

THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Tuesday April 2, 1991.

Pursuant to the adjournment, the House of Assembly met at 3.05 p.m. o'clock.

PRESENT

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

Hon. H. deB. FORDE, Q.C., M.A., LL.B., (Leader of
the Opposition)

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

Hon. P. M. GREAVES, Q.C., B.A., (Deputy Prime
Minister, Minister of Public Works, Communications and
Transportation and Leader of the House)

Hon. M. A. KING, Q.C., LL.B., (Attorney General
and Minister of Foreign Affairs)

Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., J.P.,
(Minister of Labour, Consumer Affairs and the
Environment)

Hon. N. K. SIMMONS, (Minister of Justice and
Public Safety)

Hon. H. A. BLACKMAN, B.Sc.(Econ.), (Minister of
State, Ministry of Finance and Economic Affairs)

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

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

Hon. C. V. WALKER, (Minister of Education)

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

Hon. E. E. GREAVES, B.A., Ed.M., (Minister of
Housing and Lands)

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

Mr. C. LeR. TROTMAN, M.A.

Mr. R. L. MORRIS, B.A., Cert. Ed.

Hon. D. J. H. THOMPSON, LL.B.(Hons.), (Minister
of Community Development and Culture)

Mr. H. B. St. JOHN, Q.C., LL.B.

Mr. L. R. TULL, Q.C., M.A.

Miss B. A. MILLER

Mr. DeL. O. BRADSHAW

Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)

Mr. J. O. TUDOR

Mr. D. W. BOWEN

Mr. G. W. PAYNE

Mr. R. C. EASTMOND, B.A., LL.B.

Prayers were led by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of the meeting of
Monday, March 18, 1991.

Hon. P. M. GREAVES: Mr. Speaker, I move that the
Minutes for the meeting held on Monday, March 18, 1991
be taken as read and confirmed.

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

PAPERS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I am
commanded to lay the following:-

1. The Economic Report, 1990.
2. The 1990 Annual Report and Financial
Statements of the Central Bank of Barbados.

ORDERS OF THE DAY SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: Mr. Speaker, before we embark on the matters that will engage us for the rest of the day, I am moving that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of this sitting.

Hon. B. M. TAITT: 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. 1 – the Right Honourable Prime Minister.

ORDER NO. 1 – FINANCIAL STATEMENT AND BUDGETARY PROPOSALS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, on January 22nd of this year the people of Barbados renewed their commitment to the tradition and centrality of political stability in our society through the electoral process. Today April 2nd, through the budgetary process, we the people of Barbados must equally commit ourselves to the overriding imperatives of promoting and securing economic stability with efficiency and equity in our country and in the national interest.

No one should be in any doubt that the national economic eco-system, like that in the majority of other countries, is a very fragile one. Many factors can cause or contribute to economic instability. Inadequate aggregate demand, low or no growth in the total output of final goods and services, high levels of inflation, wage and price hikes, high levels of unemployment, oil price hikes, high fiscal deficits, excessive and unjustifiable transfers to public enterprise agencies, burdensome redistributive programmes, sharp deterioration in the terms of trade, high international interest rates, balance of payments problems, and national debt problems – all of these factors and more can lead to anxiety, fear and loss of wealth on the part of the individual, and can lead too to national discomfort, dislocation and disequilibrium.

When storm clouds threaten the economic landscape with foul weather, it is timely to take protective and corrective measures. The very solid successes which we as a people were able to register in 1989, have been followed by some slippages in 1990, which could lessen our achievements and undermine the quality of life to which we have grown accustomed.

We cannot and we must not let that happen. We in Barbados have been able to build up an enviable reputation for the sound management of our economic and public affairs, and for taking appropriate measures to deal with destabilising factors in a firm and timely fashion, no matter how painful. The time for such action is now.

Fortunately, we have an instrument at hand for dealing with the situation, and that instrument is the budget which indicates my government's expenditure and revenue plans for the 1991–92 fiscal year, as well as sets out financial matters relating to the economic climate.

I therefore propose in the 1991 Financial Statement and Budgetary Proposals to review the performance of the Barbados economy during the 1990–91 financial year, and to survey briefly the regional and international economic environment within which our national economy operates, and to project the outlook for the 1991–92 financial year. I will then give my budget judgement, indicating the main problems which the Budget will seek to modulate. Finally, I will set out the actual budgetary proposals.

REVIEW OF THE ECONOMY

The economy of Barbados experienced mixed fortunes during the 1990–91 financial year. This can be best judged by taking a look at the value of all final goods and services produced in the country during the year.

Real Output

When measured in terms of current prices the value of goods and services produced in Barbados, or nominal GDP, rose by 1.9 per cent from \$2 909. 5 million to \$2 965.3 million. However when corrected for inflation, real GDP dipped by 3.1 per cent in 1990, compared with a growth of 3.5 per cent in 1989. The contraction in 1990 bears a direct relationship to the recessionary conditions which affected our major trading partners.

3.15 p.m.

Two foreign exchange earning sectors, namely agriculture and international financial and business services expanded in 1990. But the tourism and manufacturing sectors, as well as the construction, wholesale and retail trade, and transport sectors declined.

Tourism

In tourism, real output is estimated to have fallen by 9.8 per cent as the number of long stay visitors and the average length of stay declined. Arrivals from the major markets fell in contrast to the 24.4 per cent rise from continental Europe whose share of the market increased from 9.2 per cent in 1989 to 12.2 per cent in 1990. However, cruise ship passenger arrivals rose by 7.6 per

cent. As a result of the contraction in the industry, earnings fell by 6.5 per cent to \$987.0 million.

Manufacturing

Manufacturing activity in 1990 declined by 2.7 per cent after expanding by 4.5 per cent in the previous year. The manufacture of food products and petroleum products rose by 5.8 per cent and 7.2 per cent respectively, while the manufacture of electronic components rose by 8.6 per cent. Other manufacturing activities such as clothing, furniture and chemicals, which depend heavily on the domestic and CARICOM markets, declined quite substantially.

Construction

Construction output in 1990 dropped by approximately 12.0 per cent after the recent recovery in the sector. The slow down in construction activity was due mainly to the tight money policies put in place at the end of 1989 to protect the balance of payments. Only in the public sector did construction activity expand as work continued on major road and other projects.

Agriculture

Agriculture was a bright spot in the economy in 1990. Favourable weather helped to boost sugar production by 4.5 per cent to 69 300 tonnes. There was a slight decline in the area of cane harvested, but yields were better, and export price of \$1 025 for 1990. There was also an improvement in the production of most other commodities and the plentiful supplies of fish and vegetables helped to keep prices down. Cotton however suffered from problems of poor germination and insect infestation, and as a result production fell to 15 300 kgs of lint compared with 95 800 kgs in 1989.

Energy

Domestic crude oil production rose by 16.7 per cent to 454 424 barrels in response to my government's policy to accelerate the drilling programme. Production at this level met 31.0 per cent of domestic needs. Natural gas production also increased by 4.8 per cent.

Expenditure on GDP

Expenditure on GDP at market prices rose by less than one per cent from \$3 427.0 million in 1989 to \$3 440.2 million in 1990. This was due almost entirely to public sector spending. Government consumption rose by 13.0 per cent to \$693.7 million and accounted for one-fifth of GDP at market prices compared with 17.9 per cent in 1989. Public building activity increased, while personal consumption spending and private sector building activity contracted. Gross capital formation declined by just 1.2 per

cent to \$648.3 million, which is 18.8 per cent of expenditure on GDP.

Inflation, Wages and Prices

The low rate of inflation at 3.1 per cent was one of the achievements of economic management during 1990. The plentiful supplies of locally produced vegetables, fish and meat and the slow rise in the cost of imports helped to keep inflation at this moderate rate.

The cost of medical and personal care rose sharply, while moderate increases occurred in the cost of transport and household operations.

Although wages rose moderately in most sectors, the average rate of increase exceeded the rate of inflation. On average wages rose by 4.1 per cent which, when adjusted for inflation, implies that real wages increased by one per cent in 1990 at a time when there was a sharp decline in real output. Wage increases in 1990 ranged between 2 per cent and 10 per cent and, except in the case of the public service, were for the most part the second or third year components of earlier settlements.

Employment and Unemployment

The rate of unemployment in the fourth quarter of 1990 is estimated at 14.7 per cent compared to 13.7 per cent a year earlier. The labour force, estimated at 124 800 persons, was 67.1 per cent of the adult population, having increased by 300 persons over the year. Some 106 400 persons were employed in the fourth quarter of 1990 as compared with 107 400 in the same quarter of 1989. The number of unemployed increased from 17 100 to 18 400. The number of persons employed in enterprises assisted by the IDC rose marginally by 47 after falling by 319 in 1989.

Financial Sector

Financial sector developments in 1990 were influenced by the tight monetary policies introduced in the fourth quarter of 1989 in order to defend the balance of payments, and by the public sector demand for credit. Commercial Bank deposits, which were on a declining trend in the second half of 1989, grew by 16.7 per cent in 1990, and as a result liquidity in the banking system eased considerably.

The reduction in lending to the distribution and personal sectors followed the re-introduction of credit limits towards the end of 1989 in an effort, as I have said, to protect the balance of payments. Residential mortgage lending remained the primary focus of lending by non-bank institutions during 1990, and by December the amount outstanding was \$519.4 million, 11.3 per cent higher than at the end of 1989. Trust companies and insurance companies were again the major sources of new mortgage lending.

Interest rates were generally higher than in 1989. The average loan rate of twelve and one half per cent was cut to eleven and one half per cent in 1990 and the minimum savings rate was also reduced by half a percentage point. On the other hand, because of the more attractive rates on term deposits, the average minimum deposit rate rose to 6.3 per cent from 4.8 per cent in the previous year. Rates on Government paper also rose during 1990. The treasury bill rate rose from 5.82 per cent to 8.06 per cent, and the coupon on longer term Government paper rose to 10.0 per cent compared to seven and three-quarter percent in the previous year. However, the rate on mortgages was kept at 9.0 per cent, thereby maintaining stability in the regime for existing mortgage interest rates.

3.25 p.m.

Balance of Payments

The balance of payments in 1990 remained under considerable pressure, and a deficit of \$105.0 million followed that of \$72.0 million in the previous year. The decline in tourist earnings and a considerable increase in debt service payments resulted in a \$100 million loss in foreign reserves. Imports retained for domestic consumption grew by less than one percent; and this was due entirely to the rise in capital imports, since both consumer and intermediate goods imports declined. Domestic exports remained virtually unchanged in 1990, as the gains from sugar exports were almost completely off-set by the decline in earnings from the manufacturing sector. The sluggish performance of exports and the contraction in tourist earnings combined to raise the deficit on the current account to \$89.0 million compared to \$5.6 million in the preceding year.

Net long term capital inflows are estimated at \$10.0 million compared with \$1.2 million in the previous year when there was a net private sector capital outflow. However, as a result of the more unfavourable current account outturn, the basic balance – that is the current balance plus long term capital flows – moved from a deficit of \$4.4 million or 0.2 percent of GDP to \$79.0 million or 2.6 percent of GDP. The overall deficit of \$105.0 million was financed by drawing down \$100 million in reserves and by net borrowing of \$5.0 million from overseas monetary authorities.

Government Finance

In the fiscal year just ended Government's Current expenditure, net of amortization amounted to \$956.5 million. It is the convention in public finance statistics to treat amortization as a financing item rather than as an item of current expenditure. This convention recognizes the commonsense view-point that since Governments borrow to create a stock of assets which enhance the productive capacity of the country for future generations, those

recipients cannot expect to acquire an inheritance free of cost.

Capital expenditure amounted to \$233.4 million, resulting in total government spending of \$1,189.9 million, equivalent to 40 per cent of GDP. The level of total expenditure was 11.0 per cent higher than in 1988/89. This sharp rise in expenditure was due to an 11.9 per cent increase in employment expenses following the regrading and the wage increase for public servants, and to the rise in capital spending as Government sought to improve the infrastructure of the economy. In the five years up to fiscal year 1989/90 Government expenditure grew at an average of 8.7 per cent a year.

Government's revenue fell by 3.2 percent reflecting a decline in consumer spending. The \$960.7 million estimated to be collected by Government in 1990/91 is equivalent to 32.4 per cent of GDP, still higher than the five year average of 31.3 percent for the revenue to GDP ratio. Taxes on income and profits and on property rose by 4.6 per cent and 20.3 per cent respectively, while revenue from all the other major indirect taxes declined. Taxes on goods and services fell from \$309.7 million in 1989/90 to \$284.4 million in 1990/91, stamp and customs duties on imports amounted to \$213.0 million, a decline of 4.2 per cent in 1990/91; special receipts and non-tax revenue declined by 10.4 per cent and 12.7 per cent respectively.

The overall deficit for the financial year 1990/91 was therefore \$229.2 million or 7.8 per cent of GDP. This can be contrasted with the financial year 1988/89 when the deficit was \$168.7 million or 6.3 per cent of GDP and financial year 1989/90 when it was contained at \$79.4 million or 2.7 per cent of GDP.

The sharp increase in the deficit in 1990/91 was due to the decline of 3.2 per cent in revenue, and the increase in both current and capital spending by 10.2 per cent and 14.1 per cent respectively.

In the budgetary exercise of last year a deficit of somewhat smaller proportions had been anticipated, but the factors which I have already noted resulted in a more sombre outturn. When a Government encounters such a situation it must choose between three basic options, namely, containing expenditure, raising revenue or a combination of the two. In the meantime, the deficit must be financed.

During the past year my Government raised the limit under the Local Loans Act to \$450 million, and also amended the Financial Administration and Audit Act to raise the ceiling on temporary borrowings from the Central Bank from 10.0 per cent to 17.5 percent of estimated revenue. By March, however, when the second portion of a 30 million Pounds bond was disbursed, Government was

able to reduce its short-term borrowings from the Central Bank to less than \$50.0 million.

National Debt

The National Debt of Barbados was estimated at \$1 856.6 million as at December 31, 1990, representing a 9.5 per cent increase over the December 31, 1989 level. The foreign component increased from \$817.1 million to \$836.0 million or 2.3 per cent, over the previous period. The domestic component increased from \$878.0 million to \$1 020.6 million, an increase of 16.2 per cent over the previous period.

The sum of \$281.0 million has been set aside for debt service for the financial year 1991-92. A breakdown is as follows:

	Domestic	Foreign
Interest	20.3	78.4
Expenses of Loans	0.2	—
Amortization	3.4	178.7
	<u>23.9</u>	<u>257.1</u>

A summary of the major loans to be repaid in 1991-92 is as follows:

1. The Japanese Bond Series B-1986 for the sum of Yen 4.3 billion which was contracted on September 25, 1986 is to be redeemed by one payment on October 2, 1991 in the sum of \$65 million.
2. The Barclays Bank PLC loan which was contracted on May 7, 1985 in the sum of 27 million pounds will commence its first repayment on May 7, 1991 in the amount of \$24.4 million.
3. Natwest Investment Bank Limited Loan which was contracted on November 4, 1986 in the sum of US\$40.0 million will have amortization payments of \$11.4 million.

3.35 p.m.

4. County Bank loan which was contracted on July 23, 1985 in the sum of US\$25 million will have amortization payments of \$14.3 million.

Credit Controls

Credit controls are measures used by monetary authorities to control the volume of lending by financial institutions. Such controls form part of general monetary

policy. Between 1970 and 1990, the central monetary authority introduced selective controls on credit advanced by commercial banks and financial companies, particularly to the distributive and personal sectors to dampen the demand for imports. With the curtailment of such imports it is expected that the balance of trade will improve with a positive movement in the current account of the balance of payments. Reduced imports mean a saving of vital foreign exchange.

The credit controls now in place were imposed in October 1989 by the Central Bank on the personal and distribution sectors in order to control the level of demand in these sectors and thereby relieve some of the pressure on the balance of payments. Commercial banks and finance companies were required by 31st December 1989 to reduce such credit by 5 per cent of the level outstanding at 31st August, 1989. From June 1990 companies whose main activity was in distribution, but which were also involved in tourism, agriculture or manufacturing had their new credit for such activities exempted from the limit to the distribution sector. The imposition of these measures can be regarded as successful in that personal credit fell by 4.7 per cent and distributive sector credit by 14.6 per cent during 1990 when compared with the 1989 levels. Manufacturing and Tourism received 16 per cent and 8.2 per cent more loan funds respectively. Agriculture and Fisheries also received a 9.7 per cent increase. However, in view of the continued pressure on the foreign reserves, it will be necessary to retain these controls for a further period of time.

Credit controls similar to those now in place were imposed as early as 1977, when in January of that year the Central Bank directed commercial banks not to expand consumer installment credit beyond the level existing at 21st January, 1977. The banks were also required to effect a progressive reduction of credit so that by the end of December 1977 the amount outstanding should not exceed 75 per cent of the total outstanding at the same date, 21st January 1977.

These credit controls, with varying adjustments to the limits and with several amendments and concessions of one type or another, remained in force until 5th June, 1987.

Housing continues to be a major problem for our people and I have decided that a minor modification should be made to the credit restrictions for this sector. The restrictions will be removed in respect of the purchase of land, the purchase of houses already built at today's date and in respect of home improvements and repairs. I stand ready to approve such modifications formally in the usual way. The mortgage rate for new houses will be increased from 9 per cent to 10 per cent, but will remain at 9 per cent for existing mortgages.

International Economy

I turn next to the international economy. One of the inescapable consequences of being a very small open economy is our dependence on the rest of the world for the growth and investment on which the quality of our lives depend.

The performance of our visible exports, our tourism, and other services is dependent on a buoyant external economy. Inflation is transmitted through imports. The rest of the world meets our need for foreign capital.

The fall in output in Barbados coincided with much slower growth in our regional and extra-regional trading partners. The larger CARICOM economies in 1990 all continued on their IMF programmes with varying degrees of success. Growth was also slower in the other territories. Only in Dominica and Montserrat was growth higher than in 1989, and this was due to the reconstruction work after hurricane damage. In the other members of the OECS, growth, though positive, was lower than in 1989. In Guyana real output declined by approximately 2.0 per cent, while there was a modest recovery in Trinidad and Tobago and in Jamaica. Inflation in the region was generally higher than in the previous year, due mainly to higher energy costs.

In the major industrial economies, growth, except in Japan and Germany, was slower than in 1989. The German economy grew by 5.0 per cent in 1990 compared with 3.8 per cent in 1989 and in Japan, growth was 6.1 per cent compared with 4.8 per cent in the previous year. Output in the USA grew by 1.1 per cent, down from 2.9 per cent in 1990, the Canadian economy grew by half of one per cent, down from 1.5 per cent in 1989 and in the UK the rate of growth was 1.3 per cent compared with 1.9 per cent in 1989. Inflation was also slightly higher, except in Canada and Germany, as a result of higher oil prices and tighter conditions in the factor markets. In the external sector the surplus of Japan and Germany declined, and the deficits of the USA, Canada and the UK were also smaller than in the previous year. The economies of Canada, the United States and other countries experienced recessionary conditions.

In the capital markets there was a significant divergence in the movement of interest rates between the major countries. In the USA rates fell as the Federal Reserve Board cut its discount rate; but in Germany and Japan rates increased gradually. However, after the invasion of Kuwait, rates began to rise in most other markets. On the foreign exchange markets the yen weakened earlier in the year, but following the Middle East crisis, the dollar depreciated against all major currencies and gold prices fell by 2.4 per cent.

In sum, the net result of these positive and negative trends was a continuation of the severe challenge to the effective management of Barbados' economy.

Outlook for 1991

The performance of Barbados' economy in 1991 will be heavily influenced by developments in the economies of our regional and extra-regional trading partners. The expectations are that 1991 will be another year of weak growth with moderate inflation.
3.45 p.m.

In the capital markets conditions will be tight as the traditional surplus countries, namely, Japan and Germany and the Persian Gulf oil exporters use more of their capital to meet domestic needs. Financing of the war in the Gulf will also divert substantial amounts of capital, as is already evident in the case of Saudi Arabia which recently had to raise funds. The weak balance sheets of the international commercial banks will reduce their role in the global movement of capital.

The success of the Uruguay Round of the GATT negotiations to liberalise the international trading regime will be of utmost importance for Barbados. The failure of these negotiations will lead to much greater protectionism which will be in the interest of no one, either in the short run or in the long run. Even with a successful conclusion of the Uruguay Round, it seems certain that we will witness a division of the world into major trading blocs. We must therefore position ourselves to take full advantage of these developments, and respond positively to the Enterprise for the Americas Initiative proposed by President Bush.

Against this background, the economic conditions of Barbados will be as challenging in 1991 as they were in 1990. At best, real activity in Barbados may remain at about the same level as in 1990. The 1990-91 winter tourist season has been adversely affected by the Gulf war, and revenue losses in the industry range from 15% to 20%. With the present recession in the U.K. and the U.S.A., the summer is unlikely to be any better than in 1990. For the year, therefore, there is unlikely to be any growth in the tourist industry. Sugar production is expected to increase again this year but even though the recovery in the Trinidad and Tobago economy will enhance the prospects for exports of manufactured goods, output in the sector will still remain weak. The balance of payments will continue to be under pressure especially because of the weakness of the tourism sector.

In the public sector Government has budgeted current expenditure at \$1,350.1 million including amortisation of \$182.1 million, and capital expenditure of \$218.4 million. Revenue is estimated at \$977.6 million, and the deficit net of amortisation is projected at \$190.5 million or 6.1 per cent of estimated GDP in 1991. The main items of Government's current expenditure are wages and salaries 50.2 per cent, transfers 27.2 per cent, interest 10.4 per cent and goods and services 12.3 per cent while \$158.2 million or 72.4 per cent of the capital expenditure will go towards

the creation of new assets needed to enhance the productive capacity of the economy.

I next turn to the Budget Judgment.

BUDGET JUDGMENT

The analysis of the 1990 economic performance indicates that there are a number of issues which, if left unattended, will deflect the Barbados economy from its path of stable and sustainable growth. I have chosen this year therefore to concentrate on stabilising the economy so that in the decade ahead we can build on its strengths to generate the levels of output needed to sustain the quality of living which we have so far enjoyed.

We face the choice of taking action now, with all its attendant sacrifices, to stabilise the economy or of delaying action and paying the high price of disorderly adjustment with its unbearable social and economic costs. I prefer to take action now and seek to avoid a structural adjustment package imposed from outside with massive lay-offs, painful spending cuts in the public sector, devaluation of the Barbados dollar, and rising interest rates. I have already stated and I give the assurance again to this Honourable House: I have no intention of devaluing the Barbados dollar, nor do I intend to preside over massive lay-offs in the public sector.

Despite the dip in 1990, Barbados has emerged from the decade in the 1980s with an economy capable of generating the levels of output and employment needed to maintain and improve our standard of living. We have been able to build a well balanced economy based on tourism, manufacturing, agriculture, construction and the international financial business services sector. But the challenges in the years ahead, though not beyond our capabilities, will be much more demanding. In addition, therefore, to following an appropriate mix of economic policies, we will also have to pay more attention to institutional strengthening and the removal of any bias against exports in our existing package of incentives.

Two issues have emerged that cannot be left unattended in 1991. I refer to the twin deficits: the fiscal deficit and the balance of payments deficit. If there is one lesson that has emerged from the rest of the world, it is that failure to keep the fiscal deficit within prudent limits quickly leads to other economic problems especially in the balance of payments.

Two weeks ago, this Honourable House approved the estimates of revenue and expenditure which show a projected deficit of \$190.5 million or 6.1 percent of GDP. This deficit will present severe financing problems and will undermine the viability of the balance of payments. Indeed, I have been urged to reduce the deficit to 2.5 percent of

GDP. However, this is too draconian an adjustment in one year. I have therefore settled on a level for the deficit at around four percent of GDP or \$119.8 million. This I will seek to achieve by raising net revenue of \$68.2 million, which will bring total revenue to \$1,045.8 million or 33.5 percent of GDP, and only 2.2 percentage points higher than the average ratio of revenue to GDP for the fiscal years 1985/86 to 1989/90.

The second issue to be addressed is the balance of payments. Experience from within the region and from further afield clearly shows that small, open economies must adjust to the constraints imposed by the external sector. In this adjustment process, there is a definite role for individuals, for the private sector, for the other social partners, and for government to play, if we are to avoid deterioration in productive capacity, exodus of human and financial capital, loss of voluntary access to the international capital markets, and decay of social systems. In the short run we can adjust by reducing total spending and by borrowing, but in the long run, we must stimulate the production of goods and services for sale to the rest of the world.

In Barbados, the balance of payments in 1990 deteriorated quite sharply and no significant recovery is expected in 1991 unless we are successful in curbing consumer spending and in stimulating exports of goods and services. To curb consumer spending, I will in a little while be announcing taxation measures. I will also be taking measures to stimulate the tourism sector.

Exports

Barbados is a small, open economy in which a substantial part of its economic activities consists of importing goods and services from other countries and, conversely, exporting goods and services to other countries. In the end, our viability as a country will depend upon our ability to pay for the goods and services we need to import through the earning of the required foreign exchange from the sale of our goods and services abroad. The market for traded goods and services, namely those that trade in the international economy, is of critical significance for us. 3.55 p.m.

The national interest therefore requires that our stabilisation thrust and our international trade policy should be directed towards expanding Barbados' exports of goods and services, increasing employment opportunities both directly and indirectly, increasing our total output of goods and services, and helping to correct our balance of payments deficit.

We must make the effort. We can do it. I call upon all Barbadians to make that effort. We must adopt outward-looking, export-oriented strategies. This is now everybody's business. Present and potential exporters should consider

that exports can become a significant part of their total sales and profits, that they can utilise economies of scale in production, marketing and distribution and they can spread fixed costs over more products. Of course there are challenges and risks. Market information, including the needs and tastes of buyers, become important. Communications may be more difficult, so too may be business practices, financing arrangements, and transportation. But the effort must be made and it can be rewarding.

Our primary objective therefore is to stimulate the export sector in order to increase our earnings of foreign exchange. We are now considering a number of measures which are expected to improve the situation over the long-term. However, the problem is one which requires that there be an almost immediate turn-around, and the two areas where that is possible in the short-term are tourism and cotton.

BUDGETARY PROPOSALS

I now turn to the fiscal measures which are designed to reduce the size of the fiscal deficit, to provide a stimulus to the export sector and to give some measure of protection to the balance of payments position.

Income Tax

As I indicated on previous occasions, whenever possible more money should be placed at the disposal of the individual. However, in the present circumstances, it is not possible to maintain the existing level of services, improve the infrastructure, and in addition expend large sums of money in our effort to stimulate the productive sectors, especially those which earn foreign exchange, without raising additional revenue.

During the debate on the Estimates I pointed out that firm measures are necessary this financial year. There is urgent need to stabilize the economy, to reduce the fiscal deficit, and to protect the balance of payments position through the dampening of aggregate demand.

Effective from this income year, therefore, I have decided to introduce a Stabilisation Tax of 1.5 per cent on gross income from all sources except pensions.

The Stabilisation Tax will apply to all individuals and will be administered as follows:-

- (1) From income year 1991, the tax will apply to gross income earned between April 1 and December 31, 1991, and not the period 1st January to 31st March, 1991.

- (2) In the case of income from dividends, the tax will apply to the amount of dividends actually received and not to the grossed up amount.
- (3) The Stabilisation Tax is separate from the normal Income Tax and will apply to the gross income of all individuals, whether they earn \$15 000 or less in an income year.
- (4) There will be no refunds except in cases where an individual has overpaid.
- (5) Where Travelling and Entertainment Allowances are paid in excess of \$600.00 per month, separately, the excess is to be included in the calculation of gross income.
- (6) In the case of employees, the Stabilisation Tax will be deducted by employers at the same time that the PAYE deductions are made and should be paid over to the Commissioner of Inland Revenue separately.

Self-Employed Persons

In the case of the self-employed, the Stabilisation Tax of 1.5 per cent will be applied on the net income from trade or business in addition to the gross income from all other sources, excluding pensions.

Pre-payments of the Stabilisation Tax will be made on the 15th June, 15th September and 15th December and should represent 15 per cent of Income Tax pre-payments normally made on those dates.

General

- (1) the Stabilisation Tax will not be deductible for Income Tax purposes;
- (2) losses will not be taken into account in the calculation of the Stabilisation Tax;
- (3) where income is reported on a fiscal year basis, an apportionment may be made for Income Year, 1991, to exclude income for January to March 1991;
- (4) all individuals whether subject to Income Tax or not will be required to submit to the Commissioner of Inland Revenue a return of his or her gross income, showing the Stabilisation Tax payable.

Mr. Speaker, on this occasion I have decided that the additional burden will be borne by all individuals, including those persons who earn \$15 000 per annum or less, since it seems to me to be a more equitable alternative than to

imposing the tax on the same basis of the Surcharge on Incomes which was implemented in 1988.

For example, in the case of a person who has income of \$55 316 per annum, if the Stabilisation Tax was applied on the same basis as the Surcharge, the tax payable would have been computed as follows:-

- (1) the special allowance of \$15 000 would have been deducted, leaving taxable income of \$40 316;
- (2) the tax on the first \$35 000 at 5 per cent would have been \$1 750 per annum or \$145.83 per month;
- (3) the tax on the remaining \$5 316 at 7.5 per cent would have been \$398.70 per annum or \$33.23 per month making a total of \$179.06 per month.

However, with the Stabilisation tax of 1.5 per cent such a person will pay \$69.15 per month.

In the case of a person with income of \$25 000 the tax payable on the basis of the Surcharge would have been \$41.66 per month, compared with \$31.25 per month on the basis of the Stabilisation Tax at the rate of 1.5 per cent on gross income.

Mr. Speaker, a person with gross income of \$15 000 per annum who now pays no Income Tax, will be asked to pay \$18.75 per month or \$225.00 per annum. That is a small contribution for such a person to make in the present circumstances.

The Stabilisation Tax is expected to yield additional revenue of \$30.0 million.
4.05 p.m.

Social Security

The Severance Payments Scheme came into operation on 1st January, 1973 and provided for the payment of compensation to employees who are dismissed by reason of redundancy or natural disaster or who terminate the contract of employment after a period of lay-off or short-time. The compensation is paid by the employer who is entitled to a rebate from the Severance Fund.

The Severance Fund is financed exclusively by employers' contributions. Originally the contribution was a fixed amount which varied according to six wage brackets. As from 1978 the contribution is assessed as a percentage on the wage of the employee. From January, 1978 to December 1978 the contribution was 0.6 per cent and was reduced to 0.50 per cent as from January 1979. The contribution was further reduced to 0.25 per cent as from January 1982, and this rate is still applicable.

Within the last decade the scheme has generally been faced with severe cost overruns annually. After experiencing an operational surplus up to 1983, substantial deficits were incurred in the subsequent years, particularly in 1985 and 1986 due to the combined effect of an increase in rebates to employers from 10 per cent to 25 per cent as from April 1984 and increased unemployment and related liquidations of key industrial concerns.

A \$10 million loan was extended to the Fund by Central Government in 1987, since at that time the resources of the Fund have been depleted. The Severance Payments Fund has again been depleted and at December 31, 1990 owed the Consolidated Fund \$3.4 million and had contingent liabilities in respect of rebates and employee payments of \$7.6 million.

The Fund is in difficulty and needs to be replenished. The social desirability of the Scheme is not in doubt and has been accepted by all parties to the social contract. What is at issue is whether the benefit payable under the Severance Payments Scheme should be fully duplicated by the Unemployment Benefit Scheme.

Whereas the emphasis for the provision of compensation under the Severance Payments Scheme is for the loss of the job, the payment is made whether or not unemployment follows the dismissal. On the other hand, the Unemployment Benefit Scheme which is not in financial difficulty, covers the contingency of loss of earnings because of involuntary unemployment, whether the loss of earnings is total or partial because of lay-off or short-term, even though the contract of employment continues to exist.

It is my information that all parties – both the employers' and employees' organisations, and certainly this Government are agreed that both Schemes must be maintained. There is the need to co-ordinate the benefits so as to avoid the duplication mentioned earlier, which cannot be justified from the social and economic point of view.

I shall therefore be convening a meeting of all the parties to review the recommendations of the ILO expert and the National Insurance Board and to take a final decision on the modifications to be made to both Schemes.

In the meantime steps have to be taken immediately to restore the Severance Payments Scheme to financial viability.

I therefore propose to –

- (a) grant a moratorium of two years to the Fund on the payment of interest and principal due in respect of the \$10 million loan from the Consolidated Fund; and

- (b) increase the rate of contributions payable by employers from 0.25 per cent to 1.00 per cent with effect from April 1, 1991.

This measure will raise contribution income of \$6.4 million in a full year.

Consumption Tax

Mr. Speaker, as you are aware the Common External Tariff came into effect from April 1. As a result of the changes in the Tariff, it is expected that there will be a loss of revenue of \$20.0 million. In fact, the Revenue Estimates of \$977.6 million will be recovered.

Therefore, my first objective is to recoup that amount through adjustments to the Consumption Tax Schedule and the elimination or reduction of some of the concessions which are now granted in areas where the rates of duty were fairly high but have been reduced under the new Common External Tariff.

In addition, it is necessary to take steps to raise additional revenue to reduce the size of the fiscal deficit. The gap will be partially closed through the reduction of expenditure but additional revenue will still be necessary.

Therefore, with immediate effect there will be increases in the Consumption Tax as follows:

- (i) the basic rate of 10 per cent except in the case of liquified gas under Headings 27.11.1 and 27.11.2 will be increased to 12 per cent;
- (ii) liquified gas under headings 27.11.1 and 27.11.2 will pay Consumption Tax at the rate of 40 per cent regardless of the source;
- (iii) all other *ad valorem* rates, excluding those which apply to motor vehicles, will be increased by 2 percentage points;
- (iv) those motor vehicles which have a chargeable value not exceeding \$30 000 and now pay tax at the rate of 50 per cent will pay at the rate of 60 per cent, while those which now pay at the rate of 70 per cent will pay at the rate of 80 per cent.

