economy which produce foreign exchange need to do better but when...

Asides.

Hon. M. A. KING: But what incentives do you want to give them now? 6.05 p.m.

Which industry it was that did the best under this Government? Which sector? A number of the sectors.

Aside.

Hon. M. A. KING: Is that the sector you are engaged in? Your problem is you do not want to admit that anything good has happened under this Government. You cannot see that has happened. The point we have to make and understand, Mr. Speaker, is that it is important that the productive sectors in the economy which are engaged in the business of earning foreign exchange do well and when they do well the country as a whole will do well.

I think those are the major areas on which I wish to make a few comments. Let me just wind up by making this point. The Honourable Member for St. Michael East made the point that any IMF programme tends to carry as a logical adjunct of it a number of draconian requirements. He spoke about redundancies which were likely to occur in the country, lay-offs and severe reductions in expenditure.

I think we only need to look back not very long ago and recall when we went into an IMF programme in 1982 or thereabouts that in the years that followed those were the years in which the largest number of redundancies and business closures took place in this country. There were resultant redundancies and lay-offs at a level which was not matched by anything which is happening today. That is the

important point. The fact is that a lot of redundancies and lay-offs took place in those years between 1982 and 1986, significant years. I am saying if that was part of the process and part of the price we paid for our involvement in an IMF programme in 1982 it is certainly not the direction in which the country wants to go because it creates a lot of hardship and problems to people who can least afford it.

In an analysis of the total problem we have to put the case for the Government as we see it. If we say that the Opposition in putting forward its position is melodramatic, if you talk in terms of the country going bankrupt, if you hold up documents which you purport to be IMF documents which are, in fact, not IMF documents, we say those kinds of things discredit the country and tend to create a bad image of the country. If you do those kinds of things you are unpatriotic. If we say that and you get offended at those things they are true because you cannot do that to your country. The only purpose of doing that and the calculated effect of doing that is it destroys confidence in your own country. You walk about and say your country is bankrupt. What person who has any loyalty to their country is going to walk about and do that? Then you are going to come and pillory us for accusing you for being disloyal.

Aside.

Hon. M. A. KING: I guarantee you did not hear me say that. I am saying, Mr. Speaker, in that context and against that background we make those accusations; we are justified in making those accusations. Do not feel that you can throw bricks and stones at us and we must sit down and allow the bricks and stones to be thrown at us and we do not pick up some stones and bricks and pelt back at you. I am not going to do it.

Mr. R. P. BYER: It is all right to throw bricks and stones but you have to be careful about the target. Certainly if I had to throw bricks and stones at the Honourable Member who just sat down I would not miss. This is why I am saying you have to be careful with the target you are throwing at. One of the cornerstones of democracy is the right of the Opposition to criticise the Government. It is the right also of the Government to answer those criticisms. What annoys me, Sir, is when the Government tries to suggest that the Opposition is unpatriotic in its remarks and criticisms.

There is a debate ongoing in America at the moment. It concerns whether or not the Congress of the United States of America has the right to authorise the President of America to wage war in Iraq. To put it another way, Sir, can the Commander-in-Chief go to war without the expressed authority of the Congress? At the moment America is preparing for war in Iraq and this debate is going on. Nobody is saying that the Congressmen who choose to engage in that debate are unpatriotic because in some way it might affect the morale of troops in the Gulf.

For the Prime Minister or anyone to suggest to me that I am unpatriotic because I am critical of the Government in many of its approaches in doing things then it is not the right of Government or the Prime Minister to turn around and say I am unpatriotic.

I remember in 1987 when I spoke in the Budget debate and was critical of the Prime Minister of this country, and justifiably so, as subsequent events have shown in his approach to the management of this economy, his Copperfieldian approach, I call it, because he is relying on David Copperfield and a housewife. I do not know how he can run this economy like how a housewife runs her house. I am certain the Prime Minister needs a couple lessons from housewives in how to run houses because if he did he would be running this economy a lot better than how he is doing today. In a sense, Sir, I am very disappointed in the Prime Minister of this country because I remember I told the Prime Minister of this country that I would support him as a member of the party at that time. It was the worst thing I have ever done. 6.15 p.m.

Because I did not believe, Sir, that he would turn around - I do not want to say like Nelson - and put in reverse the Budgetary Proposals that were put before this House in 1987 by the Leader of the Opposition, the then Minister of Finance. Proposals, Sir, that when they were put in the Manifesto of the Democratic Labour Party were supported by some of the leading economists in Barbados present here today, Sir, and who have now decided to turn around and about face and criticize the very things that they supported. That is the kind of thing I am talking about.

He cannot call us unpatriotic. He cannot call anybody above here unpatriotic. I reserve the right to criticize my country. I reserve the right to criticize anybody in Barbados, even myself, Sir. Even you, Sir, if the conditions were right. The Prime Minister of the day cannot tell me that I am unpatriotic. I beg your pardon, Sir.

Mr. SPEAKER: That is a very serious statement.

Aside.

Mr. R. P. BYER: Not in here, Sir. I beg your pardon, Sir. In the Farm, Sir.

Mr. SPEAKER: As far as I know, there is only one vote of No Confidence on the Order Paper and it is not against me.

Mr. R. P. BYER: There is one vote of No Confidence on the Order Paper, Sir. I was not referring to criticizing you in here. That would be against the traditions of Parliament.

I remember the Prime Minister, as Leader of the Democratic Labour Party, in the halls at Belleville carrying on in the worst way and criticizing the four of us who now form the Official Opposition of this country for criticizing his approach to the management of this economy. I did not like the tone that he was doing it in but I reserve the right, when the time comes, to respond to that I have not forgotten 1987. If he thinks that I have forgotten, he is very wrong. When the time comes, I will deal with that.