Alcoholic Beverages and Tobacco

With immediate effect the Consumption Tax on certain alcoholic beverages and tobacco will be increased as follows:

Whisky, Gin, Brandy, Vodka

(Headings Nos. 22.09.01, 22.09.02, 22.09.04 and 22.09.05)

	Present		Proposed	
	CARICOM	Non-CARICOM	CARICOM	Non-CARICOM
	\$	\$	\$	\$
(i) Other - per litre	12.00	15.00	14.00	17.00

Tobacco

	Present		Proposed	
	CARICOM	Non-CARICOM	CARICOM	Non-CARICOM
	\$	\$	\$	\$
(i) Cigars and)				
Cheroots,) per kg	22.00	22.00	23.00	23.00
Cigarillos)				
(ii) Cigarettes per 5	0.45	0.45	0.50	0.50

Petroleum Prices

Government's stated policy on energy is that while conservation is an important feature of our strategy, when the cost of crude falls the consumer should benefit through reduced prices and when the cost rises, the consumer should carry a reasonable part of the burden.

4.15 p.m.

From January of this year, there has been a decline in the world market price of crude oil, but it is expected that in the coming months there will be some rise in the price. Under these circumstances my Government will continue to monitor the current situation. The present price of petroleum products except for liquified petroleum gas (LPG) and fuel oil will be maintained until a definite trend emerges.

Therefore, with immediate effect the surcharge of five cents per litre which was added to fuel oil in October will be removed. This should result in a reduction in the cost of electricity as well as in a reduction in the price of fuel oil to those manufacturers who use it. In the case of LPG the reduction in prices will be as follows:

- (i) 100 lbs cylinder \$90.00 instead of \$102.00;
- (ii) 25 lbs cylinder \$22.50 instead of \$26.00;
- (iii) 20 lbs cylinder \$18.00 instead of \$21.00.

In the case of gasoline and diesel the additional surcharge imposed in October will be removed. The consumption tax accruing to the Government will be

increased by 10 cents per litre. The wholesalers' and dealers' margins will remain unchanged.

There will be no change in retail prices of these products.

Computers

Last year, I removed the Import Duty and Consumption Tax on computers and software in an effort to promote the use of computers in businesses and to encourage individuals to improve their skills in this area. On this occasion, I will remove the Import Duty and Consumption Tax on parts so that whether the computer is imported assembled or in parts, it will not attract Import Duty or Consumption Tax. Also, spare parts will be free of those imports. These changes are to correct certain anomalies in the present situation and they take immediate effect.

Packaging Materials

During my recent discussions with members of the manufacturing community, it was drawn to my attention that there are a number of small matters that inhibit the rapid expansion of the export sector and immediate steps will be taken to resolve those problems.

In an effort to assist the development of our pharmaceutical industry, I have decided to remove the Consumption Tax on packaging materials for use in that industry and in all other manufacturing activities with immediate effect.

The additional revenue from all of these measures is estimated at \$60.0 million.

Fees Payable under the Wireless Telegraphy Act

The fees which are charged under the Wireless Telegraphy Act were last increased in 1983. The time has therefore come for them to be raised to be brought more in line with the cost of monitoring such activities. Therefore, with immediate effect the fees payable under that Act will be increased as shown in the Appendix.

Additional revenue of \$84,500 is expected.

Fees Payable by Insurance Companies

Except for a minor adjustment in 1985, the fees which are paid by Insurance Companies have not been changed since January 1982. The fees for 1991 have been paid already, but I have decided that from January 1, 1992 changes will be made to some of the fees as follows:

(a) Annual Registration Fees

	<i>Present</i>	<i>Proposed</i>
	\$	\$
(i) An Insurance Company (writing new business)	3,000	5,000
(ii) An Insurance Company (not writing new business)	3,000	3,000
(iii) An Association of Underwriters	3,000	5,000
(iv) An Individual Company or Firm of Brokers	2,000	3,000
(v) An Individual Company or Firm of Agents	1,200	2,000

(b) Tax Payable by Associations of Underwriters

Section 20 of the Income Tax Act Cap 73 stipulates that 15 per cent of the total amount of the gross premium derived from Barbados is deemed to be assessable income of an Association of Underwriters.

Prior to 1986, the Corporation Tax rate was 45 per cent and that meant that the effective rate of tax paid by an Association of Underwriters was 6.75 per cent of Gross Premium. However, with the reduction of the Corporation Tax Rate to 35 per cent the effective rate payable on Gross Premium was reduced to 5.25 per cent.

It is my view that the rate of tax payable should be at least 10 per cent of the Gross Premium and therefore effective from income year 1991 the assessable income will be increased from 15 per cent to 30 per cent.

Additional revenue of \$125,000 annually is expected from the above changes.

Drivers Licences and Related Charges

The Government continues to provide better roads for motorists and other members of the public, as well as various improvements to make travelling on the road relatively safe.

It is true that there is a Transport Levy but the costs of providing these services is far in excess of the amount collected through the Transport Levy. Therefore, occasionally it is necessary to ask the users of those services to assume a greater share of the cost. With immediate effect, the following changes will be made:

(a) Drivers' Licences

	<i>Present</i>	<i>Proposed</i>
	\$	\$
(i) Driver's Licence for 1 year	40.00	50.00
(ii) Driver's Licence for 3 years	100.00	125.00
(iii) Driver's Test	40.00	50.00
(iv) Driver's Permit	30.00	40.00
(v) Renewal of Permit	25.00	35.00

(b) Motor Cars

	<i>Present</i>	<i>Proposed</i>
	\$	\$
Exceeding Not Exceeding		
(i) — 1,150 kgs	240.00	265.00
(ii) 1,150 kgs 1,350 kgs	300.00	330.00
(iii) 1,350 kgs 1,550 kgs	540.00	600.00
(iv) 1,550 kgs —	960.00	1,060.00

	<i>Present</i>	<i>Proposed</i>
(c) Motor cycles	\$100	\$ 120.00

(d) Inspection of Motor Vehicles

	<i>Present</i>		<i>Proposed</i>	
	Exam.	Cert.	Exam.	Cert.
	\$	\$	\$	\$
(i) Heavy Motor Cycles	7.50	3.00	10.00	5.00
(ii) Light Motor Cycles	7.50	3.00	10.00	5.00
(iii) Motor Bicycles	7.50	3.00	10.00	5.00
(iv) Private Cars	37.50	15.00	45.00	25.00
(v) Public Service Vehicles	37.50	15.00	45.00	25.00
(vi) Goods Vehicles	37.50	15.00	45.00	25.00
(vii) Tractor, Trailers	37.50	15.00	45.00	25.00

Additional revenue of \$1.6 million is expected from those increases.

Departure Tax (Airport Service Charge)

It is now accepted that users of the Airport should carry a portion of the cost of maintaining and upgrading the facilities. As a result, there is hardly a country which does not charge a Departure Tax. The present tax of \$20 per person was fixed in 1989 and it is felt that a small increase should be levied on this occasion. As a result, with immediate effect, the Airport Service Tax or Departure Tax will be \$25.00 instead of \$20.00. Additional revenue of \$2.4 million is expected.

Commercial and Semi-Commercial Government Agencies

The operations of all commercial and semi-commercial Government Statutory Corporations are being reviewed because they will be expected to at least cover their operating costs. In this regard, statutory corporations

such as the Barbados Water Authority, the Post Office and the National Housing Corporation, will be reviewing their entire operations including the fees which they now charge and appropriate adjustments will be made where necessary.

Agriculture and Tourism

A comprehensive review of the various concessions which are granted to the agricultural sector is being undertaken to ensure that they are serving the intended purpose and are not being abused. This will apply especially to the concession which was granted two years ago to allow persons engaged in agriculture to obtain vehicles free of import duty and stamp duty.

As I stated earlier, our primary objective is to stimulate the export sector in order to increase our earnings of foreign exchange. The problem is one which requires that there be an almost immediate turn-around, and the two areas where that is possible in the short-term are tourism and cotton.

Therefore, I have decided that \$2.0 million will be made available for additional promotion in the area of tourism and \$1.0 million will be placed at the disposal of the cotton industry to put it in a more secure position.

The budgetary proposals which I have outlined are expected to yield net additional revenue of \$74,209,500 as follows:

Net Revenue

	\$
Stabilization Tax	30,000,000
Consumption Taxes	60,000,000
Fees under the Wireless Telegraphy Act	84,500
Insurance Fees	125,000
Drivers Licences, Vehicles Registration, etc.	1,600,000
Airport Service Charge (Departure Tax)	2,400,000
	<u>94,209,500</u>
Less \$20.0 million which is included in Revenue Estimates of \$977.6 million	<u>20,000,000</u>
Net additional revenue	<u>74,209,500</u>
Additional Expenditure for Tourism and Agriculture	3,000,000

CONCLUSION

Mr. Speaker, I have explained in simple but stark terms the economic realities, national, regional and international, which are impacting upon life in Barbados, and which have influenced and informed the nature and content of this Budget. There can now be no doubt in the minds of anyone that the economic dip of the financial year just ended will make this new financial year a time of challenge, requiring steadfastness of purpose and courage

of conviction as we seek to rise to those challenges. When a country experiences slippages, it is not unusual for the faint-hearted to lose purpose and confidence, and to doubt the ability of government and people to map out new ground for stability and growth.

In these circumstances, it is the responsibility of leadership to rise to the occasion, and to take positive action. That is why I have asked Barbadians to make a sacrifice, a sacrifice which must be borne by each and every one of us from the Prime Minister to the maid in the public service, from the head of the biggest corporation to the humblest labourer in the field, thereby creating equity in the distribution of that burden. At the same time, these budgetary proposals, posited on the theory of self-reliance and self-denial, seek to create stable socio-economic and political conditions.

Notwithstanding the fact that this Honourable House has authorized total expenditure of \$1,350.2 million, that sum may be reduced if the exigencies of the financial situation so dictate. For under the Financial Administration and Audit Act, the Minister responsible for Finance may in his discretion, limit or suspend any expenditure charged under any Appropriation Act or under any resolution of Parliament, if in his opinion the exigencies of the financial situation make such limitation or suspension necessary.

During this Debate, Mr. Speaker, you will hear the charge that by introducing the stabilization tax and implementing it across the board, that we have failed to keep our promises. But, Sir, I have never promised that there would be no new taxes. And I have always argued that if there are sacrifices to be made, all must bear some share in that sacrifice. For when we speak of a developmental concept like self-denial, we are calling on everyone who is able to make a contribution, however small, to the well-being of the society, to do so. If this means missing the cinema a few times, passing over for a time those "brand name" shoes or designer apparel, that is not too great a sacrifice for our future well-being and for a healthier economy.

You will hear, Mr. Speaker, that this is a harsh budget. The people of this country elected my Democratic Labour Party Government to office, despite the pic-in-the-sky promises and give-aways flaunted by the opposition parties. For the people knew that we would not hesitate to take appropriate measures in the interest of all in the society, just as in the past we have not hesitated to share the wealth of the society with the people.

Sir, we have heard and will hear that, rather than introduce tax measures, we should drastically cut expenditure. But we have already curtailed, prior to the approval of the Estimates, the appetite of the various government departments and agencies to spend at higher levels. Now that the Estimates have been approved, let me

repeat that I intend to restrain further expenditure from the public purse. I intend to reduce wastage, and even put some projects on the back burner, if it becomes necessary.

Mr. Speaker, today we face our own peculiar hour of decision and the nature of our problems dictates that we must get to work immediately. Time will not stand still, hence we must not stand idle. We owe it to ourselves, to our nation and, most important, to our children who will inherit one day this land.

4.35 p.m.

As I have said before, "Let us not seek refuge in escapism and drown ourselves in a sea of excuses."

To be forewarned is to be forearmed, and the small sacrifices which we are here today asked to make can only serve to forestall greater hardship in the future. Let us now work together to protect what we have achieved in the past. Let us now lay the foundation for lasting improvement in the quality of life in our country.

RESOLUTION

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I would like to move the following Resolution:

WHEREAS recessionary conditions adversely affected growth in the international economy, including the growth of our major trading partners:

AND WHEREAS Barbados also suffered a contraction in real output in all major sectors except agriculture and international financial and business services, but was nevertheless able to keep inflation at the low rate of 3.1 percent:

AND WHEREAS it is imperative that steps be taken urgently to correct imbalances in the public finances and the balance of payments and the economy generally:

BE IT RESOLVED THAT this Honourable House endorse the measures in the 1991 Financial Statement and Budgetary Proposals which seek to stabilise the economy and to safeguard and improve the quality of life in our society.

Hon. H. A. BLACKMAN: Mr. Speaker, I beg to second that and reserve my right to speak.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, there is no more business for this afternoon and I therefore move that this sitting be suspended until 3:00 p.m., Wednesday, April 3rd, 1991.

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

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

ON RESUMPTION

Mr. SPEAKER: This sitting is resumed. The Honourable Member for St. Peter.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Rt. Hon. Prime Minister has made a major issue out of the fact that in the process of his preparation of his Financial Statement and Budgetary Proposals he went to great lengths to consult with a wide cross-section of interest groups in Barbados. For that, Sir, he is to be commended. But while he may have consulted with these various groups the character of the Budget which was presented to the House yesterday would seem to suggest that in the final analysis he listened to the advice of one man and one man only. It certainly was not the resident economic guru of the DLP, the economist who serves in the Other Place whose advice to the Minister tendered in the Senate last week not to raise taxes has clearly been ignored. This Budget has in fact made a fool in public of that Senator. Nor was that one and only one man, the junior Minister of Finance, whose distaste for an increase in taxes at this time is as great as that of the economist who serves in the Other Place.

Hon. P. M. GREAVES: On a point of order, Sir. I regret having to interrupt the Honourable Member at this time. But the Honourable Member is completely out of order in making that kind of reference to an Honourable Member from the Other Place. I am moving, Sir, that the Honourable Member is out of order.

Mr. SPEAKER: The Honourable Member has made an observation which I believe if the Honourable Member will try to move away to some extent so as not to give the impression that the Rules of the House are in breach, I would suggest to the Honourable Member that he could take heed to that caution.

Mr. O. S. ARTHUR: As I was saying, Sir, nor was it the junior Minister of Finance whose distaste for an increase in taxes at this time is as great as that of the economist who serves in the Other Place. The person on whose judgement the Rt. Hon. Prime Minister primarily depends obviously had to be a leading local calypsonian who has been urging the Prime Minister for some time to "Beat them Sandi, beat them."

The Prime Minister would have us believe that his Budget is designed to bring about some modest adjustment in the economy, an adjustment which has been made

necessary because of the impact on the economy of certain adverse developments which were not anticipated and were beyond his administration's control and to which his administration did not contribute. The Prime Minister would want us to believe all of these things.

We are now told about the storm clouds which threaten the economic landscape with foul weather, that it is now timely to take protective and corrective measures by each of us making a small sacrifice in the national interest. I submit to the House that this is merely a set of rhetoric. The brutal truth, Mr. Speaker, is that the Budget of yesterday was nothing more than the first step in what it turned out to be, a series of efforts by the Democratic Labour Party administration to attempt to clean up the terrible economic mess it created in Barbados over the last year in pursuit of partisan political advantage. It is the first instalment in a savage price that Barbados will have to pay for the DLP's practice of the paramountcy of the Party.

The bitter truth, Sir, is that the Barbados economy which the Government is now prepared to admit is in a state of shambles was not overtaken by economic circumstances outside and beyond the Government's control. The fact is that the economy was deliberately driven into the ground by an administration which decided to go for growth in 1990 purely because 1990 was the eve of an election year. The Government cannot reasonably profess that it was not forewarned regarding the likely consequences of its actions. Rather it sought to discredit all Opposition spokesmen who urged it to pursue a path of caution and prudence in the words, if I may quote the Rt. Hon. Prime Minister that: "We were nothing more than a ragtag band of prophets of gloom and doom." The Government now cannot reasonably dispute that it has used every device hitherto to camouflage the true state of this country's economic affairs purely for the purpose of political advantage, Mr. Speaker. As such rather than taking timely, protective, corrective measures to preempt the occurrence of economic difficulties it suited the Government until now to let the Barbadian economy go on the slide. The evidence before the House is abundantly clear. The public was told, during the course of the General Election campaign, that Barbados has never had it so good. Many spokesmen on behalf of the Government, although having all of the relevant information at their disposal concerning the performance of the economy in 1990 sought to take refuge and play hide and seek by providing the public only with information on 1989 as a way of lulling the public into a false sense of security.

Worse, Sir, the publication of information about the economy was deliberately suppressed for fear that its publication would have adversely affected the electoral fortunes of the Democratic Labour Party. I charge, Mr. Speaker, that the Government was even prepared in 1990 to break the law as it did with the overdraft at the Central Bank rather than take timely, protective and corrective

measures which it would now wish to persuade us are so entirely in the national interest.

In the course of my presentation I wish to establish and to concur in the sentiments expressed by the Prime Minister that the Barbados economy has reached a decisive turning point at which its future viability will depend on the thinking of strong and imaginative structural adjustment measures to set it on a more vibrant path. I want to concur in that view that this economy has reached a crucial turning point at which structural adjustment measures of an imaginative character must be put in place. We are all of one mind on that point. The budget however, Mr. Speaker, will not in my judgement succeed in bringing about any constructive adjustments as desired for the following reasons:

- (1) Despite the Prime Minister's request that: "Let us not seek refuge in escapism nor drown ourselves in a sea of excuses", he has done precisely that. First he has presented a picture of the state of the economy that is not accurate, is misleading and he has therefore misrepresented the nature of the adjustment that has to be undertaken in this economy.
- (2) His explanation of the causes of our economic problems are way off the mark and that will make it extraordinarily difficult for the appropriate solutions to be put in place by Government.
- (3) Government's policies as expressed in the nature of the measures he has introduced and has been practising are not consistent with each other. As such no real prospect exists therefore, Mr. Speaker, for the economy to achieve growth, for the economy to correct the balance of payments problem which has been identified as the main problem facing the economy nor to address the fiscal problem which has been identified as the second main priority to be tackled.
- (4) Mr. Speaker, the specific tax measures which have been portrayed as slight little measures which will only require a small sacrifice on the part of those asked to pay them are not in fact little, small measures that will only require a small, little sacrifice. Barbados has in fact been visited with the heaviest dose of taxation in the country's history.

3.10 p.m.

The Prime Minister has not taken the time to outline the items affected by the Consumption Tax, he glanced at the matter, Sir, in a paragraph or two and I will have this afternoon, Sir, to fully expose what is involved by way of

the imposition by Government of \$60 million in consumption tax.

The starvation tax, Sir, sorry, the stabilization tax will be punitive, Mr. Speaker, on low income earners and particularly, Sir, companies which have recently experienced losses and are set, Sir, to recover their vibrancy. In relation to the tax measures, Mr. Speaker it is clear the country is set to realise a potential bonanza because of the fall in the cost of energy products but the Government in the manner in which it has adjusted taxes on energy products, Sir, has chosen to hold that bonanza for itself rather than to pass it on to the public which will at the same time be adversely affected, Sir, by the increased consumption tax and the new starvation, sorry Sir, stabilization tax.

Mr. SPEAKER: I think the Honourable Member must I think the error has been made twice. If you believe that you have made an error, I think it is but fair that you should ask to withdraw that statement and put it in its place. I think it occurred twice and I would ask the Honourable Member just to put it in its right perspective.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, everybody in Barbados, Sir, would agree that the Government has correctly identified that the problem of export development, Sir, is one of the main problems that need to be dealt with. The Government Sir, has said that it wants to put this problem, Sir, on the front burner and having put it on the front burner it has proceeded, Sir, to turn off the stove, because the measures, Sir, that have been advanced to promote export development in this country, Sir, are completely lacking in imagination and are hopelessly inadequate, Sir, to deal with the magnitude of the problem which has to be addressed, and, Mr. Speaker, in the course of my presentation I will seek to establish the validity of that assertion beyond any shadow of a doubt.

In relation, Sir, to public finances, I submit to the House that the Minister of Finance has only dealt with the tip of the iceberg, Sir. After raising taxes, Mr. Speaker, Government this year is left with a gap of \$248 million that needs to be closed. I want to repeat that for the benefit of the House, Sir; that after Government has raised taxes, Sir, and after Government has identified its sources of soft financing from institutions such as the World Bank and the Inter-American Development Bank and the Caribbean Development Bank, Sir, there is still a gap of \$248 million that remain to be dealt with and the ways, Mr. Speaker, in which that gap will be closed has not been discussed and I submit to the House, Sir, that \$248 million puzzle has tremendous and very distressing implications for policy in the immediate future.

This budget, therefore, Sir, is going to be the first in a series of measures which the Government – it is the first instalment, Mr. Speaker, in a series of measures that the

Government will have to undertake to clear up an awful mess that it brought about in Barbados, Mr. Speaker, in 1990, purely out of a desire to secure a cheap partisan political advantage.

I deal, Mr. Speaker, first with the economic performance. I think the House, Mr. Speaker, will agree that in order for there to be a constructive adjustment that one must yet carefully analyse the causes and the extent of the problems to be redressed, Sir. One cannot find a correct solution unless one diagnoses the situation correctly.

The Government has told the House, Mr. Speaker, that in 1990 the Barbados economy declined by 3.1 per cent. Last year when the Minister of Finance presented his Budget to the House he said then that the economy was expected to grow by at least 2 to 2.5 per cent with tourism and manufacturing expected to lead the way. He said, Sir, that growth would have continued in construction, and I am citing, Mr. Speaker, the Financial Statement and Budgetary Proposals that was presented to the House on Wednesday May 2nd, 1990 on pages 10 and 11, Sir. He said, Mr. Speaker, that construction was anticipated to increase and that all would have been well with the Barbados economy.

The economy, Sir, that was expected to rise by 2.5 per cent has declined by 3.1 per cent, and the argument, Sir, that is now being advanced by Government is that the contraction in the Barbados economy bears a direct relationship to the recessionary conditions which affected our major trading partners. That argument, Sir, is advanced by the Minister of Finance at page 4 of his Financial Statement and Budgetary Proposals and what he means to tell us Sir, is that the value of goods produced in Barbados fell because the value of goods and services produced in the main countries with which we trade fell by a corresponding amount.

The evidence, Mr. Speaker, that is contained in the economic report that was laid before the House, yesterday, Sir, does not in any respect bear out the assertion by the Government that the problems of the Barbados economy in 1990 were caused by an international recession. What is the evidence, Mr. Speaker? The evidence as presented on page 2 of the Economic Report, Sir, laid before this Honourable Assembly, yesterday, showed that the economy of every major industrial country expanded in 1990 – Canada Sir, by 0.5 per cent, France 2.8 per cent, West Germany 5.8 per cent, Japan 6.1 per cent, United States of America 1.1 per cent and United Kingdom, Sir, 1.3 per cent. The economy of every major international country expanded in 1990.

As regards the Caribbean, Mr. Speaker, the evidence is, and this is the evidence that has been presented by Government in its Economic Report that the Belize economy expanded in 1990 by 7 per cent, Dominica expanded by 7 per cent, Grenada expanded, Mr. Speaker, by 5 per cent, Jamaica expanded by 2.5 per cent,

St. Lucia expanded by 4.4 per cent and St. Vincent and the Grenadines expanded by 4 per cent. The only economy in the Caribbean which declined last year was the Guyana economy. Barbados, Sir, now finds itself in the same boat as Guyana.

So, the argument, Mr. Speaker, that Barbados' recession last year was caused by an international recession simply does not stand scrutiny when one examines the very statistics that the Minister of Finance presented to the House yesterday.

I submit to the House, Sir, that our economic problems in 1990 were home grown, that the economic recession, Sir, in fact did not begin in 1990, that it in fact, Mr. Speaker, began in the last three months of 1989, and this argument, Sir, will stand up, when we examine the course of events beginning in 1987 which culminated in the decline in 1990.

Our economy, Mr. Speaker, since 1987 has been driven by growth in tourism, I concede that, Sir, growth in the construction sector and growth in the distributive and manufacturing sectors. These things are true. There was growth in the Barbados economy between 1987 and 1988, because of the expansion of tourism, construction and manufacturing.

In the last three months of 1989, Sir, there was a downturn in tourist arrivals in Barbados. Arrivals for October, November and December of 1989 were less, Mr. Speaker, than for the corresponding months in 1988, and I will cite the evidence for the benefit of the House. In October 1988, 39,302 tourists came to Barbados. In October 1989, 33,933 tourists came to Barbados, Sir, a fall, Sir, of almost 6,000.
3.20 p.m.

In November 1988, 41,035 tourists came to Barbados. In 1989 38,551 tourists came and in December 1988 44,991 tourists came to this country. In December 1989 41,631 tourists came, so you will see clearly, Mr. Speaker, that the decline in tourist activity did not begin in 1990, it started in the last quarter of 1989. That decline continued into 1990, despite the growth in arrivals to most other Caribbean destinations as a group.

In the latter half of 1989 the Government decided to introduce certain credit controls in order to protect the balance of payments. The Central Bank Report for 1989 tells the story of the impact that the introduction of those credit controls had on the fortunes of the construction sector, and I cite for the benefit of the House, Mr. Speaker, the Central Bank Report for 1989 at page 5. It says:

"Construction activity remained high in 1989 though it slackened in the latter months of the year, as a result of tight liquidity in the banking sector. For the last

five months of the year, the fall off was about 13%,....."

So the two sectors which were driving the Barbados economy prior to 1989 started to decline in the last quarter of that year. First, tourism in the context of a situation where the rest of the Caribbean was continuing to experience growth in the tourism sector, and then construction as a result of the introduction by the Government of credit control measures. The decline in those two sectors, which were the leading sectors up to 1989, was compounded by an additional fall off in activity in manufacturing and the distributive trades in 1990, as the Economic Report concedes, due to the very credit control measures the Government had put in place to deal with the balance of payments.

Mr. Speaker, Sir, what are the simple implications of the facts with which the House is being presented? The downturn in our economy was caused principally by policies put in place to protect the loss of foreign exchange. The Government must tell the public this: that it was faced in 1989 with the need to put in place policies to prevent a loss of foreign exchange, and that the trade off, the price that has had to be paid for the institution of those measures, has been a decline in the economic sectors that used to lead the growth in our system.

The additional point, Sir, is that so long as our balance of payments remains in a state that requires Government to protect it by policies such as credit controls, to that extent and for that reason this economy will fail to grow, despite whatever else is happening in the international economy. I have to repeat that point, Sir, that so long as the balance of payments of Barbados remains in a state that requires the Government to protect it by the use of policies such as credit controls, to that extent and for that reason, the economy will fail to grow, despite whatever else is happening in the international economy. The economy, in short, is caught between a rock and a hard place.

The logical question that arises is simply this. How bad now is the state of the balance of payments? To what extent, and how soon, can Government move away from its present posture of having to defend the balance of payments at the expense of inducing recession in the economy? How bad, Mr. Speaker, is the state of the balance of payments and can we expect that the Government will shortly be in a position to be able to move away from having to use policies designed to give the priority to the protection of our foreign reserves?

The facts are very, very simple. The balance of payments position of Barbados at the end of 1990 was in a very terrible state. The fact is – and I will cite again the evidence presented to the House yesterday in the Economic Report – that at the end of December 1990 Barbados had \$150 million net in reserves. This is the lowest year end

foreign exchange position since 1978 when our reserves stood at \$145 million. If we may compare, Mr. Speaker, in 1990 Barbados' net reserves stood at \$150 million of which \$144 million was CMCF, whereas in 1978 they stood at \$145 million with little or no CMCF facility accommodation in it. Although in gross terms it is marginally better than it was in 1978, the reality is that when one makes an adjustment for the CMCF, the Barbados foreign exchange position that is causing the Government to institute policies to bring about recession in Barbados is perhaps in the worst state since the early 1970s.

More to the point, Mr. Speaker, the Government started the year with \$268.2 million in reserves and over the course of the year the country lost over \$100 million in those reserves because of the use of the Central Bank's printing of money as one of the principal ways by which Government went about the business of financing its electoral works. The implication of that, Mr. Speaker, is that the country and the Government now do not have open to them the option used in 1990 to call on reserves to finance Government's operations to the extent that it was the case in 1989. It is very crucial when we come to deal with this gap of \$248 million that the Prime Minister has left to be closed after he has increased taxes through this budget. Barbados does not now have before it, nor does the Government have open to it, the option of calling upon reserves to help finance Government's operations in the manner or to the extent to which it was done in 1990.

The point I am leading towards is that there was no minor slippage in the Barbados economy in 1990, as the Minister of Finance would have us believe and as he said in his budget presentation. Barbados faces a crisis of major proportions, characterised by falling GDP, GDP that is likely to remain stagnant so long as Government is forced, by the sheer nature of the balance of payments problems facing the country, to institute and keep instituting credit control measures to protect the balance of payments.

I want to suggest as well, Mr. Speaker, that the extent of the economic problems facing the country may in fact be more dramatic than the Government would have us believe. I do not want to cast doubts on the integrity of the statistics, Sir, but 1990 was the first year in which Government's revenues have ever declined since the attainment of Independence by this country. Barbados has gone through two recessions before, 1974-75 and 1981-82, but in both of those years Government's revenues grew.
3.30 p.m.

It is remarkable, Mr. Speaker, that for the first time since 1959, Government's revenue in the year turned out to be less than in a previous year without the Government cutting one tax in this country. It must also be said, Mr. Speaker, that for the first time, since the introduction of the National Insurance Scheme in Barbados, contributions to the National Insurance Scheme of this country were less in

1990 than they were in a previous year. That is a fact, Mr. Speaker.

I must also tell the House, Mr. Speaker, that if you were to look at the information on unemployment claims for 1990 as well, there were 13,000 unemployment claims higher. At least 2,000 more claims than the previous year and 3,000 more claims for unemployment than in any other year in the history of Barbados since that scheme has been put into effect. Those things, Mr. Speaker, tell in themselves a tale that the level of unemployment may be far higher than what Government is prepared to admit. The evidence being, less people working, hence less contributions to the NIS and more people making claims on the NIS in the form of claims on the unemployment benefits scheme. That evidence, Sir, is striking. I am not going along with the position taken by the Minister of Finance that last year we just suffered a little slippage. Barbados, Sir, is facing a very serious crisis and the Minister's response to it is to try to operate as if it is just a little minor adjustment that is called for in the circumstances.

I am also advancing the view that the prospects of recovery for the Barbados economy and its solution to problems such as the fiscal problem, the balance of payments problem, Sir, the unemployment problem, have been made more difficult because Government has since 1989 used policies that are in conflict one with the other. I am also going to be advancing the view that in this Budget the Government has expounded policies which are contradictory and will make no sense. Since 1989, Government has resorted to what in the literature is called "the use of demand management policy" to try to regulate the Barbados economy and the simple logic of this big term goes like this.

Barbados is a small economy. It depends heavily upon imports. About sixty cents in every dollar spent in Barbados goes to buy imports. It follows therefore, Mr. Speaker, that as a matter of management of the economy, one has to regulate how much you spend in Barbados to keep that spending in some sensible relationship to the foreign exchange that we have to back it. If I may put it simply, Sir. When people in Barbados, Sir, buy a tin of corned beef, they pay for the corned beef themselves in Barbadian dollars but the economy pays for that corned beef in foreign exchange, so that to manage the economy, one always has to effect some temporary relationship between total spending in Barbados dollars and the available foreign exchange to back those Barbados dollars. In 1989, Mr. Speaker, the Government judged – I am not quarrelling with the Government – that our foreign exchange earnings were not growing, they were not likely to grow in the immediate future but that the country was spending too much and financing that excess expenditure by using bank credit. Too much domestic spending in relation to the amount of foreign exchange.

Government, therefore, decided to introduce credit controls on personal loans and the distributive trades to try to bring down spending in the economy, so as to ease the strain on the balance of payments. In precept, Mr. Speaker, one cannot reasonably quarrel with the policy. In human terms, what the Government was doing was telling, for example, a Mrs. Lynch of Rose Hill, St. Peter, that if she increased her spending by going to the bank to borrow money to improve her home, that would be bad for the economy because it would lead to the importation of lumber and nails and other things which the economy could not afford because of the shortage of foreign exchange so that she, Mr. Speaker, like all of the private sector, was called upon by Government to hold a strain to reduce their spending and to make a sacrifice in the interest of the country.

I submit to the House, Mr. Speaker, that the same evidence now is that the private sector of Barbados, all of the households of Barbados, including people like my Mrs. Lynch of Rose Hill, St. Peter made that sacrifice in 1990 in the interest of the national economy and what is the evidence, Sir? The evidence is set out in the Economic Report presented to this House yesterday by the Minister of Finance. This Report says, Sir, that total personal consumption expenditure, that is, spending by people and total private sector expenditure fell from two billion five hundred and twenty-nine million dollars in 1989 to two billion four hundred and eighty-three million dollars in 1990. I want to repeat, Sir. The Economic Report presented to the House by the Government yesterday in the table dealing with Gross Domestic Product, on page 46, shows that the private sector and the households of Barbados, last year, Sir, made the sacrifice asked of them by Government, that they reduced their spending by \$46.5 million. But what, Sir, did Government do while the rest of the society was reducing its spending by approximately \$46.3 million in the interest of the national economy? The same Government, Mr. Speaker, that required all of the rest of Barbados to reduce its spending and its access to credit in the interest of the country went ahead and increased its purchases of goods and services and its building activity from \$699.7 million in 1989 to \$812 million in 1990, an increase of \$113 million. So, all of the small people in Barbados, anxious like Mrs. Lynch to improve their homes in 1990 held the strain and reduced their expenditure in this country in the interest of the balance of payments, because Government had set that as the national priority. The same Government, Mr. Speaker, that required the country to make the sacrifice went ahead and increased its expenditure on goods and services and its building activity by \$113 million.

The point, Sir, is that Government cannot be about an improvement in the balance of payments of Barbados by forcing private individuals to cut their expenditure as they have cut them in 1990, while at the same time, increasing its own expenditure at an even faster rate than the private

individuals have cut theirs. There can be no solution to the balance of payments problem of this country if the Government forces the private sector to cut its expenditure as it has done in 1990 but at the same time the Government substitutes a cut in private expenditure by an even greater expansion in public spending. The policy embodied in the practice by Government in 1990 was clearly a policy that was not designed nor would it suffice to bring about solution to the balance of payments problem.

3.40 p.m.

The policy embodied in this year's Budget is based on the same nonsense with a slight variation. Last year the policy of Government was that the private person should not borrow to spend because borrowing to spend would hurt the balance of payments. Last year, 1990, it attacked one source of spending in Barbados, the reduction of credit. Do not borrow in order to spend. This year, Sir, the Government through its Budget is setting to attack the other source from which people can make expenditure.

As you know, Sir, you have only two sources from which to spend. You either spend from what you earn as income or what you are able to borrow or have extended to you as credit. Last year Government attacked credit, suppressed private credit in the interest of the balance of payments while not cutting its own expenditure. This year's Budget is telling the general public that if the Government were to leave the income in their pockets and they were to spend it, that expenditure would have a bad adverse effect on the balance of payments. Therefore, what Government has to do is to take away the income from them in the form of the Consumption Tax and the Stabilisation Tax and the other measures that the Government has introduced.

What Government this year is trying to do is to bring about a decline in spending by the private sector through an increase in tax but, at the same time, it has planned to increase its own spending from \$1 283 billion to \$1 352 billion. Mr. Speaker, let us examine the situation sensibly.

What the Government is telling the public is that if the money remains in their pockets they will spend it, therefore, it will hurt the balance of payments. Let me as Government take it out of your pockets, spend it and hurt the balance of payments. At the same time, the Government will go ahead and spend the money that it does not want the public to utilise for fear that it will hurt the balance of payments. It is again substituting public spending for private spending, this time financing the increase in public spending by taking money out of the pockets of the people of Barbados in the form of taxes.

I submit, Mr. Speaker, that if private spending is bad for the economy requiring the Government to introduce credit controls, and increase taxation to increase it, then by the same token public spending must also be bad for the economy. If it is wrong for Mrs. Lynch in my constituency

to go to the bank and borrow money to be able to improve her home, it also must be wrong for the Government to go to the banks and the Central Bank and borrow money to build Sherbourne. There cannot be one law for the Medes and another for the Persians.

The point is there can be no improvement in the balance of payments in Barbados once Government continues the policy of merely substituting one form of spending for the other. In order for the balance of payments that the Government says is the main priority to be corrected, the Government has to recognise that the major adjustment that has to be made in this country is the adjustment in the role of the state in the Barbados economy.

I want, Mr. Speaker, to turn to the impact of the tax measures. The Government has announced its measures in the tersest possible way. We get the impression that the measures are innocuous. One paragraph is saying that those items that used to attract a consumption tax of 10% will now attract a consumption tax of 12%. Those that used to attract a consumption tax of 18% will now attract an additional 2% bounce in consumption tax. One gets the impression what is being undertaken here is a slight little increase in taxes that will do nobody in Barbados any harm.

First of all, Mr. Speaker, the country must understand that last year the Consumption Tax yield by Government's estimation was \$188 million. Government is now seeking to increase the yield from Consumption Taxes by \$60 million, by a third, a 33% increase in Consumption Tax. This is the largest ever increase in any tax in the history of Barbados.

Mr. Speaker, let there be no doubt that the Government is not just taxing a few little items. The number of items that the Government will bring under the auspices of this increase in Consumption Tax, Sir, clearly this document, the Consumption Tax Order, 1989, a 90-page document which is written in very fine print, these are some of the things that will be brought under the hammer of the Consumption Tax – Other meats, pigeon peas, black-eyed peas – I am picking selectively, Sir – sausages, fruit juices, whether produced locally, CARICOM or outside the region, chocolate, tomato catsup, tomato sauce, soups and broth, varnishes, student's sign boards, writing ink, shampoo, toothpaste, perfumes, soap from outside the region. Then we have starches, glue, all things used by photographers, toilet items. All sanitary or toilet articles will be increased, office or school supplies, articles for electric lighting, articles of apparel and clothing, all clothing, tiles, paper...

Aside.

Mr. SPEAKER: Please. We are having a live debate. I have already told Members that the equipment is a very sensitive one. They should avoid raising their voices to disrupt the Honourable Member as well as the listening

audience. I think it is but fair that we observe that kind of procedure.

Mr. O. S. ARTHUR: Mr. Speaker, I was so engrossed in the Consumption Tax and what it would affect that I was not even hearing the aside. Then there are registers, exercise books, boxes, bags, notebooks, order books, yarn, carpets, under-garments' outer-garments, mens' and boys' outer-garments, women's, girls' and infants' outer garments, boys' and men's under-garments, women's, girls' and infants' under-garments, handkerchiefs, shawls, scarves, bed linen, table linen, sacks and bags, footwear, felt hats, umbrellas and sunshades, walking sticks, bathing materials, building blocks, roofing tiles, piping, sinks, wash basins, tableware, clocks and watches.
3.50 p.m.

I can go on, hand tools, knives, razor blades, scissors, spoons, forks, filing cabinets, lamps, refrigerators, stoves, deep freezers, washing machines, irons, typewriters, calculating machines, other office machinery and on and on and on it goes, Mr. Speaker. The fact is that there is hardly an item used by the ordinary consumer in Barbados that will not be affected by this consumption tax. It has already been calculated that this consumption tax will cost each household in Barbados in the vicinity of over \$600 a year as a result of its application, an increase in the tax paid by each household in this country to the extent of \$600 a year.

The stabilization tax is a regressive tax, that is, it is going to impose a very substantial burden on the poor. I submit to the House, Sir, that it is even more backward than the surcharge. The tax applies to persons who are below the poverty threshold. This country has been increasingly moving to the direction of enshrining the policy that there should be a level of income below which income tax should not be paid. This policy by the Government of introducing this new form of income tax is carrying Barbados back beyond 1976 when persons receiving income of \$25 were subject to the income tax. This is carrying Barbados backwards to that.

But worst of all, Mr. Speaker, where the low income people of Barbados are concerned this stabilization tax will have its impact at a time when those low income persons are already struggling with the adjustment in their water rates which were recently introduced and made retroactive to July of last year. There are a large number of persons in my constituency who will now be called upon to pay this stabilization tax who have been recently charged with increased water rates as a result of the introduction, after the election, of the water regulations and those water rates have been made retroactive to July 1990. This 1.5% tax goes on as an increased imposition at a time when there are now – and that class, that class only – is being called upon to pay increased water rates. The tax is also being imposed at a time when those low income people are being called

upon to pay an increase in the land tax as all Members in this House can attest to.

I am making the point that there are a large number of people in Barbados working in agriculture who for the largest proportion of the year work no more than three days a week at \$35 a day. In the case of women approximately \$28.80 a day. One dollar may not mean a lot to Members of this House but when you are earning \$105 a week and have to support an entire family on \$105 a week, any impost however small, is a large burden. I particularly want to hear the members of the union in this House address the matter of the introduction of this new impost because I remember, Mr. Speaker, in 1987 when levies were introduced in this House members of the Union said then that they were philosophically opposed to the introduction of those levies but they were prepared to support them because the Minister had given them the assurance that they were going to be temporary – 1987, 1988, 1989, 1990, 1991 the levies are still in existence and have been increased. We now have this new imposition of a stabilization tax which I am submitting to the House will adversely affect the livelihood of persons working in agriculture, working in industry, working in the tourist sector for less than \$200 a week and facing \$600 increase in consumption tax as a result of this Budget compounded with increases in land tax as well as increases in the water rates. I want to hear where do the unionists in this House stand on this very regressive policy.

The Prime Minister, as regards the middle class of Barbados, seems to believe if one understands his Budget statement correctly that the mass of the middle class is caught up with buying brand name shoes and designer apparel and going to the cinema. Many members of the middle class are struggling to pay their mortgage and they too will have to face the burden of this increase of \$600 in consumption tax and more to the point the stabilization tax will virtually wipe out the increase in wages that were granted to that class of public servant, teachers, policemen and nurses, as a result of the wage negotiations of last year. The Government has granted with one hand and it has taken back with the other while at the same time increasing the consumption tax on the middle class.

I submit to the House that it is strange that the Prime Minister has not indicated whether this tax is a temporary measure or not. We need to hear him speak clearly on this point. In 1988 when the Prime Minister introduced the surcharge he made it clear that the surcharge was intended only to be a temporary tax imposed because of prevailing circumstances. This year he is telling us that there has only been a slight slippage in the economy. If there has only been a slight slippage in the economy we will anticipate, Mr. Speaker, that as soon as the economy has improved that this tax will be removed. We need to hear the Prime Minister state whether this tax will be a temporary tax or not. I also submit to the House that it really is a tax on a tax. The Government is imposing the tax on gross income. So

you will first of all pay your tax, pay the stabilization tax and then you will proceed to pay your income tax as if you had not at all paid the stabilization tax itself. There can be nothing more unjust than a tax on a tax. One is therefore, having regard to the character of this imposition, urging the Government to remove it at the earliest possible opportunity.

As regards its impact on firms, its most severe impact will fall on those firms which might have been established recently, incurred losses in the initial years and now will find that they are not allowed to offset the losses that they incurred in the initial years against their profit in calculating the tax to be paid. I submit that this is an injustice. That really the Government should allow firms that are carrying forward losses to offset the losses in calculating the income against which this tax is to be applied. Rules of equity. Rules of fairness and decency should require the Government not to impose a tax in effect on a loss. Essentially, Mr. Speaker, that is what the manner of Government's imposition of this tax would suggest.

Mr. Speaker, Sir, I also said that it is clear that there has been a bonanza realized by the country as a result of a very substantial fall in energy prices but that the Government is not passing on that bonanza fairly to the consuming public in the form of the serious reduction in the level of energy prices. When you read the Budget you get the impression that the Government is performing magic.
4.00 p.m.

Because, what happens in the Budget, is that the Government says that it is going to increase the consumption tax on bottled gas from 10 per cent of the value of the gas, Sir, to 40 per cent, but at the same time, Mr. Speaker, that it is increasing the consumption tax on bottled gas by four fold, by 400 per cent, Sir, the price of the bottled gas itself will come down.

I submit to the House, Mr. Speaker, that the only circumstances under which you can increase the tax on a commodity and the price of that commodity falls is if the cost of the product itself has reduced substantially and I am submitting to the House, Mr. Speaker, that the price of those commodities, all energy products has dropped dramatically since October last year when the Government unreasonably increased it and that it is now in a position, Sir, it is unreasonably taking advantage of the benefit of the reduction in the price of those energy products rather than passing on those energy products to the public in the form of reduced prices.

How else can you explain the fact that you can increase the consumption tax of petroleum bottled gas from 10 per cent to 40 per cent, but yet the price is coming down unless the cost of the product, Sir, has almost reached rock bottom. The same thing applies in the case of gasoline, that Government is increasing its consumption tax on gasoline

from 52 cents a litre to 62 cents a litre, yet the price of gasoline is to remain unchanged. That can only happen, Mr. Speaker, it can only happen, if the cost of the product itself has come down substantially.

I am saying, Sir, that there is a bonanza being realised by Government from the reduction of energy prices in this country, Sir, but that the Government is raking in an increased consumption tax, an increased stabilization tax, it is taxing motor cars, it is taxing licences, it is taxing as well, Mr. Speaker, virtually everything. The Government, Sir, is so greedy that even in the face of a substantial reduction in the cost of energy products, despite its increasing taxes in this country by the highest ever, by any Government in any year in the history of Barbados, it will not pass on fairly the reduction of any energy costs, Sir, to the public and I say, Mr. Speaker, that is a tremendous injustice.

I am also submitting to the House, Sir, that there is a tremendous fiscal problem that the Minister of Finance has sought to camouflage in the manner in which he has presented the public accounts and that there is a gap, Sir, of \$248 million that remains outstanding to be dealt with after this budget has gone into effect.

Now, Mr. Speaker the root of this problem has to do with the fact that the Minister of Finance has now, despite the provisions of the Financial Administration and Audit Act adopted a method of presenting public accounts that do not fully show what Government's real expenditure is. We are now hearing the Financial Administration and Audit Act, Sir, requires that there should be a consolidated fund and it requires that the payment of debt should be a charge on the consolidated fund, and that each year, as soon as practicable after the end of the financial year, Government should lay in this House a financial statement showing the payments from the consolidated fund including its expenditure on debt. That is required, Sir, by law, but this Minister of Finance, Sir, year after year is coming to this House and he is presenting estimates of expenditure to the House, net of amortization.

What does that mean, Sir? He is saying, let us pretend that the Government did not have to pay debt, if we pretend that the Government did not have to pay debt this is what Government expenditure would be. He reminds me, Sir, of the General Manager of the Caribbean Broadcasting Corporation who, whenever he is asked about the operations ... I withdraw those remarks, Sir. A certain person, Sir, who occupies a high position in a Government Statutory institution, who whenever he is asked, Mr. Speaker, about the financial condition of his institution he will always tell you, if we did not have to pay debts or if we did not have to meet depreciation the Corporation would be making a profit.

The Government now is presenting the public accounts of this country in breach of the law by telling us that net of amortization, that is, if we did not have to pay debts this is what Government expenditure would be. Therefore, Sir, let us see what Government's accounts are when presented in accordance with the manner in which the Minister now wants to camouflage them and compare that with the real situation when Government expenditure on debt as required by law is taken into account.

This year, Mr. Speaker, Government's total expenditure net of amortization, that is pretending that we don't have to pay debts, would be one billion, one hundred and sixty-eight million dollars, Sir. Government's revenue of \$977.5 million leaving a deficit, the difference between revenue and expenditure of \$190 million. Government has already identified financing from the World Bank, IADB and others of \$56 million to help bridge that gap and they are now raising taxes by \$68 million, so when you add the financing identified with the new taxes that is going to give Government, Sir, \$124 million of financing to close the gap of \$190 million. So then, the Minister of Finance's way which is in breach of the law, you will end up with a gap to be closed of only \$66.3 million.

Now, Mr. Speaker, if, after the Minister has imposed taxes, if all that was left to be raised was \$66.3 million there would be no big problem. The Minister could easily raise that through a combination of judicious borrowing locally and judicious borrowing abroad. But, what is the real situation, Mr. Speaker, when we depart from that approach, which says, pretend that you don't have to pay debt and look at the real fiscal situation, Sir. The real situation is, that including debt, and this year, Sir, loans raised by the Democratic Labour Party since 1986 will have to be repaid, including the payment of debts, Sir, Government's total expenditure will be \$1 351.1 billion. I want to repeat that Sir, including the payment of debt \$1 351.1 billion.

Revenue, Sir, before the Budget was estimated at \$977.5 million so that there is a total deficit, Sir, made up between revenue and expenditure of \$372.6 million and not the \$190 million that the Minister would have us believe. \$56 million in financing, Sir, identified with the World Bank, new taxes to be raised by \$68 million, leaving a gap of \$248 million in funding to be raised after we have left this House on the assumption that we approve Government's request to increase taxes in the order and the magnitude being sought. A gap, Sir, \$248 million after Government has raised taxes and after Government has identified all possible sources of new loans from the World Bank and the IADB and other concessional loans.

Now, the implication of this, Mr. Speaker, raises some very stark and very dire potential consequences for the operation of the Barbados economy. The use of Central Bank, Mr. Speaker, to finance or help bridge this gap is out. Last year, Mr. Speaker, the country lost reserves of \$116

million and the reserves now are at too low an ebb for the Central Bank to be called upon to finance Government's operations in the manner in which it did last year. 4.10 p.m.

The local banking system, Mr. Speaker, surely is not in a position to accommodate a request from Government of \$248 million in new loans. The local banking system would do that at the risk of not being able to lend a dime to any other sector in Barbados, so that the Central Bank is out. The local banking system is out, or certainly cannot be tapped for \$248 million. Government therefore is left with the prospect of having to raise this money on the international capital markets.

The Minister of Finance was very careful to point out in his presentation that he was given advice to reduce the deficit to 2¹/₂% of GDP. The Central Bank gave him that advice. He rejected the advice of the Central Bank, but at the same time the Central Bank was giving the Government that advice it was telling – and I stand on this information, Sir, as I stood last year on the information that the economy was in recession – the Government that recent political events abroad reinforced the Bank's view that the economy cannot afford a year like the past two years. If past trends persist, the combined effect of the weak external sector and large debt service payment suggest that any reduction in access to international capital markets could place the exchange rate at risk. That is what the Central Bank had advised the Government. Cut your expenditure, cut the deficit to 2¹/₂%, because you are now facing a situation that any reduction in access to international capital markets will place your exchange rate at risk.

The Central Bank went on, in the document in which it recommended the deficit of 2¹/₂%, to tell Government that Government was going to find it difficult, as it did last year, to place large loans on the international financial market, Mr. Speaker. You will recall, Sir, the tremendous difficulty that Government experienced last year in trying to raise a loan of \$120 million on the London market. The House will recall the disadvantageous conditions that attached themselves to that loan. A 13¹/₂% rate of interest, conditions requiring the Government to put a quarter of those funds into a sinking fund, despite the fact that our law requires us to have a sinking fund of our own. I say to the Government, therefore, that if the Government of Barbados had a tremendous difficulty last year raising \$120 million on the London market, it is going to have an even greater difficulty raising \$248 million abroad to finance this gap which is left after it has raised taxes through the various means that are now before the House. That is why I say that this budget is the first in a series of salvage installments that the Government will have to use to clean up the mess that it created last year in the pursuit of cheap political advantage.

That \$248 million, if it is not met by loans from the international banking community, Mr. Speaker, will require

other kinds of adjustment from Government, and the Government has already served warning that it is not indisposed to coming back to the House and dealing with things like increases in rents through the National Housing Corporation, or water rates, or Post Office charges, and in the same sense we must not believe that the Government will not be indisposed to coming back to the House and addressing this problem that remains to be addressed.

Never before, Mr. Speaker, in the history of the budgetary exercise in this country has a Minister of Finance left a budget with a gap as large as \$248 million to be breached. In fact, this \$248 million that now has to be covered is far bigger than the deficits that have existed in Barbados previous to 1987 and 1988. We were accustomed in this country to deficits of \$180 million. Last year when the Minister of Finance professed that he was very sound, his deficit was \$76 million. This year now he wants us to leave this House, as Members of Parliament, with this country exposed to a situation where Government does not know where it is going to find \$248 million to meet its financial requirements. I am saying that the House would be irresponsible to join Government in that foolishness.

The Minister of Finance has a responsibility to this House and to this country to tell this House how that enormous gap is to be breached. I do not believe that this debate could be complete, or that we would be faithful to our constituents, if we were to allow this Minister of Finance to expose Barbados to the dangers that are implied by a gap as large as this, and we want to hear the Minister speak in a forthcoming way in relation to this particular problem that will drag down this Barbados economy. It is not a matter that can be treated lightly.

We will not on this side allow the Minister to be telling us that he is paying back BLP debt, he is also paying back his debt incurred in 1976 that cost the public of Barbados \$780,000 a year. He pays that back under the auspices of a loan that has caused water rates to be increased this year as well, but he is also paying back two big loans incurred by the DLP, one of \$68 million, and the only person in the DLP then who was man enough to say he opposed the loan was not the Minister of Finance, but the late Errol Walton Barrow. There was another loan raised with Natwest that has to be repaid this year, so let the Minister understand that he cannot use any BLP scapegoats to try to explain and rationalise the extent of the difficulty that faces the Government and the country. The House must be told how that gap is to be breached and nothing will suffice other than the soundest possible explanation of how the Government will meet that requirement. I submit that too much hangs on it.

Mr. Speaker, the Government would also want us to believe that Barbados' export problems can be solved by spending \$2 million on tourism promotion and \$1 million on cotton. I am satisfied that the Government has to come

back to the House, because obviously the Government could not have an export development strategy if it were to believe that you could solve a problem of the magnitude of our export problem by spending only \$3 million.

Barbados' export problem can be put very simply. This is a country that knew what it was, as recently as 1985, to export almost \$500 million a year. Last year Barbados exported \$244 million in goods, so that immediately to bring back the level of exports in 1991 even to the level of 1985, you are faced with a \$250 million problem right away. I refuse to agree, and I am sure that you also will refuse to agree, that the Government can, by spending \$3 million, solve a \$250 million problem where exports are concerned. That, Sir, makes absolutely no sense whatsoever. What is obviously missing is any sense of export development, any sense of export strategy by the Democratic Labour Party – something that should not surprise this House, because since 1986, Sir, the Democratic Labour Party has not found it possible at all to put in place any form or strategy that could move Barbados' exports.

4.20 p.m.

Time does not allow me, Mr. Speaker, to go too deeply into what should be the basic elements of an export development strategy, but I want to suggest to the Government that rather than looking to cotton, wasting more money on cotton, that one of the simplest ways by which the Government of Barbados can boost Barbados' export quickly is by bringing about the fusion between the tourism sector and the offshore service sector. That was the vision of Tom Adams. That one of the purposes of having the offshore sector in Barbados is that you have a large number of companies which would hold meetings in Barbados, would hold conventions in Barbados and the Barbados Labour Party went out of its way to negotiate several taxation treaties under which persons holding conventions in Barbados would be given an income tax deduction for the expenses incurred in leading such conventions to this country.

There is a natural market, therefore, existing whereby the Ministry of Tourism should be asking all of the companies registered in Barbados whether as offshore banks, captive insurance companies, international business companies, foreign sales corporations and the like to try to get them to bring their directors' meetings and their conventions to Barbados and bring a boost to this country's foreign exchange. I submit to the House, Sir, without going into any great details that more foreign exchange could be realised from that region immediately, than any expenditures by Government this year on tourism.

Mr. SPEAKER: Three minutes more.

Mr. O. S. ARTHUR: But I want to say I know more personally than other Members of this House the travails,

Mr. Speaker, and I want to speak more personally on this matter. I know more personally than any other Member in this House what it is like to live in a country that is facing serious balance of payments problems and where timely and sensible and constructive adjustments are not made to deal with those problems. Members on the other side, Sir, will say that I caused those problems in Jamaica and that is their prerogative. But, I know what it is to live in a country where the country is suffocated by reason of its inability to rise above a balance of payments problem. It is not, Mr. Speaker, something to trifle with. The experience of every developing country shows that when once a country gets itself into that kind of problem it takes it at least a generation to turn around – Guyana, Sir, ten years and still cannot turn around the economy, Jamaica and Trinidad.

Mr. Speaker, Sir, I want to urge upon this House that the nature of the adjustment that has to be undertaken in this country at this juncture of our development is nothing short than that of making sure that Barbados does not now go the same way that some of our regional neighbours have gone. Government's policies in this Budget do not provide me with any confidence that the Government understands the nature of the adjustment that is required and I am therefore satisfied that the policies that Government has introduced in this Budget will not go anywhere towards bringing about the kind of adjustment that can ensure Barbados of solving its balance of payments problem, its problem of recession and its problem of unemployment and its public finances. Problems, Sir, come down to a lack of economic leadership and if I may close, Sir, our experience lastly has as in everything else shown that "where there is no vision the people surely will perish."

SUSPENSION

Hon. P. M. GREAVES: I am moving that this sitting be suspended for twenty minutes.

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

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

RESUMPTION

Mr. SPEAKER: This sitting is resumed. The Honourable Member for St. Philip South.

Hon. H. A. BLACKMAN: Mr. Speaker, Sir, in rising to support the Resolution as moved by the Minister of Finance immediately after his speech yesterday, I would like first to say thanks to my constituents who placed confidence in me to return me to represent them in this Honourable House of Assembly and by extension, affording me the opportunity to take part in another debate of this nature.

The Minister of Finance in introducing his Budgetary Proposals yesterday started by saying: "On January 22nd of this year the people of Barbados renewed their commitment to the tradition and centrality of political stability in our society through the electoral process." That statement, Mr. Speaker, is instructive. It meant to me and it should mean to all Honourable Members, that the elections are over. That is the first thing it should mean to all of us.

It means, Mr. Speaker, in the words that we have always heard that there is a time to sow and a time to reap. Unfortunately, Sir, there are still very many persons who do not seem to realise yet that the elections are behind us and statements made immediately prior to General Elections which are calculated to influence people at election time have no place after the elections are over. This is time for the people of Barbados and the persons in this House of Assembly to get together to put this economy and this country where we all recognise it should be.

Mr. Speaker, the difficulty in responding to a speech that was made for an hour and a half, when you only have half an hour to respond is that instead of saying most of what I would like to say in my contribution, most of that time has to be taken up by responding to the speech of the Honourable Member who spoke just before me for an hour and a half. The impression I got – before I start to deal specifically with some of the statements made by the Honourable Member – from his speech and I am sure the whole of Barbados got and all Honourable Members of this House was that the Honourable Member for St. Peter was saying that the Minister of Finance did not tax the people in Barbados strong enough. That was the impression coming through to me because he quoted from correspondence he said originated at the Central Bank which said that the Government should reduce its deficit to 2% of GDP and that the Government this year is only reducing it by 4%.

He went on to say that the Central Bank also advised the Government that the fact of not reducing their deficit to the 2% may cause trouble when they are seeking loans on the open market. That is a paraphrase of what the Honourable Member said. Therefore, the impression given to this Honourable House and to the whole of Barbados is that the measures taken by the Honourable Prime Minister do not go far enough. In fact, those were the statements the Honourable Member made on more than one occasion during that speech.

One question I would like to ask up front. The Honourable Member spoke for one hour and a half. Nowhere in that entire period did he at any time say how he would have gone about closing the deficit. You cannot fall back on the glib and facile excuse that you are not the Government.

Aside.

Mr. SPEAKER: Please, please.

Hon. H. A. BLACKMAN: The Leader of the Opposition at his Annual Conference last year, and at an interview on CBC said that he cannot promise the people in Barbados any give-aways if the Barbados Labour Party were to win the Government. He would have to take strong measures. I am wondering if all of a sudden now they have not won the election, if they have diverted or moved away from those strong measures that they said needed to be taken.

On one hand the Honourable Member who just spoke was saying that the Prime Minister has been harsh. He has taxed this and he has taxed that. On the other hand he is giving the impression that the Prime Minister has not gone far enough. The gap he has left not filled is too wide. Which way do you want it? Do you want the Prime Minister to increase the taxes more? You have to answer that. Do you believe he has taxed the people in Barbados too much? You cannot have it both ways.

Mr. Speaker, I have taken the opportunity to read the speech of the same Honourable Member for St. Peter in the Budgetary Debate of 1988. That was the time when the Minister of Finance brought the surcharge. It was also the time when the Minister of Finance increased Consumption Taxes. Mr. Speaker, almost word for word of what was said in 1988 was said here today again. In fact, in 1988 the Honourable Member for St. Peter in speaking about the consumption taxes said:-

"I will also substantiate, Mr. Speaker, that Government's consumption tax increases will adversely affect the tourism and construction industries and in so doing will cause the rate of growth in this country to decline."

This is taken from page 2451 of the House of Assembly Debates, Thursday April 22, 1988. That was the statement made by the Honourable Member. He went on further, Mr. Speaker:-

"I also have to establish that the local manufacturing sector will be adversely affected."

Statements, again, that came up today. But, Mr. Speaker, what turned out at the end of 1988? I will read it for you. At the end of 1988 the Central Bank Report on construction, manufacturing, on page 6 of the Annual Report of the Central Bank 1988:

"Manufacturing output as indicated by the index of industrial production increased by 6.7%. Construction increased by 10%. During 1988 tourism, manufacturing and construction improved. Tourism increased by 7%."

The point I am trying to make is that in 1988 the statements made by the Honourable Member for St. Peter who was predicting at that time that the measures would have caused chaos in Barbados, as it turned out, growth in all of the sectors that he predicted would have fallen actually took place. In case the argument is going to be used that the measures did not take effect until 1989, 1989 was even a better year than 1988.

The point is, Mr. Speaker, that we have become accustomed in this Honourable House and those of us who have the privilege to sit in here, we also have the unfortunate situation of having to sit here and hear the same speech by the same Honourable Member every time he gets up in this House. We have to endure it. I just want to answer some of the points that he made here. He admitted first of all that the credit controls on the construction sector were put on to protect the balance of payments. He admitted that that was so. Having admitted that that was so he never explained to us whether they should have been put on or whether they should have been removed. He made a statement, Mr. Speaker, that they were put on to protect the balance of payments. That is what he said and he left it there. I am saying that when the Honourable Member for St. Peter is speaking, let us say out of his head, he is a lot better than when he is reading. Whoever advised him to read his speech today did a disservice to him and to this Honourable House because today he did not come over with the same authority that he came over with before.
5.00 p.m.

Mr. O. S. ARTHUR: On a point of order, Mr. Speaker. The Rules of the House do not allow an Honourable Member to read his speech. You would have stopped me, Sir, if I were reading my speech. I ask the Honourable Member to withdraw that, Sir.

Hon. H. A. BLACKMAN: I would say that he followed his notes very closely.

Mr. Speaker, the Honourable Member for St. Peter made a lot of song and dance about the consumption taxes. He even read for about 6 or 8 minutes the taxes, the different items on the consumption tax booklet. Those items were in that booklet for years. How can you give the people in Barbados the impression that we just put peas in there or we just put any other thing in there? They were there for years. We did not put them in yesterday. Who started them?

Asides.

Mr. SPEAKER: Order, please.

Hon. H. A. BLACKMAN: You cannot give the people in Barbados the impression that those items you called out there were put into that book by the Democratic Labour Party yesterday or last night. They were always in there.

Whenever you carry up the consumption taxes, they will go up.

Furthermore the Honourable Member for St. Peter should realize, you must realize that with the coming into being of Common External Tariff there will be certain consequential reductions. Therefore it has already been put and the people who have sat down and discussed the Common External Tariff have decided that in those areas where there will be a large loss of revenue that it can be recouped by consumption taxes. You have to understand that you cannot just make a sweeping statement like that.

Aside.

Mr. SPEAKER: Order, please.

Hon. H. A. BLACKMAN: Mr. Speaker, he said the stabilization tax was more backward than the surcharge. He said that the tax includes persons below the poverty threshold. The Honourable Member may be right. But I believe that there is a lot of horizontal inequity in the system. There are a lot of persons under \$15 000 a year or less who are making no contribution at all. I sympathize with those persons under \$15 000 who have to support a household and things like that. They are persons under \$15 000 who are gaining large sums and who are making no contribution, who are contributing to the....

Aside.

Hon. H. A. BLACKMAN: You must understand that there are persons, say young boys who will be getting \$14 500 a year who will be spending and in Bajan terms splurging. You know that is true. That is where the horizontal inequity happens. Because there will be persons who are getting \$15 000 and have to spend it on three or four children. There is the other person who is getting the same \$15 000 and has nothing to do with it. You have to understand that in that situation certain people will be unfortunate, certain people will be caught in the net. That is the situation as it is because we believe that every person should make a contribution to the restoration of this economy.

To say that the stabilization tax is worse than the surcharge when yesterday the Honourable Minister of Finance pointed out the difference in tax that would be paid by persons earning \$25 000 a year or \$55 000 a year. He pointed out that for the person earning \$55 000 a year, if the surcharge were used that person would pay \$192 I think it was or \$182 or something like that. Under this tax that person would only pay \$62.

The point is this, to say that this tax is worse than the surcharge when you take everything into consideration, not only the statement that you made about people on the poverty line; you have to take into consideration that if

persons over \$15 000 alone were to contribute to this stabilization tax, you would understand what would happen to their incomes when that tax was taken out; therefore the way to go was to spread the thing out so that all of us will contribute and not only those of us who are receiving over \$15 000 a year.

Mr. Speaker, the Honourable Member said that oil prices in his opinion dropped since October last year. I am saying that that is not true because up until October and November last year oil prices were still going up and in fact by November last year Jamaica had already carried up its gasoline prices three times and it had decided that they are not carrying up the gasoline prices any more, they are taking it off price control. That is a fact.

The oil prices started to come down at the end of January, early February. The Right Honourable Prime Minister has stated in here that he is removing the fuel surcharge that he had put on in response to the fall in oil prices. He has given a reduction in the price of bottled gas, the LPG. The Right Honourable Prime Minister and Minister of Finance has said that he will keep monitoring the situation and if a trend develops well then he will come back and he will adjust the gasoline prices accordingly. To say that oil prices dropped since October last year was to mislead this House and to mislead the people in Barbados. I do not think that that should have been done.

The other point made by the Honourable Member for St. Peter was that we are concealing information about the true amount of correction that still has to be done in the economy. That could not be true because the figure or the information is in the book of the Estimates. The point is that when you are writing a Budget Speech it is a matter of how you present it. All the information you need was in the front of the Estimates Book, all of it, separated out. You cannot say that we were concealing anything. It is there. All of it is there. How can you be concealing anything when all of it is printed for everybody to read.

He says Government has to borrow over \$248 million on the foreign market. Mr. Speaker, the Minister of Finance stated in these proposals that if it became necessary to reduce Government's expenditure that the law itself permits him to do that. He said he will not hesitate to do that if that condition arose. I do not understand why it is that Honourable Members cannot understand what the Minister of Finance was saying.

5.10 p.m.

If it became necessary to reduce Government expenditure the Honourable Prime Minister has gone on record as saying he will not hesitate to do that. You keep hearing people saying Government should reduce its expenditure, but they have not told you in what areas Government is to reduce its expenditure.

The majority of Government expenditure is voted in wages and salaries. Are we to send people home? Why is it, that each time you say reduce Government expenditure, and what is alarming, Mr. Speaker, is that each time they speak about Government expenditure they only speak about Sherbourne? Each time, Sherbourne. I am wondering if, in the Honourable Member's statement when he said that we did not go far enough, if he meant that we should start sending home people. He said the measures do not go far enough.

Mr. O. S. ARTHUR: On a point of order, Sir. The Honourable Member, Sir, is misleading the House, at no time in my speech, Sir, did I say that the Minister's measures did not go far enough. I said, Sir, they were not imaginative, but I never said that they did not go far enough. And, Sir, if there is going to be any doubt on this matter, Sir, I will ask for the record....

Mr. SPEAKER: Your point of order has been taken.