When we come to a serious matter, Sir, about borrowing money, and when we come and look at the conditions and the purposes for which this money is to be borrowed, I have serious doubts that I personally - this has nothing to do with the party that I belong to - will support the Resolution for the loan. I have serious doubts as to whether I, the Member for St. George South will support the Resolution for the loan.

The Resolution says:

"the proceeds will assist in financing Government's capital works programmes in such areas, as airport development, road construction and coastal conservation."

I have no difficulty with the purposes. The question whether the loan would be used for these purposes has already been canvassed. I would not want to get into that.

What I should like to deal with, Sir, is the terms and conditions of the loan. When you look at these terms and conditions, I can only come to the conclusion that the terms and conditions are usurious. It has nothing to do with what the Member for St. Philip South has said that it is difficult to get money on the markets and so on. Any time you get up on mornings and you turn on your television, if you have STV, and watch CNN, all of these matters are discussed in some detail. One knows if you follow the trend in the money markets around the world that money can be had at less than this 13.5%. Plenty of money can be had at less than 13.5% over 25 years. Thirteen point five per cent interest represents money that is being borrowed for shorter periods of time. It cannot be for 25 years, Sir. too long! Get up tomorrow morning and you check it on your television and you will see that money for this period is lent at a lower interest rate than that.

It is unfortunate that the terms and conditions that are in the Addendum to the resolution are not wider than they are, that we are not getting more information on the terms and conditions. But one thing that strikes me very funny is this repurchase fund. A lot has been said about it. The law of this country, at Section 6 of the External Loans Act, Cap. 94D speaks about a sinking fund in terms of the redemption of securities. One of the conditions of this loan is that you have a repurchase fund. The Addendum says that:

"Barbados undertakes to establish a repurchase fund equivalent to 25% of the principal amount of the loan stock to be held in foreign currency for a period of not less than 4 years."

It would appear to me, Sir, that coupled with the requirements of a sinking fund in the Act that what this repurchase fund provision does is to further deprive Government of the use of a considerable amount of the money for some time. If some of this money that is being borrowed is to go into the sinking fund and that is my understanding of it

Aside.

Mr. R. P. BYER: By law, some of this money must go into the sinking fund. When a further at least £7.2 million is also to be put into a repurchase fund for at least 4 years and you have a certain amount going into the sinking fund, approved by resolution of Parliament, what percentage of the money is being withheld from Government use? I am saying, Sir, that more than 25% is being withheld from Government's use over the 14-years period. It has to be the 25% plus that has to go into the sinking fund to satisfy the terms and conditions of the loan. That is my understanding of it I do not think I am wrong, contrary to what the Attorney-General spoke just now. This is why I am sorry that he spoke before I did.

Aside.

Mr. R. P. BYER: It has to go into it. You can respond to it. There is not any other money around. You have to get some of this and put into the sinking fund. Do you have any other money? Unless you are going to print some more. As I said before, the Prime Minister's hand got tired printing. He is working over time. What else can you do now?

Sir, for those reasons, I have great difficulty - unless something happens when the Prime Minister gets up to speak - in supporting contrary to what was said before about the use for which the money would be put. Contrary to what was said before in terms of Opposition's readiness to support the application, when one looks at these terms and these conditions, it is difficult to come to any determination as to whether or not we would want to support this Resolution. The most I can see myself doing, Sir, is abstaining. I do not think that that act on my part and that act on my party's part will, in any way, affect what is going to take place tomorrow or tonight. It is not an unpatriotic act, in any way. I have made myself clear, as far as I can see.

I do not think that I would go the step and say, as was said by the - and I do not want to misquote him - Leader of the Barbados Labour Party, I think he said that that loan could have been obtained, at a cheaper rate, from the International Monetary Fund. That might be so. But I have

great difficulty in dealing with that institution, in terms of the conditionalities.

Aside.

Mr. R. P. BYER: What is that?

Aside.

Mr. R. P. BYER: That notwithstanding, Sir, I have a great difficulty in dealing with that institution because of the conditionalities it attaches to loans. I can see that if this country is forced to go to the IMF, given the experience of other countries, I can see situations in Barbados where people are laid off and so on. The people at the lower end of the scale will be the ones affected by any approach to the IMF for the kind of support this loan is seeking. It would have been good if Government could have had this money on better terms and conditions. I believe that the money could be found somewhere else. I have always supported Government having to borrow money to finance whatever needs to be financed, but I believe that the loans that Government acquires must be on better conditions. I would have hoped that the Prime Minister would have searched some more to find money at a cheaper rate and not at what I would call a usurious rate. 6.25 p.m.

Now whether or not the money will be used for the purposes contemplated is another matter. It is said that it cannot be, but the Minister of Transport and Works did say that some of it would be put at the disposal for road construction. This would have been a good thing, Sir, if that were so because I have noticed some roads under construction in St. George South and for sometime now there has been an absence of work on these roads. I do not know why this is so, Sir. There are about three or four roads on which work had started and they have stopped. If what the Minister of Transport and Works is saying is correct, I believe that I can see some work starting back on these roads very soon at Drax Hall Tenantry, Drax Hall Green, Drax Hall Junction, and Harmony Cottage. The people in Jordan and Jericho, in the area where I took you, are complaining and saying they have not seen you up there for a little while. PO you remember when we went over to Jordan and Jericho on a Saturday morning? They say that they have not seen you for a little while. They would like you to put a road in Jordan and Jericho for them. I am appealing to you on their behalf that a road be built in that area of the constituency.

Mr. Speaker, for those reasons I will sit and will watch throughout the debate. Thanks very much.