Hon. H. A. BLACKMAN: Mr. Speaker, that is what I understood the Honourable Member to say, and that is what all Honourable Members over this side understood the Honourable Member to say, that these measures today have not gone far enough to reduce the deficit. That is what you are saying, and to reduce the deficit there are three things you can do, you can reduce expenditure, you can increase revenue, or you can do both and if these measures have not gone far enough, tell me which one of those measures you would like us to increase by more, or both. So, which one would you like us to do? You have to come out, you can't just say certain things and not come out and explain what you want this Government to do. It is a simple matter to say, this is not so, or that is not so without any alternative. And, you always fall back on the same statement that has always been used. You are the Government, you do it, we don't have to tell you what to do.

Mr. Speaker, let me say this. The Minister of Finance, in the Estimates stated in the estimates that certain measures will also be taken to bring greater efficiency to the Port, to the Customs, to the Airport. Those of us who were in here would remember that statement was made. Also, Mr. Speaker, we have decided that those businesses that are exporting and those businesses that are capable of exporting, that we will meet with those businesses and will iron out the little impediments and hiccups which are preventing those businesses from expanding and exporting more. Sir, there may be a lot of measures taken during this Financial Year. Most of these measures were mentioned in the Estimates, I don't believe that the Honourable Member for St. Peter, expected them to be put in the Budgetary Proposals as well.

We have decided that they are a lot of corrective measures that need to be taken. There are a lot of measures that need to be taken. We are also controlling expenditure

in the respective Ministries and I am giving this House the promise, not as any Minister of anything. I am giving the House the assurance that they will see greater efficiency in the expenditure of funds in this coming Financial Year.

Mr. Speaker, Government expenditure, as admitted by the Honourable Member for St. Peter, is not easy to control. There are a lot of measures you have to take and the point is, that since today, Government expenditure is mixed up with expenditure in other areas that are not Government. It is difficult to do any long range forecasting and that is a fact. Government contributes to certain organisations and also other funds are put into that organisation and therefore the question of forecasting is not as easy as when the Government does all the putting in of the money and all the hiring and firing, and that is a fact. That is so.

Mr. Speaker, I go further. When the Honourable Member spoke about the consumption taxes, he also said, that the items were going on things used, obviously, by ordinary people in the community and therefore it will hit them a certain way. That is what I understood you to be saying.

Mr. Speaker, we have to understand something. We have to understand that there is a deficit. That is admitted. There is a deficit, and it has to be addressed. The Prime Minister said that in his proposals. It has to be addressed. It has to be addressed by the increase of taxation, it has to be increased by a reduction in expenditure and if possible, by borrowing.

The Prime Minister, in my opinion, has struck a very good balance here. He has not increased taxes to the extent that many persons in Barbados believed they were going to be increased to. I am saying that many, many persons in this country of Barbados believed that the Prime Minister would have put on a lot more taxes on them and a lot more drastic taxes in this Budgetary Proposal and Financial Statement of this year than he actually did.

I believe it is because of that, it is because the people out there have seen a relief. They have got a relief, because, if you read the newspapers yesterday morning, you would have seen people were interviewed and almost all the people said they were expecting to be taxed heavily. When you heard them last night after the Budget you would have heard them saying, they expected to be taxed more. So, therefore if everyone expected corrective measures to be taken this year, the Prime Minister has taken the corrective measures, he has taken measures that we believe will stabilise the economy.

Mr. SPEAKER: The Honourable Member has one minute.

Hon. H. A. BLACKMAN: The Prime Minister has taken measures to stabilise the economy. There is no where

in the speech of the Honourable Minister for Finance, no where in there did he say anything about growth. He said this is stabilisation time, that is what he said, and we believe that the measures that the Prime Minister has used will go a long way to stabilise this economy. When the economy is stabilised then the Prime Minister will be in a position to give back sweets to the people of Barbados. Thank you very much Sir.

Mr. H. B. St. JOHN: It is some time now that I have had the opportunity to speak on a Budget in this Honourable House and I must say I have missed nothing since I have heard the Honourable Member for St. Philip South speak on this occasion. The position is, Sir, that Barbados is in a very serious financial position. Its fiscal deficit is at record levels in money terms, it is a very high percentage of our gross national product, our balance of payment position is very, very perilous.
5.20 p.m.

The people of Barbados are being called upon to bear an extraordinary burden of taxation. I do not think, Sir, anyone can deny that if there is one thing the Democratic Labour Party has demonstrated since 1986, it is that it has a capacity to gather tax in a relentless way. That position is directly contrary to the position that it took in May 1986, but notwithstanding the somersault in political position that the Democratic Labour Party has indulged in, at least since 1987 it has consistently taxed Barbadians at record levels.

Today we are in exactly the same position as we were when in 1987 some \$46 million in net taxes was imposed. In 1988 \$55.6 million, in 1989 \$36.3 million, in 1990 no doubt because it was an election budget none was introduced, but in 1991 we are now being asked to pay \$74.2 million net. No doubt one has to take into account that this year we are bearing part of the taxes that should have come last year. The charge that the Honourable Member for St. Peter made is proven. This Government indulged in political trickery and deception in its budgeting last year.

It is important, Sir, that it be recognised – and the Honourable Member for St. Philip South and all other Honourable Members must recognise – it is not the function of the Opposition to tell the Government what to do, the Government has been elected to govern. We represent a point of view which happens to be that of quite a substantial proportion of the population in Barbados, over 40%, and nothing that is said from the other side will deflect us from the path of repeatedly pointing out that part of our financial condition today is the result of the incompetence and the failure of the Democratic Labour Party to govern this country wisely.

This year in the budget speech itself the Minister of Finance has been forced to admit that the deficit on current account has been magnified by the voracious appetite of

Government for spending. There cannot be any doubt about that. As the Honourable Member for St. Peter has pointed out, both in the budget speech, in the Economic Report and in the Central Bank Report the extent that the Central Bank and private commercial banks in Barbados have had to finance Government's expenditure in the fiscal years 1989–90 and 1990–91 is clear. You cannot accuse the Opposition legitimately of making the same speech, when repeatedly for two years in succession the Government has displayed a capacity to spend recklessly and without reference to ordinary norms of prudence in spending.

This party has been on record from as long ago as 1983–84 pointing out to the public of Barbados that it would be necessary throughout the eighties and into the nineties for Barbados, like the rest of the Caribbean countries, like the rest of other countries in the world who were affected by the international recession, to restructure the economy to be able to be competitive, to earn foreign exchange. We are on record as saying that in here and outside and we never changed our tune. The Democratic Labour Party has changed its tune, for they were advocating, not restructuring, but cutting public expenditure, reducing the Defence Force, getting rid of the parastatal organisations of a commercial nature, and things of that kind. They have had five years to prove to the public that their policy would work. Far from working, the position is that they abandoned it within a year of having proclaimed it.

When we analyse the situation today and we listen to the Prime Minister today, and we look at the figures, we see that no restructuring has taken place over the course of the last five years, that no major new programme has been brought forward by the Government to increase productivity in Barbados in a meaningful way. That is a very serious thing, Sir, because we cannot go on increasing our expenditure when there is no underlying growth in the economy to be able to accommodate that expenditure. You have to borrow more or tax more. The Democratic Labour Party and this Minister of Finance and his predecessor have indulged in both. I think that they can truly be christened as the greatest tax gatherers that ever held office as Ministers of Finance in Barbados. There cannot be any doubt about that at all. No other Minister of Finance, and I have heard many budgets, has inflicted in the merciless way in which the Honourable Minister has done on this occasion an imposition of \$94 million. The magnitude of those figures is frightening.

The Honourable Minister of Finance once said that a previous Minister of his own party had landed the economy on the rocks and he had to save it. On that occasion his impositions were about \$55 million. What is he saying today when he himself has imposed \$94 million? He has shipwrecked the economy of Barbados. I would have thought that this occasion would have been used by the Honourable Minister, particularly now that the election is over and the Honourable Minister is able to congratulate

himself on the very efficient manner in which he was able to delude a large percentage of the people of Barbados that the economy was in good shape, never mind that when he was saying that the economy was in good shape there was information at his disposal which showed month by month from the Accountant's General Report and from the Central Bank's daily computer print-out that the deficit was going to be extraordinarily large. It is a matter of his style that he kept it to himself. Other people would have thought that it would have been good, it would have been honest, it would have been right to share that knowledge, but there are different strokes played by different folks, so that, Sir, today, in Barbados we are really paying for this.

5.30 p.m.

Now, Sir, there is a great divide between the Democratic Labour Party and the Barbados Labour Party. I want it to be clearly understood that I would never be a party to a political party that feels the best way to raise additional taxation is to place that burden upon the people who can least afford to pay. The greatest indictment that can be levied against the Democratic Labour Party is that over the course of the last seven budgets it has systematically laid a regressive form of taxation upon the backs of the poor people of this country and let off the people who are better able to pay. That charge is exemplified by the income tax reductions that took place in July 1986 Budget. That charge is exemplified by the latest act of incompetence on the part of the Ministry of Finance when it allowed a long period to elapse before it brought in the Land Development Duty Order and significant tax was foregone by the failure to bring that in. Who benefited from it? They are lucky. They are the supporters of the Democratic Labour Party. I would not accuse the Democratic Labour Party of deliberately doing it. What I would say is, that it exemplifies the manner in which they run the country, and we all must pay for it.

People must not forget, and the Barbados Labour Party will not allow them to forget, that the basic rate of consumption taxes in this country was 5 per cent in 1986. Today, the basic rate is 12 per cent. That is more than 100 per cent increase of the basic rate. Obviously, the proportion of consumption taxes that are collected which in the words of the Honourable Member for St. Michael West...

Asides.

Mr. H. B. ST. JOHN: Yes, Sir. I am soon going to get familiar again with all the Members. In the words of the Honourable Member for St. Michael West: "represents regressive taxation." I well recall, Sir, the criticism that was levied when levies were introduced in Barbados. If one looks at the position today, one would see that the levies as a proportion of Government's revenue have increased significantly under the Democratic Labour Party. \$24 million under the Barbados Labour Party, to \$84 million. It

was tax deductible and what is more the levies were collected for a specific purpose and they were spent for that purpose and they were not put into consolidated revenue so that the voracious appetite for spending would not be able to be satisfied.

The Honourable Members on that side are the victims of their own folly. There is some talk, Sir, that the Government would close the large gap that has been clearly identified, both in the Estimates and in the Budget. There is no point in saying that the Estimates showed that the gap was there, nor is there any point in saying that the Government will do something about it. It is the duty of the Minister of Finance to take the public into his confidence and tell the public what he, as Minister of Finance, is going to do to close that gap of over \$240 million. I notice that he said there will be no massive lay-offs. He hasn't said there will be no lay-offs. The word "massive" is a word of judgment and subjective, too, but the basic position is, Sir, that we must understand that Barbados, if we are to maintain our present standard of living, must increase our production. Our exports must increase, visible and invisible. We must do that. It is the Government's duty to create the economic climate for that to operate. Now, I was bitterly criticised in here once for making that statement. I was bitterly criticised for saying that it is better that we concentrate in the late eighties and early nineties on restructuring our economy so that we could become competitive than we indulge in large expenditures on consumption.

I notice, Sir, that the Minister takes great pride in saying that 50 per cent of the expenditure is in wages and salaries. He can boast and brag about that but the public of Barbados is not going to boast and brag that they are financing it with the most draconian taxation ever imposed upon them. If there is one thing that this Budget will do, it will bring home to the public that there is a connection between what the public sector spends and their earnings. Everybody is being called upon to pay. The Honourable Member for St. Philip South added a new word to economic verbiage: "horizontal inequities", whatsoever that means. I am disappointed, Sir, that the Government has not told us what its views are and how the Barbados economy can get going. There is no doubt about it. We are in a reverse position. The figures indicate quite clearly that we did worse last year than Guyana as far as the performance of our growth rate was concerned.

5.40 p.m.

We are doing very badly. Now, what does the Government through its Minister of Finance say will happen either through these measures or other measures taken which will help the economy? The Central Bank is not very hopeful. On page 23 it says:

"The outlook for 1991 is as challenging as 1990 turned out to be. Growth prospects largely hinge on

developments in the international economy which is presently in the grip of a recession. At best, real activity in the Barbados economy in 1991 may remain about the level in 1990."

Well, Sir, the Government's Central Bank, its advisors, are predicting a reduction of about 3% roughly in the economy in 1991. That is not a good omen. It is at these times that the Government must accept the challenge. It must tell us what it is going to do in addition to its failed measures in relation to agriculture. This Government has had access to a lot of studies in relation to agricultural development. This Budget was the appropriate time for the Government to have said its views on the implementation of those studies. In that respect the Budget is singly deficient.

We know that \$2 million more will be granted for the promotion of tourism. The Government prides itself on the fact that we have been able to continue our consumption patterns and our capacity for foreign imports because of the rise in tourism receipts over the last five years. As the Honourable Member for St. Peter pointed out, the Government cannot claim to have operated efficiently in this direction over the last year. The international recession would never have impacted on Barbados' tourism in 1990 as much as it did had the Government taken early decisions to correct the slip and the slippage that was occurring in the North American market. The signs were there. Money should have been put for extraordinary promotion in North America. It is important that Government recognises that tourism alone cannot be depended upon by Barbadians to earn all of the foreign exchange.

The Government is lucky that the Labour Party was wise enough to foresee Barbados as an international business centre which could compete. We created the infrastructure. We tried to sensitise the Barbadian public against great opposition that it was a good type of economic activity for Barbados to indulge in. As a matter of fact, most of the incentives that are in existence today are the ones that were established after the amendment to the International Business Companies Act were introduced in April 1986 which were confirmed in August. They have not been improved upon. The Government could have improved upon them. There is absolutely no doubt about it.

Barbados has a number of bottlenecks that must be removed. A large part of those bottlenecks are administrative in nature. The Government without much expenditure can remove them. I notice that there has been a shifting and changing in the ministerial responsibility for that.

Now, if we go to manufacturing, Sir, one must inevitably discuss CARICOM. I am really surprised that so little is devoted in this Budget to the impact of the Common External Tariff. The Government again is not telling the

public of Barbados what impact the new arrangements with respect to trading within CARICOM is going to have. There is a fair amount of inconsistency and misunderstanding about this. If you are having a genuine common market it means that Barbados cannot any longer continue to do what the Honourable Member for St. Lucy did and that is, break the CARICOM Treaty and impose licences on the import of goods which are eligible for trade. You cannot on the one hand go to CARICOM conferences and adopt a high moral stance at the conferences and domestically act differently. This is a very serious thing. Either the common market means that we are going to have a genuine free trade area with a common external tariff or we are not going to have it. This is a two-way street.

I want to make it clear. The Barbados Labour Party is firm in its belief, firm in its understanding of what a common market is. The Barbados Labour Party has always preached that it is in favour of it. What we have never done is to adopt the hypocritical attitude that others adopt on the one hand saying we are in favour and on the other hand acting differently. I think that if we are to improve our manufacturing capacity in the short-run, CARICOM market, despite the contraction of the purchasing power in that area, it has a part to play but we must have a regime that the private enterprise knows it can bargain on. That is why we are bitterly critical of the hypocrisy surrounding the fishing agreement. That is diametrically opposite to the concept of anything to do with a common market.

The role of subsidies. I hear a lot of talk about subsidies and things of that kind. There are a lot of subsidies that are given in the pork industry, the fishing industry and in other industries. The Government of Barbados must come out and say what its position is in relation to that because we cannot expect that our manufacturers will immediately be able to compete in the international market and be beneficiaries of the latest round of negotiations, the enterprise for America's regime, a lofty concept propounded. The Honourable Minister mentioned it in his Budget. He did not go any further than mentioning it.

Mr. SPEAKER: The Honourable Member has one minute more.

Mr. H. B. St. JOHN: Mr. Speaker, I am sure I have said enough to indicate that the Democratic Labour Party has landed us in very serious trouble, taxed us more than ever and failed to give us any hope for the future. There is one thing, Sir, that as time progresses the Barbados Labour Party will be able to explain to the public that there is yet hope.

Thank you, Sir.

Hon. E. E. GREAVES: Mr. Speaker, I particularly welcome this opportunity speaking after the Honourable Member for Christ Church South particularly since it is

clear to me and to all Honourable Members that the Honourable Member for Christ Church South does not seem to realise that five years have passed since he was last around. He seems to be reliving his experiences of that era. 5.50 p.m.

Let me say, Sir, that the Honourable Member for Christ Church South made the charge that the Democratic Labour Party has extracted more taxes than the Barbados Labour Party and would want to leave it there. And indeed would want to make one believe that having extracted taxes that the Democratic Labour Party did nothing with the taxes for the improvement of this community. It is important therefore for me to state the case of the Democratic Labour Party in terms of the way in which we have been able to utilize the resources of this country for the benefit of the people of Barbados. Certainly one would have to make reference to the work of the National Conservation Commission. One would have to make reference to the massive roadworks programme including the tenantry road programme which was instituted by the Democratic Labour Party during the 1986 to 1991 period, in the area of housing development, repairs to Government properties, repayment of debts, the upgrading of the Industrial Development Corporation properties, wages and salaries and a number of other things, all of which, I submit to you, Mr. Speaker, the Barbados Labour Party did little or nothing about during their period of office. The fact of the matter was that when we came into office we were under tremendous pressure to answer these needs and the Democratic Labour Party responded in a most determined manner.

Let me also say that the Honourable Member for Christ Church South indicated that under the Barbados Labour Party levies which were paid were \$24 million and people are now paying to the tune of \$84 million under the Democratic Labour Party. What the Honourable Member fails to understand and to grasp is the fact that since the Barbados Labour Party lost office that wages and salaries have increased in Barbados and levies are a proportion of wages and salaries. I do not understand the point which the Honourable Member is making.

The Honourable Member also talked about indirect taxation as if to give one the impression that it was the Democratic Labour Party that introduced the shift to indirect taxation. In truth and in fact it was the Barbados Labour Party which introduced this shift in Barbados. Let me make the point, Sir, certainly indirect taxation in my view hits the poor harder than direct taxation. Again, Sir, I do not quite understand the point which the Honourable Member for Christ Church South has made. What he tried to imply is that this Democratic Labour Party administration is so wicked and so gouging that all it is doing is extracting taxes from people and not giving anything in return. I think I have laid that particular charge and that particular impression to rest.

I would certainly have wanted to move on but I cannot leave the Honourable Member for Christ Church South at that. He went on to CARICOM and made a statement to the effect that the Barbados Government was not living up to the CARICOM arrangement, that we have been taking high sounding positions and doing something different. Let me say very clearly that I agree with the Honourable Member for Christ Church South that CARICOM is a two-way street and if member countries of CARICOM impose licences against Barbados' products and use all of the various techniques and substitutions which they would use in order to prevent products from Barbados from entering into their markets then Barbados has a justification to respond in like manner. If as one country indicated when we tried to get the restrictions which they had imposed lifted that their computers had broken down and as a result they could not process application then, the computers in Barbados, even although we did not have any must also break down. It is a two-way street. I think the sooner that we in CARICOM face reality and come to the realization that we have to be on the level with each other, the sooner that is understood the better it will be.

I believe that over the process of time that we are seeing an emergence of this particular situation where there is greater trust and confidence in the system, where there is more discussion and where there is a better understanding and better communication amongst the leaders in the CARICOM movement. I have every reason to believe that the movement is placed in a position where it can be much more effective and where the entire region can benefit from the arrangements which have been put in place.

I think that this 1991 Budget is one which is coming at a time in spite of what the Honourable Member for St. Peter or any other Honourable Member may say, where in the world situation we are going through a lot of changes. They are changes which we have to recognize will have an impact and certainly have had an impact on the way in which the Barbados economy has been able to perform. We have therefore to gear ourselves to deal with the new changes. It is something which all Barbadians must understand. I think the Right Honourable Prime Minister yesterday in the presentation of his Budgetary Proposals recognized this very clearly and certainly made the call to Barbadians that this is a time when all of us not some must pull our weight. It is a situation in which everybody must understand that it concerns all of us.

The Government therefore through the Budgetary Proposals has sought to deal with the major problem, the deficit and a number of measures have been introduced. The Right Honourable Prime Minister has had the courage to introduce these measures in spite of a number of criticisms which he would have faced. As he has indicated, if it is necessary in the process of time to introduce further measures to correct any other problems which there may be remaining in the economy, he will have no alternative but

to introduce those measures. I think that this is very clear and it is something which one has to recognize.

It is also important that this Budget, in spite of the attacks which have been levelled at it by the Opposition, to my mind, has not destroyed the confidence and will not destroy the confidence in this society. It is very important that one makes that point. But I would go on to say that fiscal measures alone whether these are by way of borrowing or by raising taxes or whatever fiscal measures a Government can put in place will not alone and certainly cannot alone solve our problems. This has to be made very clear. The Honourable Member for Christ Church South made reference to the whole question of productivity and I think in a way we are at one with this. It is my view that all of us in Barbados must recognise that we have, as a nation, we have to be more productive and this must be so at all levels of society.

6.00 p.m

In the public sector, the Government has played its part in ensuring that the right conditions obtain which are conducive to higher productivity. Since 1986, if I may give you some examples, I believe that the public service has benefited from about three wages and salaries increases. They have had since 1986 reclassification, they have also had improvements in the working conditions of public sector employees. All of these are matters which the Democratic Labour Party responded to in a positive way in order to improve the working environment in the public sector. What, therefore, does the public expect of public sector employees?

Certainly, wastage has to be reduced where wastage takes place and there must also be a recognition on the part of persons working in the public sector that it is not enough to get a job, and certainly it is not licence for doing the minimum. In short, productivity in this sector must come, not only from top management, but must go right down through to the lowest paid worker or the lowest person on the rung. I think this is a very important factor and the same can be said of the private sector, because as I said, the Government, as I said before and I think all Honourable Members recognise this, the Government can only create the environment in which the private sector can operate and can operate in a productive manner. We create the environment by the provision of incentives, by the provision of a number of concessions and certainly this Democratic Labour Party administration has made a number of concessions to the private sector in terms of relieving that sector of some of the many burdensome taxes and impositions which they were faced with before 1986. We have removed a whole host of these impositions. We have also made it possible in terms of ensuring that the organisations with which they have to deal were beefed up and were organised in such a way as to be able to respond in a meaningful way to some of the requests which have been made.

It is a fact that in the public sector we still have a situation where as the Member for St. Michael South has pointed out, where there are too many delays in the delivery of the service and that this has to be sharpened, because if we are going to get into a competitive situation as indeed we are, and certainly if we are going to make our way in the world then we have to do it in a competitive way, because I would certainly want to repeat that the world is not out there waiting on anything which Barbados produces. We have to earn our way in the world and we have to do so by producing the kind of products, by producing them at a competitive price, having them of good quality, attractively prepared, delivered on a timely basis and all of the factors which are necessary to enable us to have that competitive edge which must be put in place.

I am saying that the Government has therefore created the climate for this but we need, and I have to repeat this again, we need a cadre of people and we need the kinds of people who would take advantage of the situation which is created.

We have, Mr. Speaker, a situation in which, if you take the manufacturing sector, and I think that without having to go through the figures as was done in the past, even in respect of CARICOM trade, one would find that there have been some improvements in that particular area, where the exports from Barbados to CARICOM have grown, so it is a fact that our total exports have fallen but as this has been explained it was purely because of the removal of Intel, Corcom and Playtex who provided the bulk of our export earnings in the manufacturing sector.

What I am saying, is that, we therefore have to have a situation where people in the private sector, particularly those persons who are in the commercial aspect of the private sector, pay greater attention and certainly devote more of their resources and more of their time towards the manufacturing sector. For too long the manufacturing sector and other sectors have been called upon to finance the purchases of the commercial sector without the commercial sector in a big way getting involved in the manufacturing sector as it should get involved in the manufacturing sector and if there is one thing which we ought to be able to do and which certainly from the point of view of their concern in pulling their weight, that is, the private sector, if there is one thing which we should do at this time is to heed the call of the Government, to heed the need in this society, for them to become involved in manufacturing and certainly in manufacturing which is designed for the export sector. It is very important that we have to be able to earn our foreign exchange, to be able to finance the quality of life which we have and it is also important for the survival of the private sector, it is important for the survival of this country and the sooner that this is recognised the better it will be for everybody.

I believe, Sir, that this challenge is one which the sector must take up. I have no doubt that it possesses the resources both in terms of personnel and finances, that it would be able to respond in a meaningful way to that.

Now, I wish, Sir, to express my compliments to the Prime Minister on the modifications which he has made to the credit restrictions in the housing sector. The Prime Minister as Minister of Finance has indicated at page 17.1, "Housing continues to be a major problem for people and I have decided that a minor modification should be made to the credit restrictions in this sector. The restrictions will be removed in respect of the purchase of land, the purchase of houses already built at today's date and in respect of home improvements and repairs. I stand ready to approve such modifications formally in the usual way, and the mortgage rate for new houses will be increased from 9 per cent to 10 per cent but will remain at 9 per cent for existing mortgages."

It is my belief, Sir, that this measure will create some activity in this sector and it is certainly a recognition of the very important role which the Democratic Labour Party places on housing. And, Sir, I think it would be appropriate for me to read from what has been made a document of this Honourable Chamber before, that is, the Democratic Labour Party Manifesto where we have indicated in our Housing Programme, at page 27, that a DLP Government intends to consolidate and expand upon the innovative housing policies which it set in place in 1986 and by the end of 1989 had established an all time record for housing starts.

6.10 p.m.

We propose to pursue policies which facilitate home ownership, and propose through economic policies geared towards the re-energising of the export sector to secure the following:

1. Enhance the environment for private initiative in residential construction.
2. Continue to control mortgage interest rates at a level that is equitable to homeowners and mortgage companies.
3. Introduce a graduated mortgage payment scheme.
4. Arrange for the provision of thirty year mortgages.
5. Stimulate the growth of a secondary mortgage market.
6. Provide attractive fiscal incentives to housing cooperatives.

7. Improve access to housing by persons in the lower income bracket through the following:

provision of direct technical assistance;

introduction of lease purchase arrangements;

reduce down payments and control "soft costs";

allocate more NHC resources to providing serviced lots for sale and rental;

further encourage NHC tenants to purchase their units at concessionary rates;

offer a rebate (waiver of duties) to developers who build a proportion of low income houses in any development;

provide five hundred house spots in the first year of a new DLP administration, and we will certainly aim to go beyond that and continue with that;

build two blocks of multi-family units, and we will certainly move in that direction; and

provide the well with the house spot when the spot is sold or rented.

Sir, I think it was important for me to spell these initiatives out and to indicate that the National Housing Corporation will play a vital role in this whole scheme of housing arrangements.

I am concerned that the tenants of the National Housing Corporation have not been pulling their weight in the way in which the country expects them to pull their weight. I have to return to that theme, where everybody is expected to pull his or her weight. We have to deal with the rent arrears situation which at the end of February 1991 stood at \$2.6 million. This of course is a vast improvement which continued during the 1986 - 1991 period as what obtained before.

Let me give you, Sir, an example of some of the abuse which is taking place and which has to be corrected. A, who is a tenant, rented an apartment in Haynesville in 1979. In 1986 A transferred to Rosemont. A now owes the National Housing Corporation \$11,075. B was renting an apartment in Rosemont in 1982. B today owes the National Housing Corporation \$8,835. C was renting an apartment in the Pine in December 1986. C now owes the National Housing Corporation \$3,363. D was renting an apartment in 1978 in

the Pine. D now owes the National Housing Corporation \$4,251.

Mr. Speaker, this situation cannot continue. If the National Housing Corporation is going to continue to play the kind of role which it is expected to play in delivering houses, or refurbishing existing houses, and indeed in servicing the 7,000 or more applications which are on the files in the National Housing Corporation, then we need to collect that rent. I am making this call here now to those defaulters to pay up and to play their role in pulling their weight in order for the National Housing Corporation to satisfy the legitimate demands which people are making on it for its services.

I have no doubt, Sir, that all well thinking and well meaning Barbadians who have their country at heart, and who are in this kind of position, would know that they have to pull their weight, and certainly the public would support me in any action which the National Housing Corporation may be authorised to take in order to recover what rents are due.

I support the budget and look forward to all of us during 1991 and beyond pulling our weight and playing the kind of role which is so important for our national development.

I thank you.

Mr. D. W. BOWEN: Mr. Speaker, I rise to support the Resolution before this Honourable House and to praise the Minister of Finance for having the political will to deal with the economic issues before this country. Before I proceed, Sir, it would be remiss of me if I did not take this opportunity to express my sincere gratitude to the people of St. Michael South Central for affording me the honour and privilege to be here today on this side.

To my mind, Mr. Speaker, the central issue in this budget debate is one of debt servicing. I am sorry that the Honourable Member for St. Peter is not in his seat, but there has been discussion as to whether or not the other side of the Opposition has the Government in this position with respect to debt repayment. I would just like to refer the Honourable Member for St. Peter to a document, "The National Debt and Debt Service", which is a Central Bank document, and to Table A1 of that document. At a glance he would see the build up of the debt over the years and that the majority of debt repayment relates to money borrowed between 1976 and 1986. That cannot be disputed, the document is here.

I believe that this budget, therefore, is about protecting the balance of payments and at the same time reducing the fiscal deficit. It is my opinion that the measures taken yesterday by the Minister of Finance would go a long way in enhancing the confidence of overseas lenders that

Barbados is ready and willing at the domestic level to take steps to protect the balance of payments of Barbados and to prevent a total collapse.

Mr. Speaker, as I passed through my constituency last night, and again today, the feedback I got was that the budget was a manageable one and that certainly my constituents expected more austere measures. I just wanted to put that on the table for what it is worth.

In terms of an analogy, Mr. Speaker, with respect to the budget, I believe that it could be likened unto someone with a heavy chest cold, where you could go – I see my friend, the Member for the City, is laughing – into a drug store and serve yourself in order to take corrective measures, or you could ignore it and weeks down the road you are faced with bronchitis, pneumonia or whatever and you have to see the doctor. The analogy is this, that the doctor in the case of the international economic world is the IMF. What are the prescriptions of the IMF? I am sure the other side can enumerate them for us. It is the four D's, as they are commonly called. The first is devaluation, and we have to see what has happened in Guyana as far as devaluation is concerned. There is the question of deflation with all its attendant ills and the whole possibility of collapse of the internal market.

6.20 p.m.

Thirdly, it is the question of deregulation where one of the IMF conditionalities is that you remove any restrictions or any protective mechanism you have in place. And the fourth D is one that I am going to dwell on, the question of divestment, popularly called privatisation, where the IMF expect a third-world country to divest itself of a number of public services.

What the IMF is saying, Mr. Speaker, is that those persons whom I have the honour and privilege to represent at the National Union of Public Workers have no place in the world economy. That is what they are saying in a nutshell, and I think it is nothing short of ideological impertinence for an outside agency to dictate to a third world country what aspects of the economy should be in private sector hands or what aspects should be in the public sector hands. I believe that these four Ds invariably lead to a fifth D and that is the whole question of destruction, destruction of all the social services. Again I don't do this with any pride, Mr. Speaker, but I have to look at the situation in Jamaica. What has happened to the hospitals in Jamaica, what has happened even in some cases to the sanitation services where stuff was burnt next to the road; to the transport services, and we can go on and on and take the whole night and list the problems that are caused and the destruction that is caused by the IMF austerity measures.

I am pleased, Mr. Speaker, that, from a professional point of view, we have been given the assurance that there would be no massive layoffs. The Honourable Member for

Christ Church South played on the word "massive". He felt that that was the operative word but it is the policy of the Democratic Labour Party and we have enunciated it up and down the length and breadth of Barbados that we don't believe in laying off people. We have enunciated that we don't believe in putting people on a four-day week, so when the Honourable Member for St. Peter talked about "starvation tax" let him remember the four-day week. If you are going to ask someone now – I will deal with the stabilisation tax shortly – who is earning \$100 to pay \$1.50 out of that and you call that a "starvation tax", what would you call a situation where you reduce someone's income from \$100 to \$80?

Mr. Speaker, I would want before I respond to certain comments from the other side, and one of the disadvantages of batting so high up in the order is that the other side did not say much so I don't have much to respond to, but there is still something that I am going to respond to. Before I get there, the incoming Minister of Housing, to some extent, stole my thunder with respect to the modifications which have been made by the Government in this sector on page 17 of the Financial Statement and Budgetary Proposals. Notwithstanding the fact that the Government has increased over the last five years astronomically the housing stock in Barbados, it is still my submission that there needs to be further restructuring to place home ownership in the hands of the lowest income groups in Barbados.

The Honourable Member for St. Lucy enumerated the manifesto pledges of the Democratic Labour Party, but there are other areas that I would want to touch on briefly if we are to proceed with expedition in bringing home ownership into the reach of all. I speak, Mr. Speaker, of the extension of the General Workers Loan Scheme which I believe should be consolidated and extended so that low income house seekers would be eligible for concessionary rates and so on. I will take this opportunity to implore the Minister to look into the possibility of increasing the loan limits from \$20,000 to \$25,000.

The whole question of the resuscitation of the Public Officers Loans Scheme, this fell into disuse some time six to seven years ago and I believe that this is another area that we are going to have to look at in the future. The whole question of tightening repayment controls, the Minister addressed and alluded to the fact that those tenants who now owe should pay up or ship out. I support him on that, because it is a fact that persons using state financing schemes have a bad repayment record and this is an issue which we enjoin the Opposition to join forces with us to ensure that all who owe the National Housing Corporation pay up.

The whole question of the development of housing associations, cooperative initiatives and credit union involvement in the whole housing thrust must be given consideration by Government in the future.

I turn now to the question of the stabilisation tax. The Honourable Member for St. Peter suggested that the unionists respond to this stabilisation tax, which as I said before, those persons earning \$100 are now being asked to pay \$1.50 a week and those earning \$5,000 would be asked to pay \$75 a month. The point I am making, Mr. Speaker, is that this tax calls on people to pay according to their ability. To my mind, the most philosophical underpinning of this tax is that it recognises that Barbados belongs to all of us and therefore all of us have a stake in Barbados and all of us must pay. I owe no apologies. That is my position from a philosophical plane. That is my position as a trade unionist and I could sell this, I am sure, to all the members of St. Michael South Central. I recognise that I come from a wage earning community where 90 to 95 per cent of my constituents are going to have to pay this, but I can sell it to them and I am going to sell it to them. I have no problem with that at all.

I turn, Mr. Speaker, to the question of the consumption tax. This again has been a sore point for the Opposition bench, but again Mr. Speaker, the consumption tax is so structured that, to my mind, it impacts greatest on the people with discretionary income.
6.30 p.m.

It impacts on the people who have the money to buy the satellite dishes. I see nothing wrong with it. At the level of the lowest paid workers I think the tax is about ensuring that those ordinary people keep their jobs. I think it is a small price to pay for job security.

The Honourable Member for St. Peter at about 4 o'clock when he was fighting to make up time for half an hour spent the rest of the time reading a whole list of items. I would not go into that. I believe he is somewhere resting now. It was really pathetic to watch him go through... You are going to stop me? I withdraw, Mr. Speaker.

Mr. SPEAKER: No, No.

Mr. D. W. BOWEN: I would like to withdraw the remark, Mr. Speaker, and liken it, in supporting the Honourable Member – he is coming, Mr. Speaker – for St. Philip South who said that once you hear one reply to the Budget debate you hear all. It is like at 3 o'clock this afternoon he touched a switch on a robot. You got from that robot the same programme you got for the last six years. That is what happened this evening. Someone called it a re-run.

The next point I would like to respond to is to make a plea. This hinges on a matter that the Honourable Member for St. Lucy raised, to all the revenue collecting agencies to ensure that these revenues are collected and collected promptly. I have a problem as far as the PAYE is concerned. I believe that we who pay through that system bear a disproportionate part of the burden, the salaried

workers and wage earners, as far as Income Tax payment is concerned. I find it difficult to believe that in a work force of 105 000 only 20 000 people pay Income Tax. I also have difficulty with the fact that they are telling me that only 2 000 in Barbados earn \$3 000 or more. These problems have, as far as I am concerned, implications for tax evasion. These are areas that we are going to have to tighten up on.

With respect to the increase in interest rate on mortgages, this is about a supply and demand situation. We cannot expect trust companies to borrow at 8.5% and 9% and lend at the same 9%. I do not think I have to dwell on that issue.

I come now to an issue that is dear to me. I have spoken on it already in this Honourable House and I will continue to speak on it. It is the whole question of the importance of improving the management structure within the Public Service because the success of the proposals are going to stand or fall on what happens in the public sector. Mr. Speaker, we are reaping a lot of the ills that were sowed between the 1976 and 1986 period, the whole question of the closing down in the early 1980's of the Organisation and Management Division within the Ministry of the Public Service. That had implications for the whole management structure especially at the level of the middle management in the Public Service. These are matters which have to be tightened up. I know that the Ministry of the Public Service over time has been vilified. It has been called an octopus in this Honourable Chamber and all sorts of names mainly, to a large extent, by someone who I had the honour of dispossessing of this same seat in St. Michael South Central.

I believe this Government is going to move swiftly to tighten the management structure at all levels in the Public Service. We have already gone in that direction. Speaking specifically to the Budget we have organised over the past four or five years seven 5-month courses for Customs Officers. We have also organised intensive training at the level of the Department of Inland Revenue. This is a matter that is dear to me, the whole question of improving the efficiency of the Public Service.

I believe if there is one thing that could be said for the Democratic Labour Party is the fact that between 1986 and 1991 we have raised the morale in the Public Service. I hope that we would never return to the dark days of 1976-1986 when the whole system was terrorised. I see a note here about fat lazy drone bees when someone from the other side referred to the public sector as fat lazy drone bees. In this maiden Budget address, Mr. Speaker, I would not want to taint my address by referring to the fact that someone on that side referred to public workers as fat, lazy drone bees. I will not mention that. I would not deal with that.

Mr. Speaker, squandermania. Sometimes, as the Honourable Member for St. Philip South pointed out, we are not sure exactly what the Opposition wants. Sometimes they are calling for cuts. They want massive cuts. They are talking about squandermania. On the other hand they are saying that the Budget does not go far enough, that we need to do this and we need to do that. Whenever one speaks about squandermania the first project that is called Sherbourne. I want to say here today that it is my prediction that the Sherbourne Centre in five years time is going to be the envy of the Caribbean. The Sherbourne Centre is an investment for the future. It is an investment for future generations. It was built at half the cost of the Central Bank. What is the Central Bank? An investment in what? The other side must remember that.

I would like, in the time remaining to me, Mr. Speaker, to look at a number of other matters. The whole question of the doom and gloom that has been preached by the other side and, certainly, in the presentation by the Honourable Member for St. Peter, which has not been bought, I daresay, by the public of Barbados because this whole doom and gloom story has been preached now for the last four or five years. It was rejected on January 22, 1991.

It is my submission, Mr. Speaker, that Barbados right now, despite the fact that the Honourable Member for Christ Church South compared Barbados to Guyana – That was a sad moment in the entire debate but we are used to these sad moments. We have to live with them. That was a sad moment in this debate when that comparison was made. 6.40 p.m.

But Barbados is the only major economy in the region today which has not collapsed. To a large extent we are the last outpost. We are the market for the Caribbean. This cannot be disputed. All of them sell here. With the exception of a few OECS countries, the balance of trade is not in our favour. Therefore, Mr. Speaker, we cannot afford to be irresponsible. We recognize that the measures taken today are not only measures for Barbados, these are measures for the whole Caribbean, for economies in the Caribbean that we are propping up.

Mr. Speaker, in closing I should like to say that...

Asides.

Mr. SPEAKER: May I have some order, please? Continue.

Mr. D. W. BOWEN: Thank you, Mr. Speaker, although I can protect myself.

Mr. Speaker, in closing I believe the measures taken have not been draconian. I believe that there is still hope for the people of St. Michael South Central in terms of the

community development project which they are crying out for, in terms of sporting facilities at Gully Hill in Carrington Village, in terms of community development at Valery in Brittons Hill, in terms of cleaning up drainage problems at Cummings Road in Brittons Hill, in terms of dealing with drainage problems in Campaign Land. These are issues which the people of St. Michael South Central have been faced with for some time now and have not been addressed by the former Representative. I am sure that this administration, at my prompting, would address these issues.

Mr. Speaker, the Democratic Labour Party – and it saddens me that the other side carries the banner of labour also – is the only Party which has kept faith with the masses and the masses have kept faith with us. I am saying to the people of Barbados that they are in good hands. They have nothing to worry about. We have been called upon to tighten our belts. As the Honourable Member for St. Lucy said we might even have to tighten them further. But we do not have any problem with that. The point is that they are in safe hands and with these measures it can only lead, in the first place, to stability and then to continued growth and development.

Thank you.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, this is an appropriate time for a break, Sir, and I am moving that the sitting be suspended until 7.45 p.m.

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

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly at 6.45 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed. The Honourable Member for St. George South.

Mr. L. R. TULL: Mr. Speaker, Sir, I feel very dismayed about the contents of the Budget for this year. A number of Honourable Members have spoken from both sides of the Chamber and they have sought in their own individual ways to put in certain perspective what has happened.

I believe that as the Philosopher Aristotle said, "Even God cannot forget the past." Indeed another Philosopher said that he cannot change the past. I do not then propose to spend a great deal of time on past events, except from time to time to make reference to one or two things that have transpired that would put what I am saying into proper and true perspective.

I have no quarrel, I say this at the beginning, with a Government having to take some kind of structural adjustment as it is called by the Minister of Finance for the economy of this country. The thing about it is that a lot of what has happened today could have been avoided if the Government were prepared to listen to the knowledgeable and informed people of this country who did nothing other than to exercise their civic duty in saying that we are running down the wrong road. But the Minister of Finance showed a single-mindedness, an obduracy, a stubbornness that refused to allow him to understand the important problems that he had to face.

This economy of Barbados is something that must be fine tuned because of a number of facets in our economy that are susceptible to external factors, a lot of facets that are susceptible to forces inside and outside the country that can change things in the twinkling of an eye, so to speak. Even though the Minister of Finance was warned repeatedly about the policies that he was taking on the one hand and the policies he was failing to take on the other hand in relation to the economy, things went their merry way and now we are asked in this Budget to have young men and women of this country to bear the pain for the profligacy and the wanton conduct of a Government over the past two years.

When the Prime Minister tells the people of this country that they must bear some pain, because that is what he is saying, all of us must sacrifice, bear some pain, it was as insensitive, Mr. Speaker, Sir, as the same Minister of Finance going into the Geriatric Hospital and telling the people in there that they must tighten their belts.

The speaker who spoke before me, the Honourable Member for St. Michael South Central showed that there is a philosophical difference between one end of the village and the other. Because the end that is closer to Belleville feels that there is nothing wrong with the distribution of the pain to all the society irrespective of their means.

I do not share that view, Sir. For one thing, the people at the lower socio-economic round of the ladder are constantly day in and day out making their sacrifice. It does not require a Budget for them to be making the sacrifice for this society. They are called on on a daily basis to carry a burden that in many ways is far too onerous for them. To think that this Budget for the first time is distributing pain is to misunderstand what has been happening in this country for a long time. We have that philosophical difference. It represents also a philosophical difference between the Democratic Labour Party and the Barbados Labour Party. 7.50 p.m.

Mr. Speaker, Sir, when the Government introduces this new tax what it is in fact doing is putting a burden on people who can least afford to bear it and from whom very little is being derived by the Government. The amount of

money that this stabilisation tax is bringing in from the people of low income groups is really not enough when one calculates it, to go through the burden of even the collection, but to each individual person of that group this represents a burden. I will give you an example, Sir, we hear used as an analogy the new tax for LPG gas. The Government gives a two and three dollar reduction in LPG gas and the Members of the Government benches thumped their tables, almost in ecstasy as if something had happened. When one looks at it, it represents between five to seven cents per day. One looks at a 20 or 25 pound cylinder of LPG gas and one looks at the reduction given by the Prime Minister, it is almost an act of cynicism, it is an act of trifling with the feelings of these people because as I said, Sir, it is something between five and seven cents a day that has been given.

It is said, Sir, that where there is no pain there is no gain. The Prime Minister, therefore, feels that if we are to make the kind gain that is necessary to bring the economy back out of the hole in which he has placed it that there must be pain and that the pain must be distributive. But, there is a category of persons, there are many categories, but I will deal at this stage with one specific category - the young aspiring home owner.

The Budgetary proposals increased mortgage interest from 9 per cent to 10 per cent for people who would be getting loans of mortgage money from yesterday's date, I think he said it was. Those who already have mortgages continue to pay 9 per cent. The one per cent represents an increase of almost \$24 000 to somebody who is getting \$150 000 mortgage. At a lower level a mortgage of \$75 000, the one per cent represents an increase of just under \$12,000 interest. It is important to put it in that kind of context because a lot of the talk that one has been hearing over the past 24 hours would suggest, Mr. Speaker, that not much has happened, but a lot has happened. Look at the position of the young aspiring home owner, Sir. He has to pay a higher mortgage than older persons who because they may have had a mortgage for a longer period of time have smaller repayments on their monthly or annual basis. He also has the consumption tax to deal with. He has to deal with the fact that bridging loans are classified by the Government, Sir, as personal loans, so that even if a young aspiring home owner is offered a mortgage, unless he can get a bridging loan it is an empty offer and that has been happening in the last two years and there is nothing in this Budget to suggest that will not continue.

Indeed, Mr. Speaker, Sir, this budget suggests that it is the Government's policy to continue that. So, the young aspiring house owner has been discriminated against in this budget and the distribution of pain is falling inordinately heavy on his back, just like it is falling disproportionately heavy on the back of the poor in the society.

The Government talks about affordable housing for all, and I heard the Honourable Member for St. Michael South Central speak in glowing terms about a Government housing policy and indeed the Minister of Housing, the Honourable Member for St. Lucy, regaled this Chamber before we broke earlier, Sir, with a recitation of promises made in the Manifesto of the Democratic Labour Party on housing.

Housing, Sir, is a compelling social need, it is not a luxury. Housing has not kept pace with other social services in Barbados, transportation, education, health and so on, and the stock of substandard housing in Barbados is extremely high in relation to the wealth of the country. We have not kept pace in housing and we also have to consider, and that seems to be a fact lost on the Government, Sir, that housing is a productive sector. Sometimes it seems to be treated as a mere social sector. Many people have as the most important investment they will ever make in their lives, is an investment in a home. Indeed, Mr. Speaker, Sir, a lot of people do not think of other major investments apart from home ownership, and therefore the Government has to bear those factors in mind, the fact that housing has not developed *pari passu* with other sectors of services in Barbados. Sir, it also represents an important investment for individual house owners, but it goes further, Mr. Speaker, Sir, it provides employment for a large number of people in this country. It is accepted, Sir, and it is commonly known that construction is a major generator of jobs in our economy.

When, therefore, Sir, the Government in this Budget has put a further dampener on home construction, both from the point of view of the increase of the one percent on the mortgage and I would say, Sir, parenthetically at this stage, that the Government seems more comfortable with bankers and trust companies profits than it is with the social impact on housing for the masses of people across this country. Housing is less important in their priorities than it is to give a comfortable profit to people who have already benefitted tremendously over the last five years by certain policies of the Democratic Labour Party Government.

I want, Mr. Speaker, to drive this home because we have to make a decision at some stage which road we are going to travel. Pain, yes, Mr. Speaker. I accept that there must be pain. If there is no pain now God help the economy of Barbados, but I am submitting Mr. Speaker that it has to be a question of priority as to where the pain falls. So, I am not quarrelling with any so called structural adjustment programme of the Government, Sir, I am not quarrelling with that, I am only quarrelling as I said with the distribution of the burden. There are people of low income groups who work for sums below \$15 000 and some a considerable amount less than \$15 000, who we hear, Mr. Speaker, by speakers on the other side, glib statements from them, everybody must bear the burden.

8.00 p.m.

There are some people in the category to which I make reference who at this stage are entitled to lay their burden down. They have been carrying the burden for too long. Therefore, Mr. Speaker, that aspect of the budgetary proposals I find anathema to me and my conscience, because it moves away from the direction in which this country has been going over the last decade and a half, the direction of shifting a lot of the financial burden on those who are best able to carry that burden.

Mr. Speaker, in talking about young people, I mentioned that the increase in the mortgage to 10% to young aspiring householders is a burden on them and discriminatory. I mentioned the fact that the increase in consumption tax on building materials is an additional burden. I mentioned also that this stabilisation tax – a surcharge by another name – is an additional burden. We also have what the Prime Minister at some stage did, that is, make a none too subtle threat, "stop asking for money, or your job is gone." Add that to the equation. When you put all these things together, Sir, they represent a brutal blow to the aspirations of the young people in this country, and in the process the Prime Minister is putting the carpenters of Drax Hall out of work, he is putting the maids of Macaroni Village, who work on the building sites, out of work. I know he is not going to touch Eden Lodge, because as I am saying, there is a number of discriminatory provisions in these budgetary proposals.

He is going to go further, Sir. He is going to make the young teacher from Dash Valley stay at home, living with his parents, longer because he cannot afford to get a house. He is putting an additional burden on the young nurse from Jericho in St. George.

Asides.

Mr. SPEAKER: Now, please. I want Honourable Members to continue as we have been going before.

Mr. L. R. TULL: It is a burden on the nurse from Jericho, St. George, because she was just getting one of the Ideal Homes houses but now these budgetary proposals make it impossible for her to continue. Those who have just got one of the new houses are being asked to pay an additional \$89 a month, or put up the house for sale. That \$89 a month represents a fortune to young single people who have just acquired a house and who are out to the baller meeting the monthly payments. So although, Mr. Speaker – and I have to reiterate it unless what I say is misinterpreted or twisted – I accept that the Prime Minister has put the country in a position where everybody has to bear some pain, I believe that the allocation of the pain is what this debate is and should be all about.

There are some people in this society who share the joy all the time. The people in St. George do not share the joy, because they have to walk through roads that are not

paved and were not paved for 300 years. Therefore the designer shoes to which the Prime Minister made reference are something alien to them, because they have to wear the type that can withstand the mud when the rain falls. The people in St. George do not bear the joy in a number of the services that are taken for granted in Eden Lodge and Bay Land, so they are carrying the burden every single day, so do not tell us about taking the pain tonight.

Anybody with a social conscience and anybody with a social philosophy would know that in the distribution of pain in this particular exercise there must be some exemptions. The Prime Minister talks about designer shoes and missing a few nights at the cinema. What about missing a few meals? Because that is the position. Every single dollar taken from people who are living at a subsistence level unjustly represents a meal or a few meals less, not a cinema ticket nor designer jeans or shoes. It is very easy for the Minister of Finance from his lofty perch to speak in rather idealistic terms about these problems without understanding the way in which they affect a number of people in this country.

He talks about action now and some Honourable Members on the other side are saying that if we do not take action now we will have a number of dire consequences in the future. The point is that if the Government had taken timely action, what is happening now could have been mitigated or removed. It would have been either necessary or the pain would have been less, so do not let the Government think they are getting out of this. The Government has given the impression throughout that they had their hands on the wheel and that all was going well, that nothing was really going wrong with the country in terms of the economy. If they had moved, Sir, things would have been different.

This budget is pregnant with difficulties, it is pregnant with hardships, hardships for those who can least afford to bear them. It is contemptuous of small people in this country who, through no fault of their own, find that they are not involved in the economic good things that go in this country. It is only when things go bad that they are involved. As I said, Sir, it is an anti-youth budget, it is a budget that is intended – it does not happen by chance – to dash the aspirations of young people who want to start to build a home and move on. In refusing to listen to those on this side and in other parts of the country, who warned the Government to move early, all I can say is that their political chickens have come home to roost, and it is not a pleasant experience.

8.10 p.m.

What this country needs, Sir, at this time is a little more empathy with those who are having a rough time. I heard the Honourable Member for St. Peter, in his presentation earlier this afternoon make reference to the fact that while Ms. Jones or Ms. Parris or whoever...

Asides.

Mr. L. R. TULL: ...Miss Lynch of Rose Hill in St. Peter can't get any money to fix her house that the Government can get hundreds of millions to fix up all kinds of unnecessary lodgings at this time. I qualify it, unnecessary at this time. They feel offended every time Sherbourne is mentioned, Sir, but they will continue to hear about Sherbourne. Even if Sherbourne turns out to be the best complex of its kind in the Caribbean in the next five years, that is not the question tonight. The question is whether in the existing circumstances it is a priority. Nobody on this side is quarrelling over the need for an Examinations Centre *cum* Cultural Centre *cum* Convention Centre *cum* whatever. Nobody is quarrelling with providing that kind of facility. The question is whether in context of the economy of Barbados in the last two years, it rated the kind of priority it was given and is it fair to raise the question already heard from the Honourable Member for St. Peter that when people cannot themselves get loans to do things that are important that the Government should use up the money to go on a government spending spree. Don't let anybody tell me, Sir, that it had anything with the saving of foreign exchange, something to do with balance of payments, deficit or any fiscal deficit. To tell us that is contemptuous of our thinking and equally contemptuous of the people of this country, because whether 5 000 people in Barbados are given an opportunity to build homes or to build on extra rooms to existing homes, or whether the Government is given that money instead of them to build a number of low priority projects – if we look at it in those terms, Sir, I don't think anybody who is serious can feel that at this particular juncture in our history that the priority of the Government is greater than the priority of people across this country. These are the issues. It is as simple as that and it is not a question of whether the Government has taken some action to redress the problem that they have created. One of the things I find strange about it is the incremental pain.

Sometimes, you know, it is better if you have a disease to go and get surgery than to fool around with a little plaster here and there. I am of the view that this is incremental pain and we are going to get pain step by step over a period of time. Everything that has been said suggests this. Mr. Speaker, Sir, the amount of money being raised in taxation this year by the Minister of Finance is not any small amount of money. One also has to look at it in the context of what the real needs are, and one wonders if the Minister at a time when the economy of Barbados requires bold imaginative and creative leadership and management has not settled for mere tinkering, playing around with the knobs, in the hope that he can get a good sound.

Mr. SPEAKER: One minute more.

Mr. L. R. TULL: The people of St. George, Sir, find no comfort in this budget, Sir. The best artisans in Barbados

come from St. George and the most plumbers, carpenters, masons, electricians, you name them, come from St. George, and the budget is killing, strangling, bludgeoning to death the construction industry and putting the jobs of the people of St. George at stake.

In addition to that, Sir, there is no comfort in this budget for the people of St. George because they believe that the wrong people are asked to carry the burden of the pain in this particular set of budgetary proposals, that those who are best able to pay have not been called on to pay in the ratio which they should have been and that the Government seems to think that when the joys are being spread a handful of people get them but when the pain is to be spread everybody no matter what their means are to share in that pain, Sir. Thank you.

Hon. W. W. HALL: Mr. Speaker, I rise to give support to the budgetary proposals and financial statements so ably presented by the Rt. Honourable Prime Minister yesterday afternoon. These proposals, Sir, were presented against a background where all Barbadians in all walks of life were bracing themselves for the expected desert storm. The experts and the economists had told them so, Sir, that the Prime Minister would come with some draconian measures and as a consequence we saw lines up at the end of the highway with people trying to buy cars over the weekend. Sir, I wish to say that having listened to the Prime Minister yesterday and having felt the pulse of my people in Black Rock and the contiguous areas, I can only report that the people are saying that they understand the measures taken by the Prime Minister. They do not wish to lose their jobs and they feel that if they have to cut and contrive like their grandmother and their great grandmother did before them, Sir, that they will so do. It is as simple as that. "*Punto finito*". That is how it is.

There must be no mistake, Sir, there is no discontent, Mr. Speaker. There is no mistake at all about that. The only discontent, Sir, is that some of the people feel that they should be watching Days of Our Lives. They have no problem with the Prime Minister. The Members of the Opposition have had problems with him for a very long time but I wish to congratulate him heartily for the very able way he presented it. He was erudite, Sir. He was concise, but he was very honest. He used the management tool and whether you are Prime Minister, a Minister, or whether you are working in the private sector and you wish to get cooperation from people you have to tell them why you are doing things. The Prime Minister did just that, as he did in 1988. He told them exactly why he was doing these things, Sir. If you tell people why you are doing things, they understand you and if they understand you, you get a commitment, and once you get the commitment, Sir, you will get the necessary cooperation. That is it, Sir. He will get the same commitment as the people of Poland are giving Walesa, even though they are begging for food, as indeed they are begging for food in Russia. Sir, no one is

begging for food in Barbados, but if you listen to the Opposition benches, Sir, you would not believe that the per capita income has been raised by between 2 per cent to 10 per cent. That is a fact, Sir, and yet... That is from the Economic Report 1990. That is the position. I just wish to say, Sir, that from year to year we come in here for the budgetary proposals and financial statements and Sir, if you see them, the Honourable Members, the epitome of sartorial splendour and exquisite beauty from year to year, sometimes their behavioural patterns are impeccable but sometimes I hear some words that I have a problem with.

8.20 p.m.

Today I heard about starvation tax. The Members of the Barbados Labour Party have a phobia with starvation. It upsets them. I seem to remember that phrase somewhere along the line that I shall not repeat now. My position is simply this. Life for me will never be a banquet if they are people starving anywhere in the world. Life for me could never be a banquet if there are Barbadians on the bread line and starving.

Sir, I am very serious when I have a look at these Budgetary Proposals. I have to be very serious because I heard a long list being read out by the Members of the Opposition. It can be very misleading at times. I remember a few years ago, between 1976 and 1986, the then Prime Minister came and removed a tax from shingles. I said to myself, "what a great idea!" I felt that shingles was something that would be with poor people, the small man. I love the small man. I believe in the small man. Why? The small man has character and character builds a nation. That is my position.

I thought that the removal of tax from shingles was a great thing. Then I walked all over Barbados and noticed that shingles were only on hotels. They were not on poor people's houses. You look around Barbados. There are not many shingles on poor people's houses. I am not saying that as an indictment against anyone. I am saying that you get these ideas that you think you are right and then you are not right at all.

Mr. Speaker, there is empirical evidence that the Prime Minister would have to take the measures that he took. As you look at the Economic Report you would notice that the agricultural sector grew 8%, the much maligned agricultural sector. Only a few months ago we came to this Honourable Chamber and we heard attack after attack, vilification, abuse, psychological and otherwise...

Mr. SPEAKER: Is the Honourable Member saying that these things were said in this Chamber?

Hon. W. W. HALL: No, Sir. Indeed not, Sir. You would not have allowed that. They said it in other places loud enough for all and sundry to hear. I am saying that they should apologise, if not in here outside because the

agricultural sector showed an increase of 8% last year. It only shows you what happens.

The inflation rate declined from 6.2% to 3.1%. Unemployment between October 1990 and December 1990 the rate did move. It moved from 13.7% to 14.7%, a far cry from the 23% that I heard coming from the Opposition benches during the Estimates. I suppose when the time comes for them to speak they will remember that was the position.

There were things that would make any Prime Minister not happy with the economy if the manufacturing sector declined by 2.7%. The Economic Report again I am quoting and the tourism sector declined by 9.8% when we had 6.3% decline in total long-stay arrivals. I will speak to that with great alacrity in a little while.

The deficit on the balance of payment was \$105 million, an increase of \$35.5 million over 1989. That is the key. The deficit for the fiscal year 1990-91 was \$229.2 million. Simply stated, Mr. Speaker, it must be very obvious to everyone that we have to earn enough to pay for our goods and services. Therefore, our Prime Minister ever cognisant of the sectors that did well and gave them comfort had to grapple with the idea that some of the sectors were not doing well and they would be of particular concern. He would have to address them. That is it in a nutshell.

The Prime Minister stated his objectives. This is management by objectives, if you like. There were about six objectives that I can remember. He had to concentrate on stimulating the economy, yes, stimulating the export sector. He also had to stimulate the productive sector, those that were earning foreign exchange. He had to reduce the deficit and he had to curb consumer spending. What is more, Sir, we have to pay our debts. We had to put aside \$281 million for the debt repayment for 1991/92. That is the position.

The position as I see it will be this whole question. How would he raise the taxes? It is established that taxes would have to be raised. Therefore, it was a matter of how you would raise the taxes. Would it be by direct taxation as he did in 1989? Would it be by indirect taxation as he did in 1988? Would he in 1990 come with a no taxes Budget? That was labelled an election Budget. It was a catch 22 situation. You are damned if you do and damned if you do not.

Aside.

Hon. W. W. HALL: Excuse me, Sir. The Prime Minister chose to do it this way, \$30 million by the Stabilisation Tax – I would like to tell the Honourable Member for St. Peter that the correct word for this tax is the Stabilisation Tax – \$60 million by Consumption Taxes and

another \$4.2 million by additional taxes. That is the way the Prime Minister chose to do it.

Sir, if I were to trigger your memory, and we cast our minds back to a few months ago, unless we are all suffering from encephalitis, you will know that the Opposition talked about the IMF and the austerity measures that would come along. They talked about devaluation. To talk about devaluation is merely to throw panic in the banking system. That is the idea. They threw panic in the banking system. There is a flight of foreign exchange out of the country or a hoarding thereof, and you are in trouble.

They talked about run-away expenditure while as parliamentarians every one of the Honourable Members in this Honourable House recognises that we must help all of our constituents. They want roads, lights, gas, all sorts of things. They want their houses repaired. We need to have the necessary funds to do it. But they talk about run-away expenditure. When the Prime Minister this year took remedial action, when he said he would control the spending, then the hue and cry goes up, cuts in the services, cuts all over the place. It does not matter. It means that whatever you do you will find there will be criticism. I am of the view, Mr. Speaker, that the Government sets the agenda and the Opposition responds to it. The Opposition of necessity must be critical. They must analyse what we have done in Government.

8.30 p.m.

Sir, I have no problem with them if they are critical of this Budget or any other Budget or any other measure as put forward by this Government. But I think, Sir, it is our job to set the agenda and that is exactly what the Prime Minister has done. He is not a coward. Cowardice erodes your self-respect and blunts your moral turpitude.

Laughter.

Hon. W. W. HALL: Therefore our Prime Minister should be complimented. He is a man of class. I think that the people in my constituency and the people throughout Barbados are very, very....

Laughter.

Aside.

Mr. SPEAKER: May I have order, please. Please, please, please. I would like Honourable Members to be silent according to the Rules when another Member is speaking.

Hon. W. W. HALL: Sir, the Honourable Member for the City has asked me when I am going to talk about tourism. I talked about tourism chapter and verse during the Estimates and no one replied. If you want me to talk about tourism, I will repeat it now.

I would say that between 1979 and 1986 there was absolutely no growth in Barbados' tourism. There was no growth whatsoever. If you want me to tell you the figures I will say that there were about 369 000 long stay people who came to Barbados in 1979 and by the time we got to 1986 there were only 359 000 people. I would say that in the short-term arrivals, cruise ship arrivals 110 000 people came in 1970 and they were only up to about 112 000 in 1986. I said that and I did not think anyone would interfere with me.

But I am saying to you that since 1986 there has been a great transformation. It is a manifestation of prudent management. That is what it is because we saw the figures go from 1986 right up to 1989 to 461 000 long stay arrivals.

Aside.

Hon. W. W. HALL: No, no, no. We will get to that. In the case of the short stay arrivals, we saw them move from 112 000 to 362 000 people. I do not wish to put up my right hand in triumph. They will tell me now about 1990 and I will get to 1990. I wish to say to you, Mr. Speaker, and to everyone under the sound of my voice that in 1990 there was a decline in tourism of 6.3% in the long stay arrivals and an increase of 7.5% in the short stay arrivals. There was a mere decline of 3 000 people coming to this country.

The expenses in tourism. By 1986 Barbados had earned \$600 million from tourism. By 1988, \$918.4 million. By 1989, \$1 billion. This last year \$987 million, a mere shortfall of \$13 million. Sir, talk about tourism, I will do so very easily. I wish to say that I am very happy that the Prime Minister has given \$2 million for promotion in the tourist industry. I said in the Estimates that if I had \$50 million I would know what to do with it. Some Honourable Member alluded to the fact that we should get into the American sector and even criticized us for not having paid more attention and put more money in America. The problem is that America is very inward looking. People have not been travelling even from New York to Boston. I am saying to you, Sir, that now in America people are going to the San Pedro Islands in the Gulf. People are going to Mississippi. Whereas we in Barbados may regard Mississippi as a place for cotton and race hatred, I say to you it is now a place with 26 miles of beachfront to which Americans are flocking. They are flocking to Orlando also.

I am only saying that the money that the Prime Minister has given the tourist industry is for promotion. We will use it wisely not only in the United States of America but certainly in Canada, certainly in the United Kingdom and in Continental Europe. Our figures out of Continental Europe have increased by 24%. Indeed in some places like Switzerland, it has gone as far as 81%. We are sharpening our competitive edge. We are diversifying the product to such an extent that we will also be going into the non-traditional areas. In America we will not only be going into

the northern seaboard, we will not only be going into Boston and Philadelphia and the areas that the Barbados Labour Party went into, we are going into Atlanta. We are going into Cincinnati. We are going into Texas. We are going into Miami. We are going into Los Angeles. That is where we are going, the non-traditional areas. That is the position.

I therefore would like to say that this money would help us to more or less go further into the sports tourism fusion which really is something of a beauty. It is something this Government is very proud of. Someone alluded to the fact that we should be getting the incentive groups out here. That is why this Government is building Sherbourne.

Aside.

Hon. W. W. HALL: Exactly, we agree with you. That is why this Government has been improving Dover Convention Centre. That is why we are making sure that the gymnasium will soon be finished. That is why we are making sure that many youngsters will be coming here to swim in Barbados. While I am at it may I congratulate the youngsters of Barbados who got twenty odd medals in Jamaica in the CARIFTA Games...

Applause.

Hon. W. W. HALL:... and indeed the CARIFTA team, five gold medals. Gold in the sprints. Six Gold Medals, five plus one, Sir. Therefore I wish to say to you that we must be very proud of our young people. When people are always saying that our youth have deviant behavioural patterns, I am saying to you that we are very proud. That is why this Government will harness these energies. That is why the Prime Minister spoke in the Estimates about the young people that we are having doing some training in the army so that they will be disciplined, that they will be able to do Barbados proud.

Mr. Speaker, I know that you will give me another 10 minutes to go on, Sir. I just need to tell you that despite all the negatives this Government remains committed to the following: The value of money concept. We feel that we must continue to give value for money. I was there about four months ago when the President of the Hotel Association told our Prime Minister that Barbados has the best tourism product in the world. I concur in it. I feel that we have to keep it that way. We will continue to help our hoteliers refurbish the plant. There are 135 hotels in Barbados, some luxurious, some middle of the road and others are guest house types. We are catering therefore to the discriminating taste of our visitors. That is the way it is.

I wish also to say that we are going to encourage an upscale market. We are also going to develop golf courses. We know that golf is a game where people who are affluent

will come and spend money in Barbados. We are looking at cultural tourism. We are also looking at the sectoral linkages. We feel that the sectoral linkages whether they are in agriculture where we are going to encourage people to grow more food – and when you talk about consumption taxes and the increase, growing local foods will be one good way of doing it – I would think that the sectoral linkages whether it is with the environment, whether it is going to be with culture or whether it is going to be with the mature guests as I would like to call them, I feel that we are going to present a total package which will see Barbados not only in the 1990s but certainly into the Twenty First Century.

Sir, I am also saying that we are going to develop our best people. I am sure that the Member for Christ Church South would be glad to hear that I believe the Oistins Festival is a good thing. I will give you that. I believe that the Holetown Festival is a great thing. I also believe that we must do something so that more and more people will come here for Crop Over.

While I am at it, I wish to say that in this our 25th year of our Independence Anniversary we must do more and more to get Barbadians to come to Barbados and enjoy our times with us. All the money that has been spent, all the money that has been gained from tourism will all fall to naught if we do not recognize that tourism is all of our business.