Hon. P. M. GREAVES: Mr. Speaker, I have sat and listened very carefully to what Honourable Members have had to say on both sides. It will appear to me, judging from the tenor and the content of the speeches on the other side,

that Members have been preparing their positions not to support this loan. When one sets out his own conditionalities as has been happening in each case on the other side, Sir, as to the reasons why they could support the loan or not, it is clear to me that those conditionalities are set in place so as to put themselves in a position not to support this loan. Now that is very clear. In other words, Sir, they are saying one thing that they can support the loan but they are imposing their own conditions for supporting it

I have read in the newspapers where Honourable Members on the other side, the Leader of the Opposition and Member for St. Peter, have often said it both in here and outside that they would support a loan rather than devaluation, as though that was an option of the Government. That was never an option of the Government as to whether there should be devaluation or a loan. Let me say here and now that devaluation has never been an option of the Government and never will it be under this Government an option. As long as I am a Member of Government, I will never be supporting devaluation and that is the position of the Government. I want to make it absolutely clear for all to hear so that it can be reported that devaluation will not be an option of the Government. Let it be clear. I am one of those who believe that devaluation is not relevant to us in Barbados. But mark you if we went to the IMF as they are telling us to go to the IMF that will be a condition, not necessarily because of what they are saying about the economy of Barbados but because of the fact that they have already gone to the IMF. If you go back a second time, Sir, you will have no option but to enter their programme if you accept it and that programme will necessarily include devaluation. It has nothing to do with the state of the economy. It has to do with whether you go back to the IMF for funds because you have gone the first time. If you go a second time, Sir, they are going to make conditions for your devaluation. Make no mistake about that, Sir.

Mr. D. A. C. SIMMONS: On a point of order, Sir. Favour the House with some sense. I think it was 1977 and 1982 that the Barbados Labour Party went to the IMF. On neither occasion was devaluation a condition of the loan. This is patent foolishness.

Hon. P. M. GREAVES: Mr. Speaker, when the Barbados Labour Party went to the IMF in 1982, they had already put in place the conditions that they knew the IMF would ask for. That is what they did. That is what they did in the Budgets. They had two Budgets in 1981, Sir, one immediately before the elections and one almost immediately afterwards. One was about April or May 1981 and the other September 1981. They imposed on themselves without waiting for the IMF to impose those conditions on them. Yes, it is a fact. You know it to be true. They imposed on themselves all the conditionalities of a loan that the IMF would impose. High interest rates, lay-

offs, *et cetera* are things, Sir, that they imposed on themselves.

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

Mr. SPEAKER: The Honourable Member is on a point of order.

Dr. R. C. HAYNES: I would sit down and enjoy this but I do not think that the Honourable Member should persist in misleading the House. The fact that a country seeks to make use of the resources of the IMF does not mean that that country would have to devalue. For example, in 1977 Barbados made use...

Mr. SPEAKER: This is what I was going to say. Dr. R. C.

HAYNES: I am demonstrating how-Mr. SPEAKER:

Well, you cannot demonstrate. You have to make the point.

Dr. R. C. HAYNES: I am making the point-Mr.

SPEAKER: Yes, but you cannot demonstrate in the way you want to do it in the form of a speech. You make the point What is the point you want to make?

Dr. R. C. HAYNES: I said that the Honourable Member is misleading this Honourable House • by suggesting that an approach to the IMF for the use of the resources of the IMF necessarily leads to the imposition of a devaluation.

Mr. SPEAKER: That is the point. You do not have to justify. You made the point.

Dr. R. C. HAYNES: I have to explain myself, Sir. Mr.

SPEAKER: You have made the point.

Dr. R. C. HAYNES: What kind of point of order is that, Sir.

Mr. SPEAKER: You rebut what the Honourable Member has said. You do not have to explain that.

Hon. P. M. GREAVES: Yes, Sir. As a matter of fact, Sir, it was not even known that they went to the IMF in 1977 and 1982. When they went in 1981 to the IMF, they went again quietly to the IMF and suddenly the Honourable Leader of the Opposition is a champion of them going to the IMF. He was the principal executioner.

Mr. SPEAKER: The Honourable Member cannot shout from the end of the Chamber. The Chamber is being disrupted by an Honourable Member.

Hon. P. M. GREAVES: He was the principal executioner for the Barbados Labour Party Government at that time in going to the IMF. Now today, Sir, I am the most surprised man in the world to hear the same Leader of the Opposition come in here and say that we should have gone to the IMF instead of going to London.

Aside.

Hon. P. M. GREAVES: If the Leader of the Opposition did not say it, it is only a different person. It could have been his tongue speaking somewhere else. I said you said it just now, but you said that you did not say it. I will accept that. But I am saying if it were not said by you, it was said by your tongue somewhere else not by you but another tongue of yours. 6.35 p.m.

I have here, Sir, the Member for St. Thomas saying it is better to negotiate a loan from the IMF free of requirements of devaluation, as though that is the only absolute and severe conditionality that IMF imposes on countries that go and borrow from them. I mentioned high interest rates. I do not remember if I mentioned lay offs just now. Wage freezes, cut backs in wages, cut backs in employment, severe retrenchment, all those are things that the IMF imposes on a country. Are you going to tell me, Sir, it is not worth another 6% or 7% as the case may be to keep people employed? Or must we put them on the bread line? This is the kind of thing we are hearing here today from the Members on the other side.

Aside.

Hon. P. M. GREAVES: Yes. That is what I have heard from those who have spoken on the other side.

Mr. D. A. C. SIMMONS: On a point of order. The Honourable Member mentioned my name just now, talking about wage freezes and so on, Sir. When the Article 4 consultation was done in 1987, I laid a document in here during the budget of 1988. I quote from the Report, Sir, at page 11:

"The Government, as the largest employer, intended to hold public servants' pay constant in nominal terms following expiration of the present wage agreement in April, 1988."

Aside.

Mr. D. A. C. SIMMONS: The IMF said that about you all. That is what the Government intended to do, and they put it into practice, because they have only given the public servants \$74, \$74 and \$68. We gave \$108 at the lowest in 1982.