We must definitely make sure that the scourge of harassment must be wiped away from our shores. We must make sure that on picking up a newspaper none of our people in Montreal or Toronto or London do not get the misguided impression that Barbados is a place where crime is rampant. We must therefore make sure that tourism continues to be on the high pinnacle that we have seen it in the last five years. Tourism is the most important industry in the world, the number one industry in the world. We feel that in a small open economy like Barbados where we are built on planks with tourism, agriculture, manufacturing and goods and services, that this money which the Prime Minister has given to us this year will do a lot to propel us to greater heights.

8.40 p.m.

I wish also in closing, Sir, because I see that you are raising your eyebrows.

Mr. SPEAKER: You have another three or four minutes.

Hon. W. W. HALL: Oh, three or four minutes. Well then, Sir, with your permission may I take fresh guard, because, Sir, I just wish to say to all and sundry, Sir, that we in Barbados, we are very lucky that we have got such a wonderful people. Sir, tourism is not a numbers game, it is not to be argued that because one thousand people more

came this year than last year, that it is a failure. We have had some loud mouth malcontents, not in here, Sir, but in other places, Sir. Indeed some of them are not in here anymore. Some of them are languishing in magnificent isolation, Sir, and now today are listening to me expounding on the virtues of tourism, Sir.

Therefore, Sir, I wish to say that this opposition has not been as critical as the other opposition, but, Sir, I know that they recognise the good work that has been done by the hoteliers, they recognise the good work that has been done by the Board of Tourism. I would like to thank my officers in the Board of Tourism, I would like to thank the hoteliers, I would like to thank all of them who have given yeomen service to the development of tourism in this country.

In conclusion, Sir, may I thank you, Mr. Speaker, may I thank you from the bottom of my heart, Sir, you have been very good to me, I would like to say to you that your generosity can only be exceeded, Sir, by my gratitude and my capacity to absorb it. Thank you.

Mr. R. L. MORRIS: Mr. Speaker, I rise to support this Resolution, endorse the measures in the Financial Statement and Budgetary Proposals for 1991, and in doing so I would like to recognise the importance of this very important planning instrument called a budget which gives us the opportunity year by year, to determine public policy as it relates to the finances of the Government and which in a society and economy like ours is vitally important.

We need to recognise always that in a country like Barbados there is a very close relationship between the private and public sectors. In fact there is a symbiotic relationship between them and therefore we look to this opportunity each year to give us some idea of where we have come from in recent times, to assess where we are, and to plan to move forward. And, therefore a budget is really an instrument that has to be seen in connection with a similar instrument that has gone before and since it is not the end of the line we have always to understand that there will be a budget the next year and the year after.

We cannot disembody the budget for a particular year and see it out of context of what has happened before and indeed what has to come after and we need to recognise that in fact the addresses delivered in this Chamber today do not show any particular divide between the two sides on the use of this instrument, and, in fact, differences that have been made have been purely economic. It has been a matter of, should we have done so much of this, or laid a particular tax on this area, etc. There is no philosophical difference here of these two sides in terms of the use of this instrument and if it is, it has been hidden very well by the persons who have spoken, because they have either looked at areas where they thought that it could have been done differently but within the same context of the instrument that we have, or, persons spent the time speaking about their

constituencies, Macaroni Village and so on, and that to me does not betray any particular difference in terms of conceptualisation of the budget in terms of a structure or in terms of the programme that it has set out for this country.

Let me say, Sir, that as far as I can see this budget attempts to answer the problems that face this country at this particular time. It cannot be a total answer and nobody would expect that, because I said a budget must be seen in the context of a continuing attempt to grapple with the situation that we have before us. A situation that will change from time to time, and we recognise that measures have to be taken, suitable measures for a particular time and that these measures will change in terms of their direction, in terms of their intensity, etc.

In a small country like Barbados, there are few ways of gaining revenue. There are very few taxes that one can introduce. There haven't been new measures of taxation introduced in this country for a very long time or in any other country for this matter. You play around with income taxes, you play around with land taxes, etc., consumption taxes, but there are no new taxation measures to be introduced. You have to look at those that exist, you have to temper them in particular ways. In the ways how the money, taken in this country, is spent. It is spent generally in the same way. It goes towards education and health, etc. There are areas that are creeping in now that we don't like to see it go in that direction, particularly in terms of debt servicing, which is an area I will return to, because we know that the more it goes in that area, the other areas are going to be more difficult to service, and so we believe that the areas that are more productive should get better service than the debt servicing. I would like to come back to that a little later as I said.

In my view, given the limitation of the instruments that we have before us, the Minister of Finance always has a difficulty in terms of how he can satisfy all interests in a country, because in a way we are in a zero sum situation, we have to take from some person at some time, we have to take from some group at some time in order to distribute to the interest of the wider society. And, whenever we reduce things like budgetary measures into terms of how it affects an individual we are really trying to pull down this particular instrument in terms of its utility in a country such as ours.

We cannot individualise these things. We cannot look at how the lady in Rose Hill is affected as against the entire country and so on. This might be good politics in a sense, but we have to look at it in a much wider sense than that. We can't individualise these measures when we are talking about the importance to the whole society.

I want to start off too, by adverting to a number of things that have been said by spokespersons on the other side. Let me deal first of all with the Member for Christ

Church South. There are two comments he made, and I relate to them, not because of the person, but because of the comments. The first comment was an indirect suggestion that the level of taxation raised in this particular budget relates directly to public sector salary. It was an indirect comment which suggested that when we talked about 50 per cent of expenditure going on wages and salaries as a possible statement that was made that 50 per cent of expenditure goes on wages and salaries in the public sector, and he mentioned that and he said perhaps that would show that the heavy taxation now, would show to the country the relationship between salaries and wages in the public sector and taxation.

I do not believe that he would have used the medium that we are all exposed to now to carry through that argument further, because clearly behind that kind of suggestion is really a criticism of the amount of spending that goes on the human resources in the public sector. There is some feeling in this country that too much money is spent on human beings. It is very seldom said clearly and openly, but those who are willing to analyse and go beyond the statements that are shaded and hooded and veiled can understand what is being said sometimes, a perception that perhaps we are in difficulties because we have to spend money on workers in this country. There are certain contradictions that come out sometimes when these statements are made, because coming from the same side you would hear about some workers in the sugar industry who are working for \$105 a week and how this stabilisation tax is going to press very hard on them, but there was no criticism levied on the fact that these people only work for \$105 a week. Apparently that was taken for granted. The only difficulty was that you were putting a tax of 1.5% on that wage. Nobody touched the substance of the fact that these workers in that sector are working for \$105, but they would criticise the public sector workers by giving the impression that they are working for too much money.

8.50 p.m

That is perhaps the kind of divide that we might have in this Chamber, because we on this side do not begrudge the public sector workers for the level of salaries and wages that they get. In fact we believe that it is because of this level of salaries and wages that they have that the private sector in this country can sell its goods and services to the same workers, and that in fact if we cut significantly the salaries and wages in the same public sector, there will be a contraction in the private sector. We have to recognise that very, very seriously. If we cut the wages and salaries in the public sector significantly, the entire economy will be affected. Woe betide that we ever cut those wages and salaries to the same levels that will obtain on the sugar plantations and the sugar factories of this country!

That is why I would like to move off to another point, this whole call for privatisation that we have heard so much about by persons in the same Opposition. We have a very

clear position on privatisation. That is why we offered to you good people on the Opposition who have the funds to purchase the Cement Plant, but you would prefer to buy CBC. We have always made it clear that there are certain types of corporations that we would divest. We have made it clear the form in which we would be willing to divest them, to whom we will be able to sell off the assets and so on. I think these two things go very close together. The point is that we are getting criticisms about the public sector in a way that suggests that too much is being spent on the workers there, when I believe that the more important thing to look at is the productivity aspect of the public sector.

Aside.

Mr. R. L. MORRIS: Yes, that was touched on by the Member for Christ Church South. He has said that more than once, and I agree with him, but as I said, if there was an implicit criticism of the level of wages and salaries I would have a quarrel with that. But I would say this, if you get the wages and salaries at the level that you get them, then we expect that you would be productive. I see no difficulty in that at all. We would expect that the goods and services that are offered to the masses of the Barbadian by the public sector would be at the quality and the level that would advance the interest of this country. Let us understand the private sector cannot move forward unless the public sector will move forward with it. There is no way we can set up a regime of the tradeable goods sector moving forward without relating to those public sector departments that have a great deal to do with the performance of the private sector, so we recognise that they will move in tandem and what we have to do is to exhort the members of the public sector to recognise that since they benefit tremendously from the receipt of the taxation, we will expect them to be able to produce and to advance the interest of the country, but at the same time I do not think we should begrudge them the salaries and wages for which they work.

The second comment coming from the Honourable Member for Christ Church South was the comparison with Guyana. Others have touched on it and I have to touch it too. I just want to make the point that it is very difficult sometimes to make these kinds of comparisons. I think I understood what he meant, but when he said it I could not help thinking about the analogy. A chap who has a 42" waist, for instance, and it grows by 3 inches, might say that he had a better growth than a person who has a 28" waist and it grew by one inch. That, quite frankly, is the comparison between Guyana and Barbados. Guyana is obviously the person with the large waist that is growing all the time, but in fact it is growth on a very unsound foundation. We did not grow, that is true, as Guyana grew, but to say that Guyana performed better than we did last year is not a correct comparison.

The Honourable Member for St. Peter, the shadow Minister of Finance, made a number of comments and I want to advert to them. Apparently he has taken leave of this Chamber for the rest of the afternoon. Having heard himself he cannot stand to hear anybody else. I am told that he has a headache. He had to strive so hard to deliver his presentation that he is now no longer able to receive any information from anybody else, but he made the point that trade unionists have sometimes spoken out against levies. I will repeat that our position against levies remains the same. I am speaking for myself and I am sure I speak for my colleague as well. We believe that the levy is not the best type of measure to get revenue for our country, we believe that levies are generally regressive. Secondly, the structure of the levies we spoke out against, again I think the Honourable Member for Christ Church South spoke about levies that were in the control of a Minister, and I remember the transport levy, for instance, when a Minister had almost total control of that levy and I spoke out against it, because we all know it can lead to basic problems. You put it in the hands of certain Ministers and most of the levy will be spent in certain places only, and I had difficulties with those kinds of levies. One, because they were regressive, and secondly, I believe that that kind of income should come into the Consolidated Fund and I believe it should be spent to the good of the entire country of Barbados.

Those were my difficulties then and they would be my difficulties now. I have no difficulty in saying I do not agree with levies, but I am saying at the time when that criticism was levied, no pun intended, the same philosophical position informed my thinking then as it does now, but we do not in a budget isolate levies and say: Well you vote against these as against the other measures. We vote for an entire package of proposals. We don't isolate and say we are going to vote on this levy and on that tax and so on. Therefore I will support these proposals as they come to me in a package.

9.00 p.m.

My position on levies is the same thing. I understand the position taken by the Honourable Member for Christ Church South – I don't believe he is a lover of levies either – as well as that of the Member for St. Peter. However, as the Honourable Member for St. Michael West always says, you cannot approbate and reprobate at the same time. You cannot be criticsers of those of us who are against levies philosophically, while you, yourself, are not really in support of levies. You are trying to give the impression that there is something wrong with trade unionists saying they don't like the levies but still voting for the budget which is a package. I don't vote for or against a levy. I vote for the total proposals. You don't isolate them and vote for any individual item and I would not say that because I do not agree with a levy that I will vote against an entire package of proposals. It does not make any sense to me. My position is there for the people of Barbados to judge.

In terms of the stabilisation tax and how it affects the masses of people in this country, I also will accept that as long as we go towards indirect taxation, first of all, the mass of people will be called upon to contribute to the taxation. The stabilisation tax goes from the bottom right up and we will recognise that people who are not accustomed to paying taxes of any kind will find now that they have to pay. The person who is working for \$225 a week will find that they have to pay about \$4 a week in taxes and that is all of our maids and so on. Generally, that level of worker throughout the community will find that their take home pay will be cut short by another three dollars or something as that.

Now, we can adopt certain positions. We can try to get political mileage by saying that that is going to deprive that person of a meal or two, as the Honourable Member for St. George South says. Every time you take away a dollar or two, you are depriving some person of his meal – that is the statement that has been made and that therefore we are further impoverishing people who are at what he calls, the subsistence level. My own view about these things, quite frankly, is that it is our duty as parliamentarians and as trade unionists to try to move up the entire body of persons who now work for low incomes. To me, the debate should not be about whether you take off a few cents off a person's income at a time when it is extremely necessary, but that we should be struggling as we try to do to lift whole groups of persons through collective bargaining and other measures out of that subsistence level to a time in Barbados when most people are enjoying the kind of income that will not put them always on the threshold of subsistence and always also in fear of losing even that small income.

I believe that it is vitally important that we need to recognise that if a person has to choose between paying a tax of an additional \$3.38 a week as against going home and losing everything that there cannot be much of a choice in this direction and therefore, if I speak to the stabilisation tax in the context of a choice either all of us chip in and help ourselves out of this situation or else the burden will have to be borne by some few who will have to be taken out of the job situation. We have to understand these things very clearly. It is either that everybody puts in a little bit or that some people will be removed completely from that period where they now enjoy some job security. We must not take these things lightly. We know of other countries which have had similar situations, that rather than trying to spread the hardship widely within the community that in fact some persons were taken out of that active labour force.

We have known of countries recently, Trinidad for instance, where thousands of jobs were cut in the public sector. The same thing in Jamaica, in order to reduce expenditure. All we are saying is that if we take the measure now that everybody is asked to pay a little bit that we can avoid that situation where we can find ourselves in

the unfortunate situation that faces other Caribbean territories.

I believe that we are reaching consensus in Barbados at the level of Parliament that we are in a situation in our country and I believe we are reaching consensus on the fact that we have to take very strong preventative measures before curative measures are prescribed for us by persons that we don't necessarily want to have to deal with. I am convinced that the people out there reached that consensus a long time ago. The masses of people in this country understand where we are and I think that they are giving support to this Administration because they believe that we understand the situation in the country and they know that we will take the necessary measures and that we have the political will to take these measures and I think that they gave us their full support January 22 to go ahead and bring some measure of responsibility to our approach to the public of this land.

I wish to say that I do not subscribe to the view held by the Honourable Member for St. Peter that the difficulties in Barbados at this particular time could all have been caused by the measures taken by the Minister of Finance. It was a very strange kind of cause and analysis I heard today, where the Honourable Member for St. Peter was saying that all of the difficulties we face now can be ascribed to the fact that the credit controls were put on this economy in 1989. I really could not believe it. He went further to say that there will be no growth as long as these controls are on and also intimated that things will get worse because of these controls. At the time he was trying to say that the Minister of Finance was laying the blame on contraction in the economies of other western countries and he was trying to deny that that was so but on the other hand, he comes up with a monocausal kind of analysis. It was not that but all of our problems started because we had to lay on credit controls.

I want to support the Honourable Member for St. Michael South Central that a lot of our difficulties have been caused by the policies of the Barbados Labour Party. I wish at the same time to say that I recognise that the period of seventies and eighties when the Barbados Labour Party held office in this country were difficult years because of international situation. I have no doubt about that, but I would also wish to say that there were certain domestic policies that placed us in some of the difficulties that we find ourselves in now at this particular time and I want to go back to the question of the borrowing...

Asides.

Mr. SPEAKER: Order, please.

Mr. R. L. MORRIS: ... of the borrowing patterns that were set up by the Barbados Labour Party, the indiscriminate borrowing of the Barbados Labour Party. I

want to be very clear about this. We have been living on debt throughout the 1980s and if you look at the bunching of debt repayments that has faced this particular Government and this particular Minister of Finance, it is a situation that would cause fear in the hearts of many except the doughty and those who are steadfast in their understanding of what has to be done. Between 1986 and going right down to about 1993 or thereabouts this country has been and will be faced with debt repayments of staggering proportions. Let nobody say that the debt that we are paying back was caused mainly by the Democratic Labour Party Administration. This cannot be so. This is a problem that we need to recognise but let us be honest too to say that problems in the external markets made it very difficult for Barbados even under the Barbados Labour Party to be able to earn the foreign exchange that was necessary to sustain the standard of living that we want to enjoy in Barbados. Therefore the Barbados Labour Party had to start borrowing. The Democratic Labour Party has had to continue borrowing. Let us understand that very clearly. It is a pattern that was very difficult to change which leads us to one of the major difficulties facing Barbados. We have in the future now to be able to pay our way. We cannot continue borrowing. In fact, we will not be allowed to continue borrowing. There is no doubt about that. We have now to become very serious now in terms of where we are going in the future.

9.10 p.m.

The Honourable Member for Christ Church South indicates that we have to get our tradeable goods sector going again. It is not a very easy thing to do. It is fairly easy to say. I think that is the challenge now to all Barbadians. All of us who are serious about it know how difficult that move-off is going to be. That is why this Budget is to tighten things at home. It is cutting down on expenditures, trying to get revenues and so on. That is what the Budget is trying to do.

It does not and cannot, I daresay, deal as comprehensively as we would like with the question of getting our tradeable goods sector going. The Prime Minister has taken a policy of dealing with the restricted areas basically. He has looked at tourism. He has looked at cotton, a sector of agriculture. He said he would be going with the two of those because he believes they have immediate prospects for moving forward. Now, I think it is a wise policy at this point in time. I believe that we cannot get consensus in Barbados about how to get the other areas going immediately. Let us for a moment pause and look at the other possibilities of really getting them going in terms of bringing in the foreign exchange that is necessary, investment from abroad. It is so difficult to attract any new capital coming in here now. Let us understand that. It has nothing to do with the Democratic Labour Party. It has nothing to do with the Barbados Labour Party.

It is difficult to get investments in Barbados in some areas, not all in the same way we have been accustomed to in the 1960's and 1970's, particularly in the areas like manufacturing. I would like to qualify that. We are not going to get the same kind of investments coming to Barbados in the manufacturing sectors as we would have got with the Honourable Member for St. Michael West back in the 1970's and, in fact, the Honourable Member for St. Joseph in those days. It was a completely different thing.

Mr. SPEAKER: One minute more.

Mr. R. L. MORRIS: Thank you very much. I think it would be very difficult to look towards those kinds of investment possibilities again. It is going to be very difficult to get manufacturing go out there and bring in the kind of foreign exchange that we are talking about. The manufacturing sector in Barbados does not have the confidence in itself. It does not have the capacity to do what we want it to do immediately. We have to do a lot of work in manufacturing before we can get out there. Sugar agriculture depends very much on factors over which we have very little control. We will hope that will come around.

Let me just say in closing, Mr. Speaker, that all the Prime Minister and Minister of Finance can hope to do in time is to sensitise the country about the need to take new guard because we have now to change Barbados around in terms of going out there and getting that foreign exchange. You cannot do it in one Budget. You have to chip away at it all the time. You have to come back.

Mr. SPEAKER: The Honourable Member's time has expired.

Mr. R. L. MORRIS: I thank you very much, Mr. Speaker.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I listened attentively to speakers from the other side. I am very disappointed in some of the contributions I heard. We have been asked to discuss the Budgetary Proposals as presented by the Right Honourable Prime Minister. As he agreed, and also the Honourable Member for St. Philip South who as Minister in the same Ministry of Finance, that things are very rough in Barbados. I said I am disappointed in the contributions made by some Members on that side because when one listens to them one would feel that all is rosy, the ranting and the raving, giving themselves a pat on the back, and the public of Barbados hearing their contribution would want to know if they are really serious. I want the Honourable Members from that side to understand that the public of Barbados because it has not told them how it feels about their taxes, how it feels about the present economic situation, it does not mean it is satisfied with their performance. The public is disappointed because during the

course of the General Elections it was led to believe that all was well. They are disappointed because...

Mr. SPEAKER: Will Honourable Members be silent?

Mr. DeL. O. BRADSHAW: The Honourable Members from that side disputed those charges and allegations. That is why people are disappointed. They refuse to tell them now because they are disappointed in them. They want to know how come things are so bad all of a sudden. The time will come. There is a day of reckoning for everyone. The day of reckoning was yesterday when the truth had to be told by the Minister of Finance.

We on this side are saying to the Government we understand the situation. We are prepared to do everything in our power as Barbadians. We are not going to run from it. We think about our country. It is our country not the Democratic Labour Party's or the Barbados Labour Party's. We are prepared to make constructive criticisms on every occasion because we know when we are returned to power we will have to clean up the mess that you leave. We do not want that.

We want to have a stable country. We want to draw to the attention of the Minister of Finance and the Government as a whole some of the concerns that exist in the country so that we all can feel that Barbados is once again restored to the pinnacle of power that it once was regarded as. We cannot sit idly by and allow ourselves to be fooled. Tourism has slumped and the Minister of Tourism has a bounding duty to say that. There is no sense revelling in past performance. We know that the global situation is rough. We know that there is very little hope for an increased performance in tourism. We know that it will require tremendous prudence on behalf of the Government to stop further collapse of the economy. When we call on the Government to refrain from spending, we are not calling on the Government to lay off anybody. All we are saying is this, stop embarking on projects like Sherbourne. It is a waste of Government money, ill-conceived. It is not bringing in any money. He is now talking about Sherbourne will bring in money five years from now. We need to invest in projects that have economic value and that will bring in money. That is exactly what we are in today. Honourable Members from that side need to be told this, take this criticism, \$7 million provided in this year's Estimates is inadequate to complete Sherbourne and further sums of money will have to be voted by this Parliament to complete Sherbourne.

9.20 p.m.

For the information of the Honourable Member for St. Michael Central, I made a note of the remarks made by you that Sherbourne was built at half the sum of the Central Bank; Sherbourne is not finished. Nobody knows what the cost will be. Nobody can project it at the moment. I am sure that the Honourable Member would understand that

Sherbourne can cost even more than the Central Bank. Mr. Speaker,....

Asides.

Mr. SPEAKER: May I have some order, please.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I know where Sherbourne is. I go in there often. I know what part is complete and what is not complete. It overlooks a graveyard, St. Barnabas Churchyard. All I am saying is that it should not be built there because it even now causes the dead people not to be able to rest in peace.

What I am saying, Mr. Speaker, is that that project surely came on stream at the wrong time when things were tight. That is why the Minister of Finance – I am sure he will agree with me – has put a halt to it because that sort of project should be shelved. I am expecting that project to continue to be shelved for some time while we get on to the pressing problems that confront this nation.

The Honourable Member for Christ Church East Central agreed with the Honourable Member for St. Michael South Central that the Barbados Labour Party is responsible for the woes and the problems that the Government is experiencing. That is not what we expect in a debate of this sort. Governments from time to time would have to resort to borrowing. What I take objection to is the way the money you borrow is being spent. If you borrow money and you spend it wisely then that is good and prudent borrowing. But when you borrow money and lavish it out I call that unnecessary borrowing. That is the sort of thing that divides the Opposition from the Government. We must go in for borrowing to build our roads. We must go in for money to build houses, to build hospitals and to build schools. We have no quarrel with that sort of borrowing. But when we see the money not spent in areas which could be of benefit to Barbadians this Opposition the Barbados Labour Party will say to the Government that it is wrong and they must accept that. They have to live with it. We have a responsibility. Most of us on this side have sat in Cabinet and we have that experience. We know about Government. All we are doing is that we are using our experiences to inform them and to keep them away from the problems that will confront this country if they continue to pursue policies that are not in the interest of Barbados. They must understand that criticisms coming from here are necessary and are good for the country at this point in time.

The increases yesterday announced by the Minister of Finance have some serious implications. Let us face it. Some of us are better off financially than others. We by virtue of our economic situation might be able to cushion the effect of some of these impositions. But, Mr. Speaker, I am concerned that there are people who work for less than \$100 a week and those persons are forced out there to do little maid jobs, take a two day week or three day week in

order to help their families, not the ones who are in the bracket of society. Those at the bottom rung of the ladder who live in the housing areas, in the poor board houses are the ones I am talking about who have to go out there to help pay for their children or to give their children some pocket money to take to school. They are the ones I am concerned about at this point in time. Some of them do not earn \$50. They go doing some pressing and some maid work, some servant work. They are called upon to pay 1.5% of those earnings. From my experience and I come from a poor home, I know what it means to take out \$1 out of a poor person's wage. There are some people in Barbados who are working for \$75 a week.

Aside.

Mr. DeL. O. BRADSHAW: Only today – the Honourable Member for St. Philip South asked, Where? – on a call-in programme I heard a lady who worked in one of the industrial estates for 20 years, her husband has a leg taken off, he cannot work. She has two children and because of a system that is now put in place by her employer she is off and on. Despite the union's attempt to get things resolved the lady is kept on by some technicality. She takes home \$93 a week, having a husband who is not working and two children to go to school and having to pay the National Housing Corporation rent. Just tell me, how can one say that this tax is equitable? How can one justify a tax when it applies to that person? That dollar means a lot to that family. When I hear from the Minister of Housing that if people in the National Housing Corporation houses do not pay up they have to get out, well I want the Government to be a little more considerate. Investigate each case before you take such measures. If the persons can afford to pay, yes I support that. But I do not want the Government or any Members of that side to be supporting a wholesale eviction policy. It is dangerous. As I said I expect the Government to pursue that policy. But when you hear it said in here, I have to take objection and warn the Government it is embarking on a very dangerous path and it show contempt for the small man.

I want to say this as well, and I am going to remain consistent in my criticisms of the recent salaries. Some of you have taken me to task. But let me say this. I said until those persons at the bottom are given the assurance by the Right Honourable Prime Minister and Minister of Finance that their salaries are going to be reviewed I am not supporting any increases. I say this because when you look at the Civil Service, take the watchmen, take the maids, some of them in the regrading exercises received nothing.

What I am saying is that those persons are now being called upon to pay the Stabilisation Tax. They got nothing. All they got was the 7%. Those who work for \$150, like the watchmen. They do not work for \$200 because they are being paid by periods. The maids in the Government Service are asked now to pay the Stabilisation Tax. Mr.

Speaker, I am asking the Minister of Finance to reconsider that particular tax and relieve those persons, persons at least who earn \$100 or less a week. Those people are suffering. I know them. I see them daily. The Right Honourable Prime Minister knows them. They can ill-afford to pay one cent of the \$100 or less that they earn. But I hope that the small man in Barbados is listening and I hope he understands the implication.

Do Honourable Members feel that all is well with the constituents? The vendors are affected, the snow cone man is affected. Every man, everybody. The coconut vendor.

Aside.

Mr. DeL. O. BRADSHAW: He says \$60 a week. But I am saying, Mr. Speaker,...
9.30 p.m.

Mr. SPEAKER: I did not hear anything, and secondly I still want Members not to interrupt another member. Thank you.

Mr. DeL. O. BRADSHAW: The woman that weeds on the plantation, that gets two days a week, I am talking about the woman who goes out there to press as a servant, two days a week, or a day a week. I am talking about those persons. They exist. I am talking about some of the garment workers who work for less than \$100 a week. The Minister of Finance was surprised. Yes, on the Harbour Industrial Park, there are people down there who work for \$150 a week. I am going to take this opportunity, Sir, to appeal to the Government on this occasion to do something and do something quickly on behalf of those young women who are treated shabbily by employers who refuse to sever them, through some technicality. Some of them work for thirteen and twenty years, and are put off and on at will. Because of the technicality they say they cannot sever them and those young women who have families have got to go without one cent, and when they have to resort to the National Insurance for benefits, they have to wait weeks before they receive one cent.

I am saying that this is causing hardship, these are the hardships that exist in this society. I am saying, the Union has approached the Government, a representative from that side has made approaches to the Government, their Government, their Party, to amend the law and I am saying if they have not taken heed to him I am saying to the Minister of Finance today that the time is ripe, five years have passed since 1986, and this is 1991 and nothing has been done. Something should be done. Look at the Act again and make the appropriate amendment so that those employers would sever those people and let them have their moneys, rather than continue to hide under some technicality in the law.

I will go as far to say this, because I do not want to hear any longer, anyone say, that the Barbados Labour Party passed the law. The Barbados Labour Party also carried a Cabinet Paper and it was passed. The Cabinet Paper is in Cabinet and I am inviting the Government to ask for the Cabinet Paper where the appropriate amendment was made and it states that if an employee was laid off that for once they should be returned to work at least, I think, for six months, and that is not what is happening. The Cabinet Paper was passed by the Barbados Labour Party and then we lost the Government. All we are saying to the Democratic Labour Party and this Government is to put the measures in place, bring it to Parliament, make the amendment, so that those workers could be happy once again and stop them from quarreling with the Union. I feel that the time has come when it should be done. It shows the care for the small man once again. It should have been done a long time ago, five years, six years going, and the young lady, two children and a husband are being made to suffer.

I am going to say this, Civil Servants were given an increase, seven percent last year and three per cent this year. Let us take for example a civil servant working for \$1 400 a month. Last year he received \$98, a seven per cent increase, but do you know, this year on the 1st April they are supposed to get a three per cent increase. They are not receiving the three per cent increase now. Why? Because they have to pay a stabilisation tax, it reduces the increase they would have got. That is what I mean. Now, if they got the \$98 on \$1 400 in this year they should be getting another \$45 or so and they should end up with \$143 over the two-year period. But what has happened, their National Insurance has gone up and they have gone into a different tax bracket so they have to pay income tax and they also have to pay the stabilisation tax as well. So, what I am saying, is that the increases have been eroded, that is a fact. I will tell you something, it is even worse if those persons who fall into the categories like policemen and the nurses and the teachers, if they have to apply for mortgage or they were contemplating getting a mortgage, Mr. Speaker, Sir, let us say to buy a house for \$100 000, the mortgage has moved from nine percent, to ten percent, because it is a new mortgage. What does it mean? It means that normally they will be paying \$900 a month in mortgage repayment, but because of the increase in rate now they are being called upon to pay \$1 000. \$100 a month more. When you take the levies, when you take the increase in National Insurance and you take the stabilisation tax, I submit that the person is out of pocket, in fact they are worse off than when they got the increase, so the increase is automatically wiped out. Now, those are the things that we need to address.

Another factor is, it is going to cost more to the young potential home owner to obtain a mortgage because of the legal fees, and if you have to go through an attorney, the attorney will charge for soliciting or organising a mortgage along with the legal fees.

My comrade and colleague the Member for St. George South has made the point of what the additional cost is. Now you can't laugh at these factors because I am sure on the one hand the Minister of Finance has good intentions of trying to stimulate house ownership, yes, but at the same time these are the problems that confront us now and we may very well ask ourselves what results have we got from these measures to be counter productive.

Now we must sit down and analyse these proposals and study carefully, very carefully because if you were to look at someone who is applying for one of the houses, in let us say, the \$80 000 range they too have got to pay an additional \$80 a month for the mortgage.
9.40 p.m.

I will say something to you. In order to qualify for a mortgage it is taken on your gross income, so it is going to remove people who would now qualify for the 9% from getting a 10% mortgage. Those are the problems. It is not going to make mortgage funds more readily available, it will make mortgage funds available to people who already are working for more than \$2,000 a month, but it is not going to say a pang, as the young people say, to those in the lower economic bracket, so we have to look very carefully at that situation.

I am concerned that this budget does not offer much hope for generating employment. With a movement of 1,000 persons on the unemployment list over from 1989 to 1990 it was 17,000 unemployed, now it is 18,000 – I do not think that is a situation which either one of us in here could be happy with. Say what you like, I am not going to bandy around figures of 23%, 30% or any other percentage, I am not in that game, I am going to look at the facts as they appear. Even to take the figures that are published, I am looking at 18,000 persons who can work, or who want work and cannot find work. What does this budget tell me? How are we going to tackle this unemployment situation? There are a lot of young people out there committing crimes, sitting down, smoking, doing all sorts of things and we want to be able to put them into some gainful employment. That is my concern.

I want the Minister of Finance to address the question which I raised in here before, the question of training by the National Training Board. It can be used more effectively. Call on the Chairman, ask the Board, to initiate programmes to attract young people and train them, because the time will come, we all hope, when construction and the area of economic activity will once again bloom. We have to train people for that time, because if we sit idly by and talk about cutting, training and arguing backward and forward, it is not going to do this country any good at all. I am calling on the Minister of Finance to address that particular problem.

A lot of fuss is made about Civil Service training in the management and clerical areas, but I want them to consider those persons out there who need to retool, who are not academically qualified but have a skill. They are the ones, not those coming from the University at Cave Hill, I am talking about those who can use their hands, their tools, the carpenters and masons, the mechanics, the spray painters. It is a pity, Mr. Speaker, a shame when I hear we have to import people from Guyana or St. Vincent or some other territory to come here to work, when we have unemployment in Barbados. What is wrong? Something must be done. I want all of us to understand that we have to address this problem. What is responsible for the negative attitude? Why do Barbadians time and time again over the years opt to go overseas, to Canada and America, to cut canes? Or to work on the Farm Labour Programme in Canada while we have unemployment in Barbados? Is it not something we need to address? Why can they be productive over there and we cannot grasp those skills?

Mr. SPEAKER: One minute.

Mr. DeL. O. BRADSHAW: We have to attract them. I am saying that the Government need not be afraid when this side makes certain criticisms, we know what we are saying to them. We are nationalistic, we are patriotic in everything we do. The elections are over, January 22 has passed, you do not have to worry. It is going to come again. We are looking forward to sitting over there and some of them over here, and some not at all, but whatever happens this is our country and we all hope to put our heads together and lift Barbados high once again.

I thank you, Sir.

Hon. D. J. H. THOMPSON: Mr. Speaker, my task as the final speaker for tonight I thought was to send Barbadians to their beds in a state of ease about the situation of the domestic economy, but I suspect that the Honourable Member for St. Michael South East would have pre-empted me and sent them to bed anyway. If the few of them who now remain wish to hear the truth, may now resume their interest in this particular debate. I suspect that based on the twists and turns of the positions of Members of the Opposition in this particular debate, one can safely ignore what has been said by them so far and even more safely can one ignore what is likely to be said by the remainder of them.

I want to say that I am happy to have the opportunity to be serving in the executive arm of Government. It is the first time I am speaking on a budget debate from that capacity and this is a challenging period in the history of Barbados, particularly the economic history of Barbados, and I am happy to be part of the team that is going to have the opportunity to carry out the necessary restructuring and reform of the Barbadian economy to take us into the 21st century.

This particular budget, Sir, comes at a time of considerable rational consensus by knowledgeable persons, which would not include all of the Members of the Opposition, maybe some of them, rational consensus about what the present state of the Barbadian economy is and what is necessary on the part of the Minister of Finance to effectively manage this economy in the next fiscal year and in the short term.

A budget is not any philosophical treatise cast in gold, it is not the writings of Marcus Garvey, it is not any great John Rawls' theory of justice, it is a simple fiscal tool which seeks over a short-term period in many ways to reduce the imbalances in the economy and for the Minister of Finance to give his attention to essentially domestic matters relating to the management of the economy over a fiscal year. The Estimates debate is the exercise that we go through every year, which perhaps the public might be more interested in, which gives people an opportunity to see how Government proposes to implement its policies and the extent to which it is achieving its Manifesto promises. If, therefore, I am a bit reticent about getting as excited as other Members do about the words that are contained in a budget that lasts an hour and a half, I apologise, but I could not expect any Minister of Finance to outline any major philosophical position in the space of one and a half hours, when his only ultimate aim is to indicate what the progress of the economy has been in the year preceding, and what kind of adjustments he will make in the given fiscal year ahead.

We have accepted and have not denied that this budget comes at a time of declining growth.

We have accepted that there has been a temporary decline in the performance of the tourism and manufacturing sectors. We accept that there has been a decline as a result of that in foreign exchange earnings. We have not denied that in this budget. We have not denied it when it has faced us in previous budget debates. We accept that there have been increases over time in Government's expenditure and we accept also as everybody else seems to accept that there have been increases in Government's foreign debt repayments and all of these things that we accept, all of us in here, have serious implications in relation to the management of the Barbadian economy at this time and what they call for in a Minister of Finance, ingenuity, foresight and creativity. This is something that the Democratic Labour Party has never lacked. We took this country into independence. We laid the foundation for modern Barbados in the development of industry, the development of tourism and a whole range of other economic developments that took place during the period in which we were in office. I am satisfied that that same ingenuity and creativity will apply in relation to the present administration of the Democratic Labour Party.

9.50 p.m.

Now, the rational consensus about which I speak, one can glean from newspapers, from the learned academic position of respected economists. You can glean from the Central Bank reports and from any of the other major economic tools as are used by persons who assess development and economy. One respected economist said that this particular budget should judiciously select a combination of direct and indirect taxation measures which will not have an adverse effect on the domestic economy. This is the position, as I understand it, of consensus, that the majority of wise people have determined. If you were to quote the Central Bank Report you will see on page 23:

"Measures must be taken to reduce further the demand for foreign exchange. The existing credit restrictions must be maintained to limit growth in consumer imports.

In the medium to long term, measures to increase foreign exchange earnings and diversify products and services sold to foreigners will have to be put in place. There is an urgent need for tax policy changes to remove all traces of any bias that favours activities that use foreign exchange."

This is a position of consensus in relation to the Barbados economy.

The third point on which consensus has been reached, I believe, this year, based on some of the positions of Members of the Opposition and certainly, on the position of learned and respected economists, is that there must be a cutback in both capital and current expenditure by Government. So we have accepted those as the basis, the rational consensus that Barbadians have come to about how the Barbadian economy must be managed in the short term and also in relation to foreign exchange in the long term.

So, we accept these as the major points of agreement and this particular budget for this particular year reflects all of those major points of consensus. For example, the position of the Government had been to reduce as much as is possible expenditure. We have just passed in Barbados a major regrading and reclassification exercise and an increase of salaries for public workers in negotiated wage settlements. These have led inestimably to increases in Government expenditure, which is to be expected. I was very pleased when I heard that the Prime Minister recently in an address, I think, to the National Union of Public Workers, said that he resisted the promptings of other people to forego the increases for this year. In other words, other persons had obviously suggested to him that one of the measures he should take is not to give the civil servants the negotiated increase for this year, but Government has committed itself to that on the basis of the total contract and on the basis of the negotiated settlement and will meet the demands that the public servants had made. This is an admirable position and is a position that is eminently to be

respected by persons in this community, particularly those in the public service. We have said in our manifesto, the Democratic Labour Party manifesto, page 8, that we have looked at the areas that we can cut and we said first of all:

"To cut the largest expenditure items (wages and salaries) is to create more unemployment and create conditions more conducive to crime and other social ills which will undermine our economic and political stability."

So, we cannot cut wages and salaries. Secondly, "we cannot cut loan capital repayments." That would be a financial disaster. The international community, of course would lose all respect in the Barbados economy, our credit rating would immediately go down and we would obviously have to call in the international agencies or they would come in, particularly, the IMF, to rescue from that kind of situation.

Thirdly, "we cannot cut interest payments."

We also said that "if subsidies and transfers are cut, we jeopardise important social services such as Housing, Health, Education, Transport, Home Help Service and Welfare Programmes." So, we cannot cut in relation to transfers and subsidies and "if the capital works programmes are cut (any further), many businesses and workers will suffer, and the progress of the country will be seriously retarded." The major aim, therefore, of the Government in cutting back is to maintain present employment levels and to cut back in areas where it will least impact on jobs in this country, where people will not be laid off, placed on short time or any other of the measures that have been implemented previously, particularly, in the period 1976-86. We don't want to go back to that scenario.

But, at the same time, we have to be very careful about this. Nobody wants the Government of Barbados to be paying civil servants who are essentially desk bound, but because they don't have money to carry out programmes essentially everything stagnates within Government. So, we also have to recognise that when we cut we still have to make money available for the Public Service to carry out the projects programme of the Government instead of just having the public servants sitting behind desks, drawing salaries, with nothing to do because there is no money to spend. This is the kind of balancing act that a Minister of Finance has to conduct in relation to the economy of Barbados. It calls therefore on the public servants of this country to demonstrate greater efficiency. I would not go as far as to call anybody "fat, lazy drone bees". That I think, is a serious reflection on the development of Barbados and something that is to be entirely denounced, and should not fall from the mouth of any politician, least of all in this Chamber. But, that is part of the Labour Party's approach to politics. What I will say, however, is that we do not want to

develop a scenario where there is justification for people doing nothing because the money is not there to carry out the programmes anyway. So, we have to be very careful about cutting the Government's expenditure. The key word, therefore, is efficiency. All of us accept that and we have to look at ways and means of improving it, particularly, in the public service.

In relation to the matter of the judicious blend of direct and indirect taxation, the aim of the Government is to increase revenue without being counter-productive. In other words, without further dampening economic activity, domestically in Barbados and the budget seeks to achieve this by balancing the incidence of taxation between direct and indirect taxation rather than trying to put all of your eggs in one basket and as a result not many fitting substantially because of the reduction of economic activities domestically.

So, we have carried out a balancing act there, to protect the domestic economy as much as we can in the given circumstances and this task is not made any easier by the fact that the economists and statisticians themselves are not always able up front to determine when a tax is counter-productive or when it is regressive. Sometimes you have to wait until the outturn figures of a given fiscal year to determine the impact of taxation. Over time, we have enough information that I think we are able now to assess the impact of various forms of taxation and the Government has therefore promised that it will carry out the necessary investigation in relation to the incidence of taxation in Barbados to make it more equitable and to get the kinds of yields that are desirable and the kinds of optimum level of growth that are also desirable.

This budget also raises net new taxes by indirect taxation of \$40 million and \$30 million by new direct taxation. That is the position of this budget, as you can see, it is reasonably even-handed in relation to the incidence of taxation.

10.00 p.m.

The third point relates to foreign exchange earnings. Here, once again, a judicious blend of short-term policies and also the medium and long-term policies are necessary. The aim of short-term policies is to protect or defend the exchange rate.

I was appalled recently when I read in the "Nation" newspaper a senior policy-maker of the Barbados Labour Party advocating devaluation of the Barbados dollar, a former candidate in the 1991 General Election. Our aim is not devaluation. Our aim and the aim of any wise Government at this time would be to protect and defend the foreign exchange in this country. How can you have people, serious policy-makers in prominent positions...

Mr. SPEAKER: Order, please.

Hon. D. J. H. THOMPSON:....having great influence on the leadership of a political party advocating the devaluation of the Barbados dollar. I want you and the public of Barbados to understand where the Democratic Labour Party stands on the issue of devaluation and where the others stand on the issue of devaluation.

The short-term measures that this Government takes are therefore to protect the Barbados dollar at its present standing in relation to foreign exchange rates. The short-term measures, however, are also required to dampen domestic demand for consumer goods particularly those that are imported and require foreign exchange. That can also have an impact in the local economy. That is one of the things that Members of the Opposition have raised. It is true that sometimes when you reduce disposable income or place credit controls in place to stop the import or reduce the attractiveness of goods which we have to import into this country and to reduce consumption that, in fact, you affect the distributive sector and many of the other sectors of the economy that depend on trading. We understand this.

It is not new for anybody to write in the "Nation" newspaper every Sunday and tell us about this. If those persons were given the opportunity to run this economy, everybody would be out there as glorified shop-keepers. That is what they think an economy is run on, bring in things from Japan and sell them, bring in things from the United States and sell them, videos and that kind of thing. Every week they write, reduce the consumption tax here, reduce the tax on this and reduce the tax on that. The only people that would benefit from that are those individuals. If we do not earn the foreign exchange to pay for those goods then we cannot bring them in any way.

If we adopted the shallow intellectual effusions of these people – you still have to attribute some form to intellect to them. The fact that they have been able to be successful and, certainly, more successful than anybody in here financially means they must have some kind of acumen even if they are only glorified shop-keepers. The point is you cannot adopt those kinds of policies. Nobody has to lecture this administration on the question of the incidence of taxation or the precarious position of foreign exchange earnings. We understand it. We feel it every day. We understand the nature of the beast.

In relation to the long and medium-term policies, we know that it is necessary to implement policies that are going to earn foreign exchange particularly the kinds of programmes which themselves do not require the expenditure of foreign exchange, for example, the cotton industry which the Opposition seems to want to rip apart in this country, but which we have tried to invest wisely in developing. We have made mistakes, it is true. The cotton industry is one. Every step you take it seems as if people are trying to force you back 10 steps when they recognise

that cotton, an indigenous product is grown here. The foreign exchange inputs are certainly lower than in the manufacturing sector for most of the manufactured goods we produce, therefore, the level of foreign exchange earnings would be higher on a dollar for dollar basis. It is just like sugar.

We have to carry out that restructuring in the agricultural sector but it is going to mean some other economic relationships in this country are going to have to change. I say this constantly. We cannot afford in this country to continue to give the same people incentives year after year. For 300 years you gave their grandparents, now you give them and they cannot effectively manage and develop the sugar industry, manage and develop the lands that they own. Their major aim at the end of the day is to sell off as much land as they can to build houses on and to make massive capital gains.

Aside.

Mr. SPEAKER: Now listen. I do not believe that we have forgotten the Standing Orders. I have already said I will not permit Members to shout across to the other. I am the only person who needs to help the Honourable Member.

Hon. D. J. H. THOMPSON: Like the Honourable Member for St. Michael South West I will ask for some additional time if you will permit it, Sir. The point is we cannot just continue throwing money behind these people continuously. That is my position. I am not saying that it is entirely the position of Government because the present economic relationships cannot be revolutionised overnight. I would be immature if I thought they could be but because of my age I am bordering more at that end than at the end of conservatism. That is the point I am making. I make it very seriously. You have to carry out that kind of economic reform in this country to develop agriculture.

We have heard about the development of tourism. I presume that during the course of this debate we will hear about the development of manufacturing and its potential to earn foreign exchange in this country. The offshore sector in Barbados is continuing apace. There can be no substantive criticisms from the Opposition except those that relate to adjustments in the administrative arrangements in the offshore sector to encourage rather than distract business. It is true.

I understand from the Honourable Member for St. George South that housing is now to be categorised as a productive sector. I did not know that a sector that consumes so much foreign exchange could actually be categorised in Barbados. I would have to analyse that particular philosophy because it goes against the classical approach. We therefore understand we have to attract incentives towards foreign exchange earning sectors of the Barbadian economy.

I say, therefore, that this Budget is delivered in the context of protecting the exchange rate of Barbados, avoiding the International Monetary Fund and conditionalities that would be adverse to the people of Barbados. Can you imagine that we are talking about restraint in this country of a small magnitude, compared to the kind of restraint, the kind of deprivation and suffering that we would have to go through were we to go to the IMF as we did in 1982 where thousands of people were laid off, businesses closed down and a whole range of other punitive measures undertaken by the Barbados Labour Party against the people of this country?

People talk about the incidence of taxation in this country. I agree with the Prime Minister's approach that he cannot attempt to wipe out the deficit in one fell swoop. His point of departure with those who advise him otherwise that he should carry out this particular exercise over a phased period of time is wise. I suspect it will, in the end, redound to the benefit of the majority of Barbadians. That phased fiscal adjustment is certainly less painful.

An important philosophical point did arise. It was raised by the Honourable Member for St. George South, although that might sound incongruous. That particular point related to who should bear the burden of adjustment. This is a sensible point. We are not carrying out any major structural adjustment by this Budget.
10.10 p.m.

So that it does not assume the same proportion nor will the same philosophical arguments arise as arise when you are carrying out a programme of major structural adjustment in the economy. This is adjustment to close a particular deficit situation which is going to require the same kind of ingenuity.

When you are talking about the burden of adjustment in Barbados you cannot apply the same approaches that you would apply in other countries of the world. Barbados delivers a high level of social security. The safety net in Barbados is not comparable with anywhere else in the Caribbean. When you are talking about adjustment in Jamaica and the poor, you are talking about real burden. In Barbados the average Barbadian no matter whether they are unemployed, whether they are working for low wages can still obtain health services in this country free, can still obtain education in this country free, can still obtain welfare although that is undesirable and I am not at all advocating that it is better to have people on welfare than employed. But I am merely saying to you that you cannot use that same philosophical argument about bearing the burden of adjustment when the Government still provides a minimum level for the people of this country, subsidized bus services, National Insurance Scheme and a whole range of other benefits which at least, at minimum....

Aside.

Hon. D. J. H. THOMPSON: Well if you are saying now it could only mean that in your time it was just as bad. I do not think that is what you are trying to say at all. But that might be the kind of thing that you would say any way.

The point is, Sir, I represent a constituency that is almost working class. There are people who live in St. John who can, in some cases, only send their children to school three days a week. I know about that too. I am not denying it exists. It does exist in Barbados today. There are people who are living at a level where the resources that they have however little they have whether they come from maintenance for children or whatever have to be deployed in feeding their children and they can only get them to school maybe two or three days a week. I am not saying that we are oblivious to this. We all understand it. But I am also saying that in the context of Barbados thank goodness they do not have to pay for that education and thank goodness the opportunity exists that the next generation of Barbadians will be better educated than them and may have the opportunity that they did not have.

I am saying that the adjustment that we have to make in our domestic income now in this country is minor compared to the kinds of adjustments that we might have to make in the future and that those adjustments that we might have to make in the future might be even more severe because Government would no longer be able to provide even the social services to cushion the impact of that adjustment. That is the point. So there is no point my ranting and raving about the burden on those who can least accept it. I think that we understand the necessity of tailoring our policies so that the negative aspects of them do not impact on people who are least able to bear. There are no middle class areas *per se* in the constituency of St. John.

Mr. SPEAKER: One minute more.

Hon. D. J. H. THOMPSON: Thank you, Sir. But I am aware of those particular difficulties.

I wanted to deal with Sherbourne. The Conference Centre is going to be an income earner. I do not care what the Members of the Opposition say. I am willing to carry any number of accounting firms, insurance firms and so on up there tomorrow if they want me to go to see the facilities and I want them to join with me in ensuring that Sherbourne is a success. It is not a Government project. It is a project for the people of Barbados. Just as we criticized the Central Bank and you all now allege that it is a project that earns so much....

Mr. SPEAKER: Time.

Hon. D. J. H. THOMPSON:... and it is such a great boom to the development of Barbados so will Sherbourne.

Thank you very much, Mr. Speaker.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, Sir, I beg to move that this sitting be now suspended until 10.00 a.m. tomorrow.

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

The question was put and resolved in the affirmative without division ad Mr. SPEAKER suspended the sitting accordingly at 10.16 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Mr. J. O. TUDOR: Mr. Speaker, I rise to endorse the measures in the 1991 Financial Statement and Budgetary Proposals which seek to stabilise the economy and safeguard and improve the quality of life in our society. Mr. Speaker, over the last year or so we have been subjected to a vicious onslaught from opposition sources, purely for political gains that did not materialise.

Mr. SPEAKER: Vicious?

Mr. J. O. TUDOR: Forces, Mr. Speaker. These opposition forces some departed, treated our distinguished leadership, the distinguished leadership of this country with scant respect to a level, Sir, that I have to conclude, that they respected all Barbadians. They preached gloom and doom, they said Barbados was gone, they said we are dead and they also said to dump them.

It is unfortunate, Mr. Speaker, that in modern day politics, leaders should resort to this type of scare tactics, talking about devaluation, IMF, massive layoffs, because, Sir, these kinds of comments only provoke many individuals to export very valuable foreign exchange and certainly the end result is that we turn off many potential investors.

Mr. Speaker, Barbadians are very faithful to their political leadership on both sides of the House and it is indeed unfortunate that they broke that trust in an effort to achieve their moment in time. Mr. Speaker, I think that it is important to tell the truth even if it means us losing political ground.

I have been recently elected to this Honourable House, having been given a massive endorsement by the constituents of St. Michael East. Mr. Speaker, I respect that endorsement, and I am sure that those constituents would want me to say very early and to quote from that brilliant young Barbadian poet, I. Winston Farrell, in his recent publication, a poem called Exodus where he quotes "We have come a long way, so I will rise my hand and shout

Lord. Words will not strangle and die between my teeth, I must speak for we have come a long way".

Mr. Speaker, it is my intention to speak truthfully on all matters, that is in keeping with the approach that has been adopted by our distinguished Right Honourable Prime Minister and, Sir, that is why he is still the Prime Minister today.

Mr. Speaker, for some time now we Barbadians have been monitoring via the CNN news media on a daily basis the world economic problems, we have noted the difficulties in the United States, their severe problems with their deficit, we have noted the problems that they have with drugs, with aids, a new plague in that country, Sir. We have witnessed the tearing down of the Berlin Wall in Europe where many of those East Berliners suffered. I was there last year, Sir, and I saw it for myself, the suffering in East Berlin, the likes of which we have never seen in Barbados.

Mr. Speaker, we have observed the strikes and the protests in England in the United Kingdom through the introduction of the Poll Tax which was indeed a massive tax in relative terms and we have seen, Sir, suffering in Turkey, the hardships in Poland and in recent days in Kuwait and in Iraq at the end of the recent war in the Gulf. Sir, we have been witnessing the dismantling of the communist module, we have seen on our CNN screens, long lines of people waiting for food. The only long lines that we see in Barbados, Mr. Speaker, are lines when Barbadians are travelling to shop in Puerto Rico or Marguerita or taking a vacation in the United States of America or even England.

Mr. Speaker, we have witnessed the starvation in Ethiopia, in Sudan, in Somalia where parents are digging tree roots in an effort to feed their children. These are real situations, Mr. Speaker, and indeed we have seen the devastation of many of our Caribbean Islands, where hardships have been incurred. We have seen problems in Jamaica since the devaluation of their dollar, a similar situation in Trinidad and surely the situation in Guyana is no different.

Mr. Speaker, at the same time, in Barbados we continue to observe that we still enjoy excellent water facilities. We have an excellent water system. We have, probably the best electrical system in the Caribbean. We continue to enjoy health services that are second to none in the region, and that is my understanding at the recent summit.

Mr. Speaker, we still have an educational system that is probably the best in the western region. We, in Barbados, have a very good transportation system, Mr. Speaker, and certainly our communications net work is an envy to many throughout the world. Surely, Mr. Speaker, it is fair to

conclude that in Barbados we do enjoy a relatively good standard of living.

Mr. Speaker, having said all that, I think it is fair to say that sooner or later all of us expected that the external forces would act upon us. It is my opinion that most Barbadians understand the environment that we find ourselves in, and I am sure that we are prepared to share the responsibility of keeping Barbados No.1 in this region.

Mr. Speaker, I am a businessman, and it is my opinion that in this small society we have to sensitise the public sector workers, the private sector workers, private investors and certainly the Government and its agencies of their need to produce a greater effort and to be more efficient in our day to day functioning in our society.

Mr. Speaker, for example, it is my understanding that there are a large number of persons who bear the brunt of taxation every year, and, Mr. Speaker, I am speaking about those *bona fide* taxpayers who honour their tax pledge to the country, make those payments on a continuing basis, year after year and there are many others who, I think, Mr. Speaker, need to be brought into line, so that they can share in the responsibility of preserving the economy in Barbados and by playing their part and contributing their equal share of the burden of running this country.

10.10 a.m.

Mr. Speaker, I think it is time for us to invest our money. I think that we should indeed be forming co-operatives with each other. Barbadians have a problem in holding hands and joining each other in investment. I am aware of the potential of several affluent black Barbadians who prefer to sit in the comfort of their homes with a handsome small piece of change and refuse to invest a cent or to be part of any joint co-operative which would allow fellow Barbadians employment if they could get involved in meaningful programmes or projects that would continue to develop Barbados. We have to encourage them to invest, Mr. Speaker, because if they do that we will be able to effect growth in the economy through our own efforts. I believe that we can reduce our fiscal deficit, looking at it through the eye of a businessman, if we produce more, if we earn more and if we save more.

Mr. Speaker, I think it is that this Honourable House understands my position on layoffs. The action suggested by many Opposition forces, that the Government embarks on a programme where we indulge in massive layoffs to cut expenditure, will only lead to suffering in families, some of whom are suffering already. Layoffs can only occur probably at the bottom end of the ladder. Labourers, general workers, drivers, maids, are the people who will be sent home. What is the point in living in a society where our people who are working and living among us are suffering and unable to meet their daily requirements? We have a social responsibility as a Government and as a people to

share the burden of ensuring that all of us are able to enjoy a good meal every day and have the necessary clothing and other facilities that are necessary for comfortable living.

I am totally against it and we have given a pledge. We canvassed during the campaign, we countered a lot of suggestions that there would be severe and massive layoffs and we took a position and the Honourable Minister of Finance in his budgetary presentation reinforced his position on page 23 where he said, and I am quoting from the first paragraph: "I have already stated and I give the assurance again to this Honourable House: I have no intention of devaluing the Barbados dollar, nor do I intend to preside over massive lay-offs in the public sector."

Mr. Speaker, I think that our commitment is a sacred one and we need to stop indulging in those kinds of scare tactics. In any case, Sir, there is need for a number of jobs. In my constituency, for example, roads and drain repairs in the Ivy, Rogers Road, St. Barnabas, Licorish Village, Flint Hall and Bridge Road still have to be completed. In fact, there is a serious drainage problem contiguous to Ilaro Court. That problem, which starts from the 8th Avenue, St. Barnabas, causes flooding on the southern side of Ilaro Court and houses in that area are flooded every year. I believe it also causes the wall at Ilaro Court to break down.

Aside.

Mr. J. O. TUDOR: Mr. Speaker, I have to represent the Honourable Prime Minister, he is one of my constituents. I have to look after his concerns, just as I have to look after the concerns of the other Members of my constituency from St. Barnabas. It is a problem, Sir, so we need workers to pay some attention to that area.

During the Estimates debate I made reference to the fact that the schools in St. Michael East, particularly Springer Memorial, Charles F. Broome, St. Giles' Primary and Senior, Belmont and Government Hill Nursery Schools, are in dire need of repairs. How can we indulge in massive layoffs when we have these things to be completed? I would like at this point to congratulate the PTA of the Government Hill Nursery School, led by the President and Frank Mallett, because they have taken it upon themselves to raise funds through their own efforts to assist in the refurbishing and the upgrading of the facilities at the Government Hill Nursery School. Mr. Speaker, that is a commendable effort and I am suggesting that that kind of co-operation is what is needed at this time in Barbados where we have co-operation among students, parents, teachers and the Government and all other interested parties to come together in a collective effort in the interest of our children. Those kinds of efforts are laudable and I hope they will get support as they continue.

Mr. Speaker, the Sherbourne Centre in my constituency has to be completed. I join with the

Honourable Member for St. John and I too share the view that the Sherbourne Centre will be a success four or five years down the road. I agree that it will be useful in the tourist industry, especially to the offshore sector, where the convention centre will be fully utilised with all of its language facilities, *et cetera*, and we will be able to attract large conventions to participate fully here on the Island in a good, warm, friendly atmosphere. Most of all, Sir, that centre is going to provide a tremendous outlet for the talented artistes we have in Barbados. We have talented, professional artistes and they need a distinguished forum in which to express their art forms. People come into this House, Mr. Speaker, and try to castigate a progressive programme, but I am sure the Sherbourne Centre will provide many jobs for some of my constituents.

Mr. Speaker, natural gas has to be installed in my constituency. How are we going to indulge in layoffs? Several constituents have filed petitions indicating their interest in having natural gas installed. I welcome the reduction in the cost of petroleum products at this time. That is a relief.

I want to look at the problem of the resiting of the Belle squatters. I think that this problem has to be completed. This is an area that has to be settled once and for all. I have met with the constituents involved and we all understand that in the interest of all Barbadians it is necessary for us to be resited off the water table. I have written to the Honourable Minister of Housing requesting appropriate support in the resiting process and we hope to have this matter cleared up very soon, Sir.

Mr. Speaker, as I indicated before, there is a lot of work to be done. How can we cut expenditure when these pressing needs exist in our society? We have been accused of squandermania, but apart from maintaining staff levels in the public sector, let me identify some of the areas of Government expenditure in the recent past. We are known to be a caring Government and when we took office and discovered the deplorable working conditions that existed in the Public Service we knew that we had to do something about them. It is my understanding that the Cumberland Street Office of the Land Tax Department had to be abandoned and that section of the Department rehoused. It is my further understanding that a completely new airconditioning system had to be installed in the National Insurance Building at a cost of some \$1 million. It is my understanding, Sir, that all the windows and much of the airconditioning at the Treasury Building have had to be replaced. Costly refurbishment of the Immigration Department had to be undertaken. The expensive and experimental solar airconditioning system at the agricultural units at Graeme Hall had to be replaced. Marine House had been partly abandoned with the consequent necessity to rehouse the Legal Department in rented accommodation.

10.20 a.m.

It is my understanding that considerable repairs have had to be effected for various police stations and law courts. It is my further understanding that a new complex is to be built to house the Hospitality Division of the Barbados Community College, Sir. That is progressive. It is my further understanding that the new comprehensive complex at Holetown, the new accommodation for the Police Band which is at an advanced stage has to be completed. It is my understanding that a new building to house the National Insurance office at Culloden Farm and another to house the long awaited legal and judicial centre at Whitepark/Country Road junction and a new complex for the Ministry of Education at the old Queen's College site are to be built.

Mr. Speaker, we have refurbished the Tourist Board office and several others. Mr. Speaker, that is not squandermania. That is prudent management where you improve the working conditions to stimulate production of workers. Mr. Speaker, I am again suggesting that if the comfortable business climate is maintained in Barbados, we will witness an increase in investments which will lead to job creation for those of us now seeking employment. I am asking, Sir, that we stay away from negative politics. The election is over and past.

Mr. Speaker, it is necessary to spend sometime on Tourism. It is my belief that the tourism industry has been and will continue to be the number one industry for a long time in Barbados. I am calling on all Barbadians to join with me, to join with the Minister of Tourism, to join with the Chairman and the members of the Board and to join with all of the other agencies involved in the tourism industry. Let us all come together and preserve the tourism industry.

We have a problem in Barbados to some extent with attitudes in the tourism industry. Some of us maybe for our own selfish reasons believe that we can behave as we like to our guests. We inject from time to time the question of race. I think, Sir, that we have to be mature and I think we have to put these issues aside and understand that we are in the business of selling a tourism product and it has to be good. It has to be a good product to be able to sustain attraction from international markets. Barbadians are known to be among the friendliest people in the world and that is true. Barbadians are genuinely very receptive to tourism, the majority of them, but, Sir, there are a few who operate on the beaches of this country, not *bona fide* beach vendors – I want to make it very clear. There are some very good ambassadors on the beaches in Barbados who encourage people to come back here year after year. Let us not trouble them. Let us take a position against those mischievous ones who are creating a problem for everybody. They don't operate only on the beaches. They operate in the streets. They operate by clubs. They operate on the road. They operate down by some of our facilities in St. Thomas, by the Flower Cave and those areas. We have to get the assistance of all relevant agencies to stamp out

that negative aspect that is creeping into our society that will destroy the tourism industry.

Mr. Speaker, tourism is very dear to my heart. I live and breathe tourism. I enjoy inviting people to Barbados and I was extremely happy to be part of the team that explored Europe and the United Kingdom in an effort to upgrade the level of arrivals from those areas. Yesterday, in the debate, the Honourable Member for Christ Church South spoke and I have difficulty in understanding why that Honourable Member has the temerity to contribute in areas of tourism because it is widely known that he presided over the worst stage of the tourism industry to the extent that the Honourable Minister of Finance at the time, a Rt. Honourable Prime Minister, indicated that the damage to tourism was worse than a hurricane. All Honourable Members remember that. I was surprised, Sir, that he had the temerity to come into this Honourable House and speak about tourism and to suggest that we were neglecting a specific area and indeed, an area as important as the United States.

Sir, the Economic Report on page 14 says under the Head: Tourist Arrivals, and I quote:

He said that we did not take any measures to correct the serious condition that was existing in the United States. This is what the Economic Report says:

Special promotional activities launched by the Board of Tourism in 1990 succeeded in slowing down the rate at which visitor arrivals from the U.S.A. had been declining. The number of visitors from the US declined by 7.1 percent after falling 9.7 percent in 1989. Arrivals from CARICOM fell slightly below the 1989 level. In contrast visitor arrivals from Europe increased sharply particularly in the latter half of the year when two new charter programmes were inaugurated. Arrivals from Germany rose by 25.3 percent, and from the other European markets by 24.3 percent. These increases are due largely to the strong promotional activities in Europe by the Board of Tourism which included participation in three trade fairs."

He has the temerity to come into this Honourable House to suggest that we never did anything.

Mr. Speaker, the record of the Democratic Labour Party in tourism is better than any. There is no Administration that has performed better in tourism than the Democratic Labour Party. What is amazing, Sir, is that between 1987 and 1990, we achieved record years of tourism against a background that was very difficult. Conditions that existed prior to 1986 did not exist in 1988, 1989 or 1990. Sir, I am talking about the departure of Eastern Airlines. We lost Eastern Airlines. I am talking

about the fact that the direct service of American Airlines from the North Eastern seaboard was terminated.

Mr. SPEAKER: The Honourable Member has one minute.

Mr. J. O. TUDOR: I started a little late, Sir.

Mr. SPEAKER: I would check with the Clerk to make sure that I am not taking any of your time.

Mr. J. O. TUDOR: Mr. Speaker...

Mr. SPEAKER: The Clerk agrees with myself.

Mr. J. O. TUDOR: Okay, Sir. My watch is a little off. Mr. Speaker, we achieved success against a very critical background. There were a lot of disadvantages and things working against us and yet we produced record results. I am suggesting, Sir, we did it once and we can do it twice. I am calling on all Barbadians to join us in this effort because it is in the national interest. It is in the interest of our own personal development. I thank you Sir.
10.30 a.m.

Mr. G. W. PAYNE: Mr. Speaker, this is my first Budget. Even though it is my first Budget, I believe I speak for some of the newcomers in this House, including the Honourable Members on that side, when I say that we have been fortunate in the timing of the election in that we have been able to witness a succession of Resolutions, Bills, Supplementary Estimates, Estimates and now the Budget coming at this time of the year. In this respect I would like to say our task is not as difficult as it probably would be otherwise. In that respect, I do not feel as though this is my first Budget.

Moreover, I am surprised or somewhat dismayed, if I may speak of one of the negative aspects since I came to these Chambers, Mr. Speaker, at the gloom and doom and the stormy picture which has been painted by the Members on that side, even on my first day when I came to these Chambers. As a result, I was not taken aback by the Honourable Minister of Finance when he presented his Budgetary Proposals on Tuesday. Indeed, we had some omen on this side during the election campaign when we considered the slogan of the Democratic Labour Party "Beat them, Sandi. Beat them".

Mr. Speaker, since we came to these Chambers, and I am speaking about the new Members, certainly the Honourable Member for St. James North, we have been, to some extent, inflicted with a form of beating. We have been subjected from very early to Bills on Domestic Violence. The violence started as soon as we came into these Chambers. We are dealing with a different sort of violence – I hope I am not using words which are unparliamentary

when I speak of fiscal violence, Mr. Speaker. If that is so, I would withdraw that.

Mr. Speaker, the Supplementary Estimates gave me an insight, too, into the stormy waters that the Honourable Minister of Finance was talking about. I was somewhat shocked when I came to these Chambers and saw the Honourable Minister of Finance and his Minister bringing Supplementary Estimates in these Chambers in the exorbitant sums of \$25 million which reflected on Government's inefficiency in miscalculating at such astronomical figures the problems in the economy and the failure to properly adjust the imbalances in the public finances.

We saw the storm clouds, Mr. Speaker, continue even during the Estimates. In some cases the Estimates did not really reflect what Government knew was the true picture of the expenditure in the preceding year and what they knew was the likely expenditure in the current year. I think I could use as an example the estimate on the Cave Hill Campus where in the last year a figure of \$20 million was voted. Then a supplementary estimate was brought for a further figure of \$5 million. Even though this was so and even though it was fairly obvious that it was highly unlikely that the Estimates of Expenditure for the year 1991/92 would not be reduced, yet the figure in the Estimates for the year 1991/92 remained at \$20 million.

All this told me was that this administration was trying to hide something. In this respect the deficit that we have been talking about on this side is even a lot greater, if I may use that as an example, than this administration would like us to believe. That is not all. You look at the proposed cuts in Government expenditure and you will see that they did not realistically address the main problems confronting this country.