Hon. P. M. GREAVES: At no time, Sir, has it been the policy of this Government not to grant increases. But that is not the point, what they are advocating is worse. If they are advocating that we go to the IMF it is not to keep wages constant, it is to reduce wages. All these are things the IMF calls for. Do not bring this to me, I will never accept it, that we should have gone to the IMF to seek a loan on this occasion, rather than go to seek the loan on the London capital market. I will not accept that, Sir. It cannot be an acceptable alternative to the people of Barbados. It is a disservice to the people of Barbados just to suggest it. We all know who suggested it.

The Member for St. Philip South has raised valid points on the question of negotiating a loan. When you are negotiating a loan you are at the mercy of the lender. You cannot be a borrower and dictating terms too.

Aside.

Hon. P. M. GREAVES: Did I say somebody said so? I am saying that somebody over there, and I think it was the Leader of the Opposition, who said that we should have negotiated some terms. It was also the Member for St. Peter. The problem is that the Leader of the Opposition knows nothing about borrowing money. He has never had to borrow money in his life. He is a lender, Sir, not a borrower. I am not sure what kind of rates he lends at, but he never has to go to a bank to borrow money like the rest of us. The rest of us have to go to borrow money and we have to put up with what they ask for.

Dr. R. C. HAYNES: On a point of order, Sir. The Honourable Member is misleading the House, because I know as a matter of fact that he has negotiated on my behalf to borrow money at good rates. He fought with the bank and got better rates for me.

Hon. P. M. GREAVES: I have never in my life, Sir, negotiated money on behalf of the Honourable the Leader of the Opposition either in his personal capacity or in his corporate capacity. When I say his corporate capacity, I think he knows what I am talking about. Yes, I have been his lawyer, I have worked for him on occasions. I have never sought to borrow money from him. As a matter of fact, Sir, the Honourable Member being the person he is, would never entrust that to anybody, not even his lawyer, to negotiate a thing like that for him. He is not that kind of person, Sir, you have to know him.

Mr. O. S. ARTHUR: Mr. Speaker, on a point of order. The Honourable Member is trying to create an impression, and mislead the House, that because one goes to borrow money from a bank that one is under an obligation to accept whatever terms are put. That is not true, and the Honourable Member should desist from creating the impression that because one has to borrow from an institution, there is no scope for negotiation. It is not true that Barbados has to

accept everything that is put to it by an institution. We are a sovereign country and we are free to negotiate.

Hon. P. M. GREAVES: I am not saying that there is not some scope for negotiation, I am merely saying, Sir, that you are not on equal terms if you want to borrow the money. To give an example, Sir. The Honourable Member for St. Michael South Central is surprised, apparently, that the Government has to pay all the legal costs in this particular matter.

Aside.

Hon. P. M. GREAVES: That is today in this Chamber, but prior to today he expressed surprised that legal costs had to be paid by the borrower. That is always the position. You are not on equal terms. You pay your legal fees and I pay mine. Ask the Honourable Member for Christ Church West, ask the Honourable Member for St. Thomas. I am a borrower, Sir, I had to borrow money to mortgage my property. I have to pay the legal fees of the bank and my own legal fees too. Anybody who borrows money for a mortgage, just as an example, anyone who borrows money from a bank has to pay all the charges of the bank.

Aside.

Hon. P. M. GREAVES: You probably have some little way of getting into them that we do not have or that we do not understand. None of us here will understand it, but you understand it. That is the position.

Sir, I am not at all unhappy with this particular loan. As a matter of fact, it is a great credit to Barbados to have been able to raise a loan on the London market at all, furthermore with these conditions. It is a great credit to Barbados. It is a credit to the country.

Aside.

Hon. P. M. GREAVES: Do you know why it is a credit to the country? Because the lenders are satisfied that the country is well managed, that the economy is well managed. That is why it is a credit to the country. That is why we are able to get the £30 million loan. It is not £3 million they are lending you, it is not £1 million, it is £30 million, over Bds. \$100 million. 6.45 p.m.

It is not \$3 million, it is not £3 million, it is not £1 million that they are lending, it is £30 million, over \$100 million Barbados dollars. That has got to be a credit to the country. It is a credit to Barbados' rating as managed by this Government. It is a credit to the management of the economy of Barbados and to those persons charged with the management of the economy of Barbados that we have been able to raise £30 million on the London market. Not many countries in the world, Sir, are able to do this. Not

even the European countries he is talking about, Sir. Not yet, they will for obvious reasons but they have not yet been able to raise these lands of loans. They may get monies out of West Germany. Yes, Sir, it is a credit to the Government, it is a credit to the managers of the economy of this country that we have been able to raise a loan of this magnitude on the London market considering the time with any conditions at all, because if they had no confidence in you, you would have got nothing. So therefore, Sir, to the extent that we are able to borrow at all and then to borrow so much money is absolutely remarkable and a credit to Barbados. I am very happy, Sir, to be associated with the management of the economy as a Cabinet Minister and I am very pleased to be able to support this loan.

SUSPENSION OF SITTING

That is my contribution, Sir and at this point, I would want to move that this sitting be suspended until 7.45 p.m. this evening.

Hon. W. O. FRANKLIN: I beg to second that.

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

RESUMPTION Mr.

SPEAKER: This sitting is now resumed.

Rt. Hon. L. E. SANDEFORD: Mr. Speaker, as I understand it, all Honourable Members who have wanted to speak have made their contribution and I would! wish therefore to reply to the debate and I would seek to answer many of these questions that have been raised and to address the concerns that have been uttered by Honourable Members.

First of all, let me say that I am indeed grateful for the support which has come from most speakers on both sides of the Chamber for some aspects of the particular Resolution that is before us. I think it is generally recognised and it should be recognized by all in Barbados particularly those of us who are legislators that into the foreseeable future, we will have to rely on borrowings both on the domestic market and on the international market for a substantial part of our resources.

I think everyone should understand this. We will have to make that kind of reliance. Indeed, all countries rely on borrowings on their domestic market and in the international market as well because there is a market where the financial resources do not recognize national boundaries as such. There is a flow across national boundaries for financial resources and indeed, Sir, for trading goods, although there are more interactions at the

national markets for goods than for services including financial services.

Having got that far and having given some kind of approval - I believe one speaker, the Member for St. George South said that he is not sure that he can give support; it depends on what is said in this particular reply. I hope I will be able to convince him that he should throw in his lot with the progressive minded persons in this Chamber and take a progressive stance in this particular matter by recognizing that this is a loan that is desirable for Barbados, that it will be desirable in the public interest of Barbados and all Barbadians that we should be able to go to the capital markets, both domestic and financial to raise loans as the public purposes require. I hope that I will satisfy him on this.

Some criticisms, and let me say, concerns have been raised and I would like to try to meet those criticisms and those concerns. It appears to me that the major concern related to the question of the interest rate that is being charged, 13.5%, and the criticism has been put in various ways including some very harsh strictures, I think, Sir, when the Leader of the Opposition referred to the rate as usurious. Now as I understand usury and anything that is usurious, those conditions apply when excessive exorbitant or illegal rates of interest are charged for money on loan and I... Yes, Shylock the Jew and whatever. I would say if the laws which were in place in the Middle Ages for usury were in place today then those who charge usurious rates would find themselves either heavily fined, imprisoned or in the stocks or carrying some such penalty. I hope that the Member is not saying that that is what should happen to Barclays de Zoete WEDD. So I am sure that is not the position of the Honourable Member. 7.50p.m.

I do not think there is any need to view matters in that particular light. There is nothing usurious about the interest rate that is being charged. The interest rate of 13.5% relates to the interest rate that is charged on the long-term Treasury stock which is known as the gilds. These carry an interest rate of 13 1/2%. That is on the London market itself. The interest rate for this particular loan, which is a long-term loan, the reference price is derived from the rate of 13 1/2% that is currently charged for the Treasury stock, the gilds, on the London market itself.

I would like to clear up some cobwebs that seem to be prevailing in this matter. We have to make a distinction between the short-term Euro currency markets and the long-term bond or security markets. Libor does not apply to the bond market. It has nothing at all to do with the bond market.

We are importing a concept when we speak about Libor which applies to the short-term securities markets and importing that concept into the pricing of the long-term

bond market. They are different markets, different portfolios that we are talking about. Therefore that long-term bond market - these are not priced in relation to Libor. The talk about Libor, especially put forward by the Leader of the Minority Opposition - I do not remember if you were caught in that particular trap just as you were not caught in the trap of holding up any document saying it was an IMF document.

Aside.

Rt. Hon. L. E. SANDIFORD: You have copies. If you make it a document of the House I would see it. I would trust it as an authentic document.

Dr. R. C. HAYNES: Sir, on a point of elucidation.

Rt. Hon. L. E. SANDIFORD: On a point of elucidation? That means I have a choice as to whether I will give way, Mr. Speaker. I will certainly do that for you as Leader of the Opposition but I will not give way to you to become Prime Minister of this country. Make that sure. I will do this now.

Dr. R. C. HAYNES: You will not have to give way. I trust that the Honourable Member appreciates that he cannot compare a fixed long-term rate in respect of a bond with a quotation of a long-term rate as of today. That long-term rate may be down to 8% in 6 months' time but your rate would still be 13.5%. That is the point.

Rt. Hon. L. E. SANDIFORD: That is true. This is a 13.5% rate. That is a fact. I was talking about how the rate was derived. I am saying we are into the long-term market.

Hon. H. deB. FORDE: On a point of elucidation if the Honourable Member will give way as well. The Honourable Member is misrepresenting what I said as well. I responded to the Honourable Member for St. Philip South by pointing out to him that the rates which he was quoting for Libor were only for short-term securities and not long-term.

I also in my speech made reference to the bond rate and emphasised that the bond rate long-term was lower than the bond rate short-term. The Honourable Member has now said that he is quoting on Treasury Bills gild security. If he would examine again the Financial Times he would find that the long-term rate on bonds is much lower than 13.5%.

Rt. Hon. L. E. SANDIFORD: I am sorry. I really do not have that information on the long-term rate for bonds on the London market. I do not know if you are quoting the London market or markets for the United States. I do not know from where you are quoting. I would be very happy to look at the information to see what it is. What I do know is that the Libor 6 months' rate in the short-term markets

was 12⁷/₈%, for 3 months it was 13¹/₂% and for 12 months it was 12 and 17.16%.

Aside.

Rt. Hon. L. E. SANDIFORD: Yes, within the last few days. Those are the rates. I will get back to that particular point. What I am saying here is that when we say that the 13.5% rate is usurious, we have to take into account that the rate bears relation to what is happening in the market. The market for the Treasury stock, the gild, is at 13.5%. Those are the market conditions.

What the Honourable Member for St. Philip South was saying, which I fully support, was that you cannot raise a debenture or a bond on the basis of what you want. You have to operate on the conditions that are prevailing in the market if you want the loan. That is the basic point I hope that the overstatement about usury might be laid to rest.

Mr. Speaker, some speakers, I believe, came very close to suggesting if they did not actually suggest it, that we should have gone to the International Monetary Fund for this loan. That is not my determination; I do not believe that we should take that particular step unless it becomes absolutely necessary. For Members, first of all, to make a big song and dance claiming that there were documents from the IMF specifically stating to what extent the Barbados dollar should be devalued, and now other Members come in here from that same Opposition and suggest that we are playing poor-great - I remember the phrase, Sir - and that we should have gone to the International Monetary Fund.

The Leader of the Opposition extricated himself by saying the IMF without devaluation. What they are advocating to us is that we should go to the International Monetary Fund for a loan.

Hon. H. deB. FORDE: On a point of order. The Honourable Member for St. Thomas is not here. The Honourable Member persists in misrepresenting the speech of the Honourable Member for St Thomas. At no time did he suggest that one should go to the IMF on this loan. What he suggested, however, is that when we went to the IMF in 1982 the conditions were different. We had organised the conditions. He is not here. He had to leave unfortunately but I do not want it represented in the record that he made any such statement

Rt. Hon. L. E. SANDIFORD: I am very grateful to the leader of the Minority Opposition. I did not say that we should go to the IMF on this loan. It was instead of raising this loan that we should go to the IMF. As I understand the Leader of the Minority Opposition he did not say that. If he did not say that I would be happy to withdraw that particular statement. No one has to insist on my withdrawing any statement. I will take the word of the

leader of the Minority Opposition at face value. I think I am big enough if something is said to be misrepresenting something, I will do that, Sir. I hope he will also do it, Sir. 8.00 p.m.

Aside.

Rt Hon. L. E. SANDIFORD: I read your speech?

Aside.

Rt. Hon. L. E. SANDIFORD: I read things that are written for our instruction, not something that cannot add to the sum total of knowledge or anything like that. Why should I read your speech? I do not understand why I should do that, Sir.

But, Sir, there was talk about the IMF. I should like to say that we are not going down that road, unless it becomes absolutely necessary. There were those who stated and admitted, on the Floor of this House in respect of the loan, that these terms were more humiliating than those....

Aside.

Rt Hon. L. E. SANDIFORD: imposed by the International Monetary Fund. That is obviously not true and I also refute that statement.

There are all kinds of conditionalities that are imposed by the International Monetary Fund.

Aside.

Rt Hon. L. E. SANDIFORD: I do not think that that particular scenario is for us. In any event, it depends on what you go for. I know some of the conditions that are imposed. We are meeting some of those conditions now because out of that 1982-84 arrangement... I am not talking about the other compensatory approaches to the International Monetary Fund, but the stand-by arrangement which will not end until next year. I have to meet the terms and conditions of that stand-by agreement. There are terms and conditions including the repayment of things periodically. It is a condition that you have to meet a repayment every year, until 1991. That is part of the terms and conditions of the loan.

Aside.

Rt Hon. L. E. SANDIFORD: This is a condition. Yes.

Mr. O. S. ARTHUR: Mr. Speaker, on a point of order, Sir. The Minister of Finance is on the point of misleading the House. The notion of IMF conditions have nothing to do with the repayment of IMF loans. They have to do with the policy changes that a member country has to accept as part and parcel of getting involved in an IMF programme.

For the Minister of Finance of Barbados to confuse the repayment of an IMF loan with policy changes only indicates the dire kind of problem that is now facing Barbados at this time.

Rt Hon. L. E. SANDIFORD: Sir, if you approach for a loan and you are told that there are certain policy conditions that you have to meet - not the term, policy conditions and policy changes that you have to meet - that is part of the terms and conditions under which you will get the money. But I am not interested in going into semantics on that particular matter. There were conditions attached.

Aside.

RL Hon. L. E. SANDIFORD: I will refer to it in my own good time. I will get the terms and conditions for you, including the letter that was written.

Aside.

Rt. Hon. L. E. SANDIFORD: Sir, all I am saying here is that we are not going down that particular

Aside.

Rt Hon. L. E. SANDIFORD: That is right. I am not going to the IMF, unless it becomes absolutely necessary. I cannot I am happy to agree that I cannot And I would not, unless it becomes absolutely necessary.

Asides.

Rt Hon. L. E. SANDIFORD: Sir, I have dealt with the pricing. I dealt with the question of the interest rates, the question of the IMF and I should like to look again to answer some of the concerns of those who raised the question of the repurchase fund.

I believe that Honourable Members who have spoken have tended to view the repurchase fund, I believe, in the wrong light. I think it should be viewed more as an indication of our intention to indicate a strong position in support of the Barbados paper in the bond market, than as any sign of weakness or any sign of humiliation.

Let me say that these are bonds. They are long-term security for 25 years. They are being held by institutional investors such as insurance companies and they have...

Aside.

Rt. Hon. L. E. SANDIFORD: Pardon me?

Aside.

Rt. Hon. L. E. SANDIFORD: I know you have the information. I do not know why the Leader of the Minority

Opposition is asking me for the loan document. I suppose he has it already. I do not know. Probably before I do. I do not know why you ask me for that I do not have it. I do not know.

These bonds will be listed on the London Stock Exchange. If they are listed, they can be traded which means that someone who purchases the bonds, the original purchasers are quite free to trade the bonds, to sell them to others who may be willing to purchase.

Now we want to be absolutely sure that if these bonds are traded, or they are put up for sale, that those who wish to purchase the bonds they would have some kind of assurance that the paper is sound paper and that if, in fact, there is no rush -

Aside.

Rt Hon. L. E. SANDIFORD: - Do you not wish me to say that? to purchase the paper and at some price that is not a reasonable price. We would not wish Barbados' paper to be trading on the market at some price that is not a reasonable price. The markets.... 8.10p.m.

Aside.

Mr. SPEAKER: I do not think that the Honourable Member should interrupt the Honourable Member like that.

Rt Hon. L. E. SANDIFORD: Sir, in order to give additional assurance to those who may wish to invest in the bonds if they are traded particularly in the first four years of the life of the bonds this particular repurchase fund is being set up. Let me say that the repurchase fund will be invested for the benefit and advantage of Barbados and it will be invested on terms and conditions which the Government of Barbados itself will have a say in. I give way, Sir.

Mr. O. S. ARTHUR: I rise on a point of elucidation, Sir. The Addendum to the Resolution says that the Government is under commitment to buy back the bonds at par. Sir, it means that the Government is going to buy back the bonds. If they were bought for a hundred dollars, Sir, the Government is under commitment to buy back the bonds at par. Are we to understand, therefore, that the Government is under commitment to buy back bonds at par and has to put up some security to satisfy bond holders that they will be in some way not penalized for the fact that the price of the bonds are going to drop? I want to understand what the Government is saying and that is why we are confused on this side that you are under commitment to buy back at par. That is your first condition. I am genuinely confused, Mr. Speaker. I really am.

Rt Hon. L. E. SANDIFORD: Sir, the Honourable Member is elucidating something. As I understand it, Sir,

you get up to elucidate what you have said. I would not bother with that, Sir.

Sir, the repurchase fund will be invested and this can be invested in the short term markets and we have already given the libor rate for the short-term market, Sir. The Deputy Prime Minister, Member for St. Michael North, was quite correct when he indicated that the Leader of the Minority Opposition, Member for Christ Church West, would not know what the yield would be and what we would get from the short-term investments which, as I said if they were invested prudently in that particular market where those rates might relate - those rates were 12 7/8 per cent for six months, 13.5 per cent for three months - that is exactly where the long-term rate on the bonds are at 13.5 per cent So that for 25 per cent of this loan invested at that rate at least that amount depending on the rate fluctuation from day to day and period to period and if they hold at that particular position or indeed if they fall, Sir, it would reduce somewhere the overall rate that we would be paying for the 25 per cent of the proceeds which would be invested in the repurchase fund.

Sir, that also raises the question I believe by the Member for Christ Church West on the exchange risks. I do not wish to misquote the Member for Christ Church West and he can certainly correct me if I am misquoting him. He spoke about some exchange risks. But the funds are being borrowed in sterling and the investment certainly up to the 25 per cent is in sterling. To that extent the funds are invested in sterling and the borrowing is in sterling. There is no exchange risks as far as I can see in that particular arrangement. Now if the funds were converted into Barbados dollars and brought into the system and there is a change in the exchange rate between the dollar and the pound sterling, then there might be some risk involved there. But to the extent the argument, as I understood it from the Leader of the Minority Opposition, was one against the repurchase fund. I think the repurchase fund would be in favour of no exchange risk to be met. That would be reducing any risk that there may be. So I hope this was not being used as an argument against the repurchase fund because for at least 25 per cent of the loan there would have been no exchange risk. But I would say that there is a possibility that there may be some risk one way or the other plus or minus depending on how the dollar moves in relation to the pound sterling.

I believe there were some other questions made, Sir. I believe it was stated in relation to the Land Tax rates. I believe that the Member for St. Thomas - he is not now in his seat - said that I was going to London and had not fixed the rate. I believe it was the Member for St. Peter who told him to say that, Sir. I know they are very good friends, Sir. But it is just not true. The Order is in relation to the Land Tax rate which I said I would seek to bring down the rates in the light of the increased valuation on some of the properties. I had to change those rates somewhat, Sir, and

the Order was made on December 7th and I believe they will appear in the Official Gazette. I am advised that there is no requirement for the Order to be laid in this Honourable Chamber, but the Order has been made. On the improved value up to \$300 000 - I am just giving an example - that is fixed at 0.35 instead of 0.4 per cent. I will not go through these. It will be appearing in the Official Gazette. I did that to indicate that this has been done. So for Honourable Members to get up and try to make a case that is really not based on fact, I think is strange and if I seek to reply they tend to get annoyed. 8.20 p.m.

Apparently there is some feeling that because I am very patient and long suffering, that I should not respond, but I will respond when it is necessary to respond.

Dr. R. C. HAYNES: On a point of order, Sir. The present land tax bills apply to 1990-91. There is a large number of people who would have paid land taxes at the rate that existed prior to 7th December. Are those people going to get a refund of their money?

Rt. Hon. L. E. SANDIFORD: The bills have not gone out yet for the year we are talking about, as far as I know. Let me explain. What came out was a new valuation and then the rate in relation to the valuation had to be set.

Dr. R. C. HAYNES: That is not absolutely correct. There are people, for example, who would have required certificates for transfer of property and so on, and they would have paid those taxes at the higher rate. I wish an assurance from the Minister of Finance that they will get their money back.

Rt. Hon. L. E. SANDIFORD: Sir, I am not dealing with land tax, I do not think this is a debate dealing with land tax as such, I was just clearing the air when it was said that I had not made the Order. I am simply indicating that the Order had been made. That is the point I was making and refuting yet another claim from the Opposition, Sir.

Hon. H. deB. FORDE: If the Prime Minister will give way, Sir, the Honourable Member for St. Thomas made the point that the Prime Minister would have been expecting some taxes to come in - he was not saying he was going to London without - and that unless he had made the rate" those taxes would not have come in. That is the context in which he spoke. With the state of knowledge available to all persons in Barbados, with the exception of the Prime Minister, the officers concerned and people to whom that Order has been given, because nobody has seen it in the Official Gazette, in my view it was reasonable for the Honourable Member to make that statement and they have" not refuted it. I think the Government in such instances should give him the information now. Do not be unfair to him.

Rt. Hon. L. E. SANDIFORD: This is exactly what we are talking about when we speak about the quality of debate. Do not get up then and say it has not been done. If you do not know, you ask. That would be the more prudent course to take, but do not speak as a certainty on the Floor of the House, in the public forum, and state that it has not been done. That is the only point I am making, Sir.

I believe there were some other subsidiary questions asked, Sir. I believe that the Leader of the Official Opposition asked who were the attorneys-at-law working in this case. I am advised that the attorneys-at-law for the Barclays group, the bank group - I see the names here Gittens, Evelyn and Farmer - I am sorry, I do not have any other titles to add. I see a Mr. Gittens, a Mr. Evelyn and a Mr. Farmer are the attorneys. The firm is called Evelyn, Gittens and Farmer. I am told they are the attorneys for the bank and were chosen by the bank. The Attorney General's Chambers were the attorneys for the Government.

Certain remarks made by Dr. R. C. HAYNES were ordered by Mr. SPEAKER to be expunged from the record at this stage.

RL Hon. L. E. SANDIFORD: Sir, he asked about the legal costs. I do not know what those legal costs are and I will not attempt to state what they are. As soon as I get that information I will provide it, if it is still required.

I think a question was also raised about other costs and I assume the major cost would perhaps be the printing of the various documents and so on. I am not sure what the other costs would be, but those total costs I assume in those subsidiary areas might be in the region of £50,000. I am not aware of anything called a commitment fee, I do not think there is a commitment fee involved in this particular transaction. That is the information I have at this stage and I believe that when those costs are taken into account the actual amount would probably be about £29.6 or £29.7 million. That is the best guess I can give at this stage. I should not even be speculating to give a figure in this area. I think it is better to wait for the final figure and give an accurate figure. I think, Sir, out of an abundance of caution I will not in fact give any figure for these. 8.30p.m.

Sir, I think I have dealt with the...

Asides.

Rt. Hon. L. E. SANDIFORD: That's not the Barbados Labour Party over there? They say it has nothing to do with them.

Sir, I think I have dealt with most of the questions that have been raised and I hope that I have removed most of the doubts that Members have raised. I have said already that I would not like to go over the grounds, Sir, but I would like

to urge Honourable Members including the Member for St. George South to really review his position and to give full support to this particular Resolution.

The question that the Resolution stand part was put and resolved in the affirmative the House dividing as follows:-

Ayes: Rt. Hon. L. E. Sandiford, Hon. P. M. Greaves, Hon. M. A. King, Hon. W. O. Franklin, Hon. N. K. Simmons, Hon. Dr. D. G. Blackman, Hon. C. V. Walker, Hon. H. A. Blackman, Mr. L. L. Brathwaite, Mr. R. L. Morris, Mr. J. J. Payne, Mr. C. A. Neblett and Mr. D. J. H. Thompson- 13.

Abstentions: Dr. R. C. Haynes, Mr. R. P. Byer, Mr. P. J. M. Miller, Mr. E. Bourne, Hon. H. deB. Forde and Mr. O. S. Arthur-6

ORDER NO. 2 - TO MOVE THE PASSING OF A
RESOLUTION TO GRANT THE SUM OF \$125,000
FROM THE CONSOLIDATED FUND AND TO PLACE
IT AT THE DISPOSAL OF THE GOVERNMENT
TO SUPPLEMENT THE ESTIMATES 1990-91
PART I - CURRENT AS SHOWN IN THE
SUPPLEMENTARY ESTIMATES 1990-91
NO. 10 WHICH FORM THE
SCHEDULE TO THE
RESOLUTION

On the motion of Hon. P. M. GREAVES, seconded by Hon. M. A. KING, Mr. SPEAKER left the Chair and House went into Committee of Supply on the Bill, Mr. L. L. BRATHWAITE in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: The House is in Committee of Supply.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, this is a very simple Resolution here. What the Resolution is seeking to do is to supplement the Head 15 Cabinet Office Subhead 1 General Administration and Object No. 30 - Contingencies. The sum of \$100,000 as provided in the Estimates and approved by this Honourable Chamber and subsequent to that supplementary provision in the sum of \$100,000 was sought and obtained. This Resolution is seeking a further \$125,000 to supplement the vote, Sir.

The vote is used mainly to meet claims against Government for compensation for personal injury and for damage to property for which it is deemed expedient that compensation should be paid. Of the vote of \$200,000, which is made up of the original \$100,000 voted and the supplementary provision of \$100,000 a total of \$173,808 has been spent and there are commitments amounting to \$60,085. The supplementary of \$125,000 is being sought to

meet commitments and also to go towards any claims which may arise during the remainder of the financial year. I should point out, Sir, that it is not at all easy to make predictions about the amount of money that will be required for this particular vote. Contingencies arise from time to time and one does not know when the Government will be called upon to meet a particular liability. For example one of the commitments includes the sum of \$20,324 to be paid as compensation to a student teacher at Erdiston Teachers' Training College and another commitment is for the sum of \$30,800 to be paid to a former patient at the Queen Elizabeth Hospital. I believe there may be other claims outstanding but I think this is a practice that we have tried to follow down through the years when the commitments or the liabilities of Government, or if not the liabilities, at least when it is considered expedient to make these payments. 8.40 p.m.

We have already looked at this during the course of the year. Therefore, I do not propose to expand any further on the matter.

I beg to move that this Resolution do now pass.

Hon. P. M. GREAVES: I beg to second that.

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

On the motion of Hon. P. M. GREAVES seconded by Hon. M. A. KING Mr. CHAIRMAN reported to His Honour, Mr. SPEAKER, the passing of one Resolution in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. P. M. GREAVES seconded by Hon. M. A. KING the Resolution was read a first and second time and agreed to.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, I am moving the adjournment of this House to December 18, 1990. Let me say, Sir, I am not unmindful of a certain Resolution on the Order Paper. At the appropriate time we will have to consult specifically on this particular matter.

I move that the House adjourn until Tuesday, December 18, 1990 at 12.00 o'clock noon.

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

Dr. R. C. HAYNES: Mr. Speaker, I am aware that the Honourable Leader of the House has indicated his awareness of a certain Resolution before this Honourable House. As I understand it, he is referring to a No Confidence Motion. I would like to remind him of the conventions which require that these motions be debated as soon as possible subject only to the exigencies of Government Business. I would expect that on the next occasion the House meets that day will be set aside.

Mr. SPEAKER: I would like to intervene here. The Honourable Member has given the assurance that he will discuss the matter with you. Therefore, if he is going to discuss the matter with you, which is obviously within the right procedure, then I do not think you need at this point to pursue that particular action. I think you should take the indication of the Honourable Leader of the House that he will discuss the matter with you which you obviously recognise to be the case.

The question that the House do now adjourn until Tuesday, December 18, 1990, at 12.00 o'clock noon, was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 8.45 p.m.

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