Mr. Speaker, it cannot be denied that some of the greatest problems confronting this country at this particular point in time centre around the problems relating to the young people. We would have thought that instead of cutting the items of expenditure relating to the youth, at least, they would be stabilised or increased, notwithstanding the need for Government to cut back on certain expenditures while additional sums were voted for Sherbourne.

I am somewhat appalled at hearing the Minister of Community Development and Culture, I would like to think in his innocence, I believe it has something to do with his age, talking about Sherbourne being an investment for this country in the next five years. The Honourable Minister of Finance in presenting his Budgetary Proposals was talking about the problems that are plaguing this economy and this country. I believe that this administration should look seriously at Sherbourne. We know that it is too late to abandon the project. Too much money has been spent on

Sherbourne. I believe that Sherbourne should be put on hold for a minimum of four years in which time we would be able to address the other problems that the Honourable Minister of Finance has been talking about.

Mr. Speaker, the other cuts that I was somewhat worried about, that I could not understand not only as a new Member but I would also like to think as a young person like the Honourable Minister of Community Development, were cuts in Youth and Community Development, in the Welfare Department, and in the National Training Board. These are serious issues. Worst of all there are cuts in the Child Care Board.

I do not think that we in this country and, certainly, moreso this administration realize the importance of the Child Care Board at this particular point in time in our development. Almost every day there have been serious cases which would have been dealt with by the Child Care Board only if enough power was placed in the hands of those people at the Child Care Board and if they were given the tools to do their job.

This administration was only concerned with giving more power to the Police and more power to the Ministers. I am speaking of the types of legislation that I have seen since I was in this Chamber, Domestic Violence, Praedial Larceny, Sexual Offences and a Bill to amend the Scotland District Act.
10.40 a.m.

These are the types of legislation that they are concerned about. I know the Honourable Member for St. James South likes to think of himself, and I will withdraw those remarks if he does not like them, as a law enforcement officer. He is probably the only one who was not in the Police Force but then again his father was a policeman.

I think, Mr. Speaker, that we need to have people like the Honourable Member for St. James South. I am not ashamed about saying that. I believe that he, I would not like to use the words in his strong arm attitude, should be able to bring some influence to bear on the Ministry of Finance so that the problems that I have alluded to would be addressed very, very shortly. Note that I have not dealt with problems like AIDS, problems like drugs. These are serious problems confronting this country.

A Budget must not only deal with raising revenue for Government's programmes and projects. It must also address itself to the problems facing the community. In this respect this Budget has failed.

Mr. Speaker, when you look at the Financial Statement and Budgetary Proposals presented by the Honourable Minister of Finance and you start to read the Financial Statement you would believe that this

administration came to power on January 22, 1991 and some other fly-by-night political organization was in power or in government before then. But in 1986 this administration came to the people of this country with a \$15 000 tax concession the old people interpreted one way, the young people interpreted another way and which they themselves promulgated in another way. As a result of that they were elected in 1986.

In addition to making a stranger to these shores believe that they were only in Government from January 22, 1991, they are now coming with a 'Stabilisation Tax'. I am submitting, this is a wicked, a crude, a draconian tax by any account. It is wicked because it attacks the same people who voted for them in 1986 when they came with this \$15 000 tax concession. The Honourable Minister of Finance is obviously ashamed to come back to this House and call that tax a surcharge. But it is more wicked than the surcharge. He could have buried his shame and carried on the imposition for 1991, ease the poor people working for less than \$15 000 instead of trying to make somebody believe that this tax....

Hon. M. A. KING: On a point of order, Sir. I hate to interrupt the Honourable Member. But the Honourable Member speaking made some reference that "he could bury the shame". Is he speaking about the Minister of Finance in this regard? I think from the context that is the only conclusion which one can draw. The use of the word shame has been found to be unparliamentary on a number of occasions.

Mr. SPEAKER: I am not so sure I understood the context in which the Member was speaking in view of the fact that we have been having so many generalizations and broad statements. But it is always better for the Member speaking, since the Honourable Member has raised the question, to just clarify the position.

Mr. G. W. PAYNE: Yes, Mr. Speaker. What I did say was that the Honourable Minister of Finance was probably ashamed to rename the tax the surcharge. Then I went on to say that what he should have done, if he were ashamed, was to bury his shame and renew the imposition for 1991. If I am saying something that I should not have said I would withdraw it but I do not see anything outside of the rules of this House, Mr. Speaker.

I listened with a certain degree of regret and disappointment – because I always think of my constituents in St. Andrew – to the Honourable Member for St. Michael South Central yesterday when he was discussing this Stabilisation Tax. I think the Honourable Member for St. Peter withdrew the word starvation tax, he did not call it a starvation tax any more. I am sorry the Honourable Member for St. Michael South Central is not here. I understand that he has fled. He says that he could sell this tax to the people of St. Michael South Central. He is even going a little

further than the Right Honourable Prime Minister because even though the Prime Minister imposed this tax he was very careful. The Right Honourable Prime Minister is a very careful man. He chooses his words carefully. Page 46 of the Financial Statement he said and I quote:

"when a country experiences slippages,"
and we are not talking about the slippage in the Scotland District:

"it is not unusual for the faint-hearted to lose purpose and confidence, and to doubt the ability of government and people map out new ground for stability and growth."

I would like to warn the Honourable Member for St. Michael South Central that there are a lot of faint-hearted people in St. Michael South Central and he would be committing political suicide if he decides to go to St. Michael South Central to sell this tax to anybody there. I challenge him to do it. As a matter of fact, I challenge any of the Members on that side to try to sell the Stabilisation Tax to members in their constituencies.

Consumption Tax. It is obvious that this tax will be passed on to the ultimate consumer. An increase in Consumption Tax of \$60 million, \$20 million being lost to the CET Common External Tariff. It is estimated that when this is spread over a population like Barbados' 250 000, when you look at a person living in a house with 3 other persons, it involves additional expense in the sum of approximately \$640 per year. The Right Honourable Prime Minister here again in his careful approach, pages 30 to 31 of the Financial Statement in giving his computation of the additional money that will be paid by a person earning \$15 000 per annum, says \$225.

Mr. Speaker, the mortgage interest has been increased. That same person who is living in a house with his wife and two children, a small family, and decides to get a chattel mortgage with all of these fires that we are having all over the island – to decide to get a chattel mortgage means that you cannot do better – these are the same people who are being attacked in this Budget. A chattel mortgage of \$13 000, involves an additional \$1 100.16 per annum. You are asking a man earning \$15 000 a year to pay an additional \$1 100.16, a man whose budget is very, very tight and you are saying that these measures are not draconian. You are saying that you can sell this to the people in your constituency. An additional \$91.68 per month. I believe the Honourable Member for St. Michael South Central would not even be able to sell this person an insurance policy.
10.50 a.m.

Mr. Speaker, I listened to the Honourable Minister for Tourism for a very long time and I must say that in listening to the Honourable Minister of Tourism, I normally admire his style, he is the only person here that could probably

speaking and laugh at the same time and there are not many people, all told, who could do that. The thing about that is, when a person like that speaks, it is difficult to tell whether you agree with them or you disagree with them. Sometimes when they finish you don't even know what they have said, but you might end up saying: "Oh, he spoke well."

Mr. Speaker, when you listened to the Honourable Minister of Tourism yesterday, speaking about tourism, you would have thought that Tourism had done so well during the past four years since he was the Minister of Tourism. He blew a good trumpet. I think we all enjoyed his speech. I certainly did. I like to hear the Honourable Minister of Tourism and I would not even like to see him drowning in his own greatness, but he is contradicting the Minister of Finance when he is talking about the improvements in tourism. When you look at page 5 of the Financial Statements, in tourism, real output is estimated to have fallen by 9.8 per cent on the number of long stay visitors and the average length of stay declined. Arrivals from the major markets fell in contrast to the 24.4 per cent rise from Continental Europe whose share of the market increased from 9.2 per cent in 1989 to 12.2 per cent in 1990. Nowhere in what he said about the improvements in tourism, the strides he has made, did we see any of this.

I go further, the Central Bank Report on Tourism output in the tourism sector declined by 9.8 per cent after increasing by 10.6 per cent per annum from 1986 to 1989, a fall in long stay visitor arrivals and a reduction in the average length of stay from 7.2 nights to 6.7 nights were the main factors accounting for the fall off in tourism activity. As a result tourist expenditure fell by about 10 per cent. Overall tourist arrivals totalled 432 092 persons compared with 461 259 in 1989.

Sluggish economic performance in the major markets had an adverse impact on visitor arrivals to the country. This was especially true for visitors from the United States, Canada and the United Kingdom where arrivals fell by 7.1 per cent, 11.1 per cent and 19.7 per cent respectively. He contradicts himself when he is saying we should leave out the American markets from the tone of his speech, even the people in the United States are not travelling anymore outside of the United States and the Caribbean, but yet he still has certain tourist promotion drives in place in a number of cities, so this is a contradiction, Mr. Speaker. But, nevertheless, Mr. Speaker, I am indeed glad that the Minister of Finance has seen it fit to allocate a further \$2 000 000 for tourist promotion for the year 1991/92. We on this side know it is not enough.

In the 1989/90 Budget they talked about launching a study in the industry with the assistance of the World Bank. We haven't seen a report on this study yet. We believe that if this study had been done that \$2 000 000 would have been able to be used in an effective marketing way so that we would be able to see some improvements over the

figures which I just mentioned. But, Mr. Speaker, nevertheless I am hopeful that the Honourable Minister of Tourism would see it fit with this additional \$2 000 000 to assist the various international service clubs, like Kiwani's Clubs of Barbados of which I am part, clubs which voluntarily, each year, mount tourist promotion drives in North America and Europe. I have known of thousands of persons who have come to our shores as a result of the marketing thrust by these international service clubs.

Mr. Speaker, I would not want to deal with the budget without looking at the problems confronting the constituency of St. Andrew and I am not dealing with the constituency of St. Andrew because I happen to represent that constituency. I am dealing with the constituency of St. Andrew because it is a parish forgotten by this administration, it is part of Barbados, Mr. Speaker, it is a constituency which has been so neglected that in many areas people are without a number of essential public utilities. Not because of any fault of their own. You look at the case of water. Many people in the constituency of St. Andrew, and I could speak of people in areas like White Hill and Isolation Road, have been receiving water bills retroactive from July last year and yet they can't get water certain times of the day. Many of them have to rush to bathe at twelve midnight.

Apes Hill Development is another area, Mr. Speaker. The roads, Mr. Speaker. Those of you who have been fortunate to be travelling to St. Andrew, and I don't necessarily mean

Mr. SPEAKER: One minute, to conclude your speech.

Mr. G. W. PAYNE: ... many people who have been fortunate to have travelled to St. Andrew would realise the problems with the roads.

Mr. Speaker, the problems confronting the constituency when you look at the comments made in the Budgetary Proposals by the Honourable Minister of Finance relative to this Government effecting improvements to roads and increasing road tax. People don't have any roads to drive on and you have to pay additional road tax. The people in St. Andrew are being called upon to pay taxes for other parts of Barbados. Mr. Speaker, this is unfair and it shows the division of this country, the separation of rural Barbados and urban Barbados and then you have a further division, St. Andrew from the rest of rural Barbados, Mr. Speaker.
11.00 a.m.

Mr. Speaker, I would like to thank you for allowing me to make this presentation. It is true that I would like to continue, but I thank you.

Mr. L. L. BRATHWAITE: Mr. Speaker, I rise to give my total support to this Resolution which endorses the

measures contained in the 1991 Financial Statement and Budgetary Proposals which have been so ably presented by the Honourable Minister of Finance, and further to congratulate the Right Honourable Prime Minister for coping with a situation which we all know and understand has been difficult in every regard, difficult because of the reasons that the Minister of Finance himself articulated.

When one listened to the speeches that were made by Honourable Members on the other side, one was at a loss to understand why they found it so difficult to understand and follow the logic which the Minister of Finance had given, and the ease and simplicity with which he delivered his budgetary proposals, especially in view of the fact that for the last four or five years in each budgetary debate we have had in the Chamber, and at every turn where you have come for money to meet the needs of the people of Barbados, this Government has been pilloried from every point because it has made a genuine effort to meet the needs of the people of this country. It costs money to meet those needs.

It is very easy to criticise, Sir. No one would want to deny the Honourable Members of the Opposition the task or the comfort of criticising the Government, or of not being able to compliment the Government even though they know that the circumstances in which we as a country find ourselves require the kind of management that is now proposed in this budget. They have a difficulty which stems from the fact that the predictions and the projections that had been made by the principal spokespersons on finance, both from the Barbados Labour Party and the party that is no longer a part of this Chamber, have not come true. In fact, there is no devaluation, nor has the economy collapsed.

It is true, Sir, that each demanding situation calls for more and stronger handling. We are not living in a world by ourselves, we are living in a world in which we must be inter-related and we can only react to situations as they impact on us. There has been a lot of lip service about productivity in our country and in our economy. When you talk about productivity, you seem only to be talking about people who are producing in the manufacturing sector. I do not share that view, Sir, I share the view that while people in the manufacturing sector have a responsibility to produce at the highest levels, there are people across Barbados who are earning money and should also be producing at the highest levels. We, as a people, have to share the responsibility of providing the size cake that we all can partake of and continue on the path of growth and prosperity.

When we talk about the type of taxation that has been levied – and this has been a sore point, apparently, for the Members of the Opposition – as they referred to the consumption tax, to the stabilisation tax, and they also went so far as to refer to the surcharge of 1989, I do not know how Members of the Barbados Labour Party can seriously

expect the people of this country to buy their story on consumption tax. It was in 1976, while there was a consumption tax, that the Barbados Labour Party administration decided they were going on a trend which brought in the majority of revenue from indirect taxation. In that regard, Sir, consumption taxes escalated and stamp duty went from 10 cents per Customs entry to a percentage of the c.i.f. value. When once you have set a particular trend in the area of taxation, it is very difficult to move from it. The same thing has happened with levies. They set the levies in place, but once you have made them a part of the revenue of your economy, then they will have to be replaced if you remove them.

They do not have a leg to stand on when they are critical in these areas if they are at the same time saying they are responsible representatives of the people; when they ask you to reduce your level of income but still provide more and more services for the constituencies which we represent. I must say it has been a little difficult for me to follow the trend of their arguments, because they have been conflicting, not only from Honourable Member to Honourable Member, but certainly within the contributions made by a given Member.

I really do not want to spend the time allotted to me in dealing with that kind of situation, because I have some concerns also about the way forward in an economy on which we all depend for a way of life and an improvement in our way of life, and if we mentioned the terms of activity, Sir, I did give an indication that I see it as being much broader than just the bottom rung of the ladder in terms of production. I want to see, Sir, in the public service as in the private sector, the kind of appreciation for the fact that when you waste your human resources, not only by the placement of your human resources but by the attitude and by the deployment of time, you are creating a problem for the rest of people in your country, those who are employed and those who are not employed.

11.10 a.m.

Quite recently, Sir, I had reason to make the point that if a project is allowed to cost more because of the wastage of time, wastage of material, the net extra money that is spent in that project precludes another project from being concluded successfully and at a cost that the country can bear. Why am I making this point, Sir? Because each and every one of us depends in this country on the quality of goods and services that we can produce in order that we can make the demands for the services that we have in mind. So that for each and every one of us, Honourable Members of Parliament, members of the rank and file of society, management at every level, I am hopeful that we are able to take some guidance and some lead. The Honourable Prime Minister requested us to put our shoulders to the task in a national effort to put Barbados back on the road to prosperity.

Just before I leave the area of productivity, let me say that I do have a concern with the quality of supervision that is generally seen across the area of production and management of human resources in this country. I do not know, Sir, but it is my feeling that the system used for promotion from the rank and file to the supervisory level may need some sort of adjustment, some sort of consideration for improvement because it is not producing the kind of network that is required for the higher levels of production in our economy.

I am also concerned, Sir, about housing in terms of its availability to people who cannot themselves buy their own houses, who to a large extent depend on state housing which will never be sufficient to meet the demands of people who want housing, so that some of our people and a large number of our people have to rent houses. I am concerned that house rents are as high as they are and getting higher. I am concerned that the quality of accommodation under which people who rent these houses are expected to survive is below a proper standard.

I am concerned therefore, Sir, that something must be done to bring houseowners and landlords to a sense of responsibility for the upward quality of life even for those people to whom they have made housing available. In that regard, Sir, I am equally concerned that there are some of our people and quite a large number who own chattel houses and who are not motivated to carry a level of protection through insurance on these houses. I believe that the experiences that we have had over recent years, ten, twelve, fifteen years, have been that those are the people who suffer most when tragedy strikes by way of fire. I feel, Sir, that some compulsory form of insurance should be enacted whereby when tragedy strikes as it must strike at some time or another that those persons are not at the wrong end of concern. I am therefore calling for some consideration for compulsory insurance for houseowners, which obviously will include persons who own houses and rent them and people who own houses and live in them.

There is another concern I have, Sir, because there are a number of persons in my constituency who have suffered loss by fire. The report had been that the Barbados Light & Power connection to those houses was faulty but that the Barbados Light & Power have not taken the liabilities as their own – those are the complaints that have been made to me – and want all matters to be settled in court. Persons who are so affected find it difficult to go through the legal process to have these matters sorted out.

I want to see, Sir, some kind of improvement in that situation where the Barbados Light & Power will have to effect a form of insurance coverage to take care of faulty connections and surges of voltage, which have a bad effect on the appliances which people use in their houses. I want to say, Sir, that something must be done in this regard to safeguard the interests of the consumers of electricity. I

have for some time been considering that there are problems with insurance with relation to property and motor vehicles of which the policy holders are at the suffering end. They are the sufferers in this case, Sir, in that it seems to me that, in spite of your status of no-claim, each year your premium goes up and up and it seems also that each year riders are put into a policy that impacts against the better interests of the people who are insured. I feel, Sir, that that is something that must be looked at, and especially where we have a department which deals with all insurance matters, I believe that they should pay greater attention to this constant call for increase in premiums. Now, I am not here saying that the insurance companies have not from point to point had problems which caused them to be paying out more money.

11.20 a.m.

What I am saying is that if that is the case, each and every driver, each and every owner of a vehicle, each and every owner of a property is not so involved in the practice of bringing the reserves of the insurance companies into problems. Therefore, if there are persons guilty of continually increasing their pay-out from insurance companies by way of accidents and by way of claims, then those persons are the ones who should stand to bear the pressure of the situation rather than everybody having to carry it for all time. Those are some of the concerns in a general sense that have been bothering me for some time. I believe that something must be done to address these matters which I think, by and large, are consumer problems. I would like to think that the Ministry of Consumer Affairs would have a look at them in an effort to bring some remedy to those persons.

It is obvious, Sir, that I cannot conclude this contribution without recognising the fact that in spite of some considerable improvement in my constituency over the last session, there are still many things left unattended for a very long time. When I hear the call for reducing expenditure, when I hear the call for cutting this and that, I am very concerned that these cuts would be geared to producing the goods and services that the people in my constituency need. That is why I am very appreciative of the fact that the Prime Minister and Minister of Finance has struck a balance in terms of not putting that extra burden on the average taxpayer to close that gap one time but he has also given the assurance that he is not going to preside over a regime of massive lay-offs.

He has also given the assurance again that there will be no devaluation of the Barbados currency. I said it is very easy to be critical and very easy to make comments that some Members like to hear but it is the spoken word and the word that is written that is more easily evaluated. Dependent on the way it is said and written you could very well be creating more problems than you now have. It is in that regard I would like to caution the Honourable Members on the other side and the press of Barbados because in the

final analysis we are not self-contained. We depend largely on people who come to our shores to spend money to help improve a way of life for Barbados. We have to be very careful with the messages we send to them. We have to be very careful that we do not say to them we want you to come but we cannot guarantee you anything.

They speak about tourism. They talk about the fall-off in tourism. I am sure I have spoken to quite a number of persons who have come to our shores, who, in spite of the negative advertisements which go out of this country have confessed that they have not seen the likes of the problems which they have heard of and seen in the media of this country. I want to say that I hear, read and see a lot of things that happen in the outer world. I have been to areas in the outer world but I have not witnessed them. I have not been confronted with them. I am saying, therefore, that while we will have these problems it is our duty to try to redress them. In the meantime, let us understand that if we are selling Barbados we are selling it as a positive venue in which people should come and enjoy a life that they want to pay to enjoy.

My call, therefore, Sir, is for us to recognise that it is important for us to play our part and to play our part manfully. At the same time, we must recognise that we are the ambassadors whether we go out of or whether we are in our country. It is the things we say and the things we do that make the difference for people.

I am also concerned, Sir, about employment opportunities. As I said a little earlier, it is important that those people who have jobs recognise that they carry a responsibility to help provide jobs for those persons who do not have jobs. I am concerned also about recreational facilities in my constituency which have been left unattended for a long time. We cannot hope to develop strong and talented youth if we do not have the facilities to help them so develop. Recognising that it is part of our Government's and our Party's policy so to do I just want to give a reminder that these things are required in the constituency of St. Michael North East, especially in the Green Hill and Lears area.

I want to say also that I was heartened by the fact that the replacement for the St. Matthew's School is taking shape. I know that there will still be some time before it becomes a reality. I am heartened by the fact that something is being done and that the people of Hothersal Turning, Jackmans and possibly the Bourne's Village area will have some remedy for the problem they have in terms of the actual accommodation at the St. Matthew's School and that they have been spared the trauma of having to transfer their children to the St. Augustine School.

I want also to say, Sir, that I still expect a day nursery to be a reality in the St. Michael North East constituency. We have a large number of young mothers who are

working, some who are seeking work and whose only problem is having their children taken care of during the period that they are going out to work and knowing they are safe. This is one of the areas where I would like to see some measure of improvement.

One other concern – I discussed this with the Minister of Community Development – is we have two community centres in our constituency, the Bush Hall Community Centre and the Friendship Community Centre. I would like to see those centres being more available at times when young people can make greater use of those facilities. Even if we have to look at employing persons to man those centres and to take care of those centres, I think it is not a price that is too great for us to pay for the maintenance of development of our young people in the areas from which they come.

These are some of the concerns which I have, Sir. I believe it has been necessary for me to share them with my colleagues because, after all, we are all aiming for a better life for our people. I would hope that we could have fewer negatives in our discussion throughout the rest of this debate because, in the final analysis, we have to deliver the goods. Looking back and walking back is not going to help us.

The Honourable Prime Minister has made what I think is a valiant effort and one for which he must be congratulated in presenting the type of Budget that he has presented. Mr. Speaker, I wish to register my total support in this effort and hope that the people of Barbados will support the Government in its effort to produce a better way of life for its people.

Thank you, Sir.
11.30 a.m.

Mr. SPEAKER: The Honourable Member for St. George North.

Hon. C. V. WALKER: Mr. Speaker, we started in the morning in the light and not in the darkness of last night and I hope that most of the Members are quite awake. We also are gathered here today in this House and those of us who had the pleasure or the opportunity to reside overseas some years ago in the sixties to be exact and who were either directly or indirectly involved in the struggle for the equality of man will recall that today represents the 23rd anniversary of the death of Dr. Martin Luther King. As one who had the pleasure of knowing him personally, I really want to read that in the record. He is a man who has made a contribution to the people of the world. Having said that I take pleasure in giving my full support to this resolution, the budgetary proposals, the Financial Statement as submitted and presented two days ago by the Minister of Finance. What we have shaping up here in what appears to be a divide is likened unto two generals who are planning

strategy. The problem is that only one plans and one implements and only one will be able to carry forward the attack because the other general did not make it to the hut. Therefore we have the Democratic Labour Party presenting proposals here and the Barbados Labour Party on the other side who had not made it to the hut and who even if they might have contemplated implementing the same proposals feel that they have to oppose whatever is presented.

Mr. Speaker, the Honourable Member for St. Peter yesterday in his reply started out in a drizzle and he had himself caught up I think in a hailstorm. It rained on his parade and he skidded. He started out by saying that money which was spent in 1990 was electioneering. Mr. Speaker, if one had spent one dollar for the whole year of 1990 since the fact remains that following upon that year in January 1991 there was an election you would have heard the same story that that one dollar was spent for electioneering.

Indeed, we heard throughout the debate yesterday the argument being put forward that things were not done because an election was coming in 1991. I certainly with responsibility in the Ministry of Education would not say that any money spent in 1990 was spent in any area of electioneering. I think that rather than being spent on electioneering we probably did not have enough to spend in terms of the requirements being put forward by Honourable Members of this House on behalf of their constituents. But we realize that we do not have the wherewithal to do all the things that we as individuals, we as representatives of the people demand, and in the demands being placed on us we cannot perform or deliver all that they require.

Mr. Speaker, the Honourable Member for St. Peter also dwelt on the question of adjustment. He said adjustment is necessary. He said that the Prime Minister stressed this question of adjustment. The Prime Minister did in fact emphasize that we have to have some stabilisation within the economy. The Honourable Member for St. Peter also said that Barbados finds itself like Guyana. Is that why he was utilizing the word structural trying to embody for us or ask us to move towards a structural adjustment? I do not think so. At least, I hope not. Because if you were to look at the Economic Report on page 5, the same page to which the Honourable Member made reference... It was convenient for him when he said that all the countries had done better. But, however, when one looks on the same page 5 of the Economic Report we, St. Lucia and St. Vincent and the Grenadines did not do better. But it was convenient at the point. It was worthwhile in terms of an argument and trying to present a case. There is nothing wrong with that. But we have to be vigilant.

The Honourable Member also said that things got bad and yet there was revenue growth.

Aside.

Hon. C. V. WALKER: Yes. That is right. He said things got bad and yet there was revenue growth.

Aside.

Hon. C. V. WALKER: In 1989. Either some miracle was performed or some magician was working. I am not too sure that is what the Honourable Member really meant. He went on to state that the policies were in conflict with one another. But no one expects the Opposition in terms of good politics to agree. So, therefore, if in the view of the Honourable Member he thinks that policies are in conflict it is his right so to do.

Mr. Speaker, what was really responsible for the increases in spending in 1990 over 1989 as referenced by the Honourable Member? Again that was answered by several Members on both sides of the House who made the point as was made in the Proposals submitted by the Minister of Finance where he pointed out that over 50% of the expenses go towards wages and salaries. We cannot in one breath hear Members as I said earlier state that we had spent dollars in 1990 over 1989, and yet have Members on a regular basis making representation in terms of work to be done in their constituency whether it be on a Government building, a school or what have you. Yes, these things have to be addressed. But we must realize that to each is attached a cost.

I turn now to his comments on the tax measures. He calculated and said there will be approximately an additional \$600 per person in Consumption Tax. That is a questionable figure. I think another Honourable Member on that side made another estimate. If you were to take that \$600 by the 257 000, that would come out to about \$154 million.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order.

Mr. SPEAKER: The Honourable Member has risen on a point of order.
11.40 a.m.

Mr. O. S. ARTHUR: The Honourable Member, Sir, obviously is misleading the House. I said, over \$600 per household, and if the Honourable Member, Sir, cannot distinguish between a household and a person, Sir, he ought not to be Minister of Education in this country.

Hon. C. V. WALKER: Well, Mr. Speaker, the Honourable Member for St. Andrew who came later, Sir, when I said I am a little confused about the two comments he then said, now \$640 per person on consumption tax, per person, that is why I wanted to be sure whether he meant household or ...

Mr. SPEAKER: There are two Honourable Members on their feet.

Mr. O. S. ARTHUR: On a point of order, Mr. Speaker. What I did say was a person with a family. I was very careful to say a wife and two children in a household. He was not listening.

Hon. C. V. WALKER: Mr. Speaker, the other question raised by the Honourable Member for St. Peter is the question of the land tax being an additional burden.

Mr. Speaker, we all know that valuations have gone up and they are done on a regular basis and instead of raising the tax, yes the valuations went up, but, Mr. Speaker, the Government reduced the rate. It is convenient and it is quite possible with the mix when you do the various calculations some will go up and some will go down, but you cannot make a general statement that all taxes went up because of the Government raising rates. It went up in cases because of valuations.

Mr. Speaker, when the Honourable Member for St. Peter dealt with the question of the increase of the consumption tax on gas I would only like to say, Mr. Speaker, that has no particular bearing on Mrs. Annie Browne whoever she may be, because all Mrs. Annie Browne knows is that she is paying less for the bottle of gas. Mrs. Annie Browne does not operate at the other level.

I turn now, Mr. Speaker, to the Honourable Member for Christ Church South. The Honourable Member for Christ Church South made the point that people are called upon to bear the extra burden of taxes since May 1986 and he proceeded to give us the figures from 1986 of 46 million, 1987 of 55.6 million and 1988 of 36.3 million. He skipped 1989 and moved to 1990 of 94.2 million and conveniently stated that there was none in 1989, that tax should have been put on in 1990.

Now, in other words, what the Honourable Member is saying to us, Mr. Speaker, is, because we did not put it on in 1990 he is agreeing that it should have gone on, that there should have been tax. I mean, that is illogic. He also got involved, Mr. Speaker, on the question of public spending and he said the public will be aware that they are being taxed to pay for it. Now, I will agree with that, the public must be aware that they have to pay taxes to pay wages and salaries of people who are employed, so that is nothing special.

Mr. Speaker, the Honourable Member for St. George South who is not now in his place apparently created some difference and the only difference I think he had with the Honourable Member for St. Michael South Central was the question as to which end of Carrington's Village they were at. That seemed to be the divide between the Union and the others.

One point made by the Honourable Member for St. George South was when he mentioned that housing is in the productive sector now, really I think he means an investment indicator or it can be a contributor to the overall economy. That is questionable in terms of economic jargon, but when he also said, Mr. Speaker, that with this budget, people should lay their burden down, the people who are ready to lay their burden down are pensioners, the people whom we know should lay their burden down and relax are pensioners. The Honourable Minister of Finance did not in any way put on any tax, he exempted pensioners from the stabilisation tax. Yes, one may argue that other tax, indirect, may hit them, but on their pensions he specifically stated – we cannot leave the impression that pensions were taxed – pensions were exempted.

Now, Mr. Speaker, a general comment, because it was mentioned by the Honourable Member for St. George South and by other members subsequently, is the whole question of the \$21 million which was spent to date on Sherbourne. That was spent over the three years. Now, there is argument by Honourable Members on the other side that no money should be put in there this year. There is argument from members on the other side that we should put off the project for four years.

However, Mr. Speaker, I now turn to the Honourable Member for St. Michael South East. The Honourable Member for St. Michael South East said he was disappointed in the Members from this side. Now, I am disappointed in the Honourable Member's disappointment. He said, he listened to the Members on the other side, he was very specific, Mr. Speaker, he said he listened to the Members on the other side but he never said he paid any attention or listened to anything said by the Members on his side. That in itself tells us something, Mr. Speaker. He went on also conveniently to use a figure of \$1 400 a month because \$1 400 a month sounds close to \$15 000 which is the figure given by the Democratic Labour Party in 1986, but \$1 400 a month, Mr. Speaker, when multiplied by 12 takes you to some \$16 800 for the year, so I think in his anxiety to utilise a figure which was under 15 he chose a figure. For \$1 400 a month those people will already be over \$15 000.

The Honourable Member for St. Andrew, now he started slipping in dry weather anyhow, because he was worried about supplementaries coming in the Honourable House of Assembly. Traditionally, supplementaries have been brought in this Honourable House for as long as any of us can remember, but he was very concerned in his new days in this Chamber that supplementaries were brought into this Honourable House. Mr. Speaker, supplementaries were brought before, by them, by us, and again by us, and supplementaries will be brought when we are no longer here. The Democratic Labour Party did not invent supplementaries.

The Honourable Member for St. Andrew also made the point that he was concerned about the estimates for the University of the West Indies.

11.50 a.m.

Mr. Speaker, the difference between the two parties on that issue is this. The Barbados Labour Party at 1986 was considering payment for university education at the University of the West Indies. The Democratic Labour Party continues to pay that expense, so when you query the terms of what you may consider to be figures not balancing at one point, the commitment is there that they will be honoured. You have heard the Honourable Minister of Finance, and he controls the dollars, stating on numerous occasions the commitment of the Democratic Labour Party to education.

Mr. Speaker, any reasonable person with any exposure to management will ask in a proper manner why were there budgetary measures? What had to be done? What do we have to pay? And what, if any, did the taxpayer gain? Our first response to the rationale for the budgetary measures is found in the presentation by the Honourable Minister of Finance at the top of page 22, and I will read it again. It says:

"In the public sector Government has budgeted current expenditure at \$1,350.1 million including amortisation of \$182.1 million, and capital expenditure of \$218.4 million. Revenue is estimated at \$977.6 million, and the deficit net of amortisation is projected at \$190.5 million or 6.1 per cent of estimated GDP in 1991."

He went on to say, Sir, that –

"The main items of Government's current expenditure are wages and salaries 50.2 per cent, transfers 27.2 per cent, interest 10.4 per cent...."

and you have just a balance of 12.3 per cent out of the whole pie for goods and services. These things are needed to enhance the productive capacity of the economy.

Mr. Speaker, the Government had to provide a structure which allows us to manage our own affairs without outside impositions of fiscal measures which will only work against our currency and our people. We cannot allow ourselves to be caught into the structural arrangement trap, because this Democratic Labour Party, as we have heard from the Minister of Finance, is committed to the non-devaluation of the Barbados dollar.

Yes, some have to pay more, but what do they have to pay? In terms of the mortgage rate for new homes, there is an increase from 9 to 10%. We have the stabilisation tax of 1.5% and we have, of course, adjustments in the severance, consumption tax, insurance, *et cetera*, but the objective remains the same, to provide a structure which will allow us

to manage our affairs without outside intervention, which will require fiscal adjustments. The bottom line of that, Mr. Speaker, means devaluation of the Barbados dollar.

Mr. Speaker, the Opposition will not make much out of any of the benefits, rightfully so. However, I am a firm believer in the art of positive thinking, which I think goes much farther than within this Honourable House where Members make their contributions. I think it has to permeate the whole society. The positive side to the budget must also be mentioned, we cannot just dwell on all the negatives. The restrictions on the purchase of land and houses, home improvement and repairs, which were the subject of debate in this Honourable House just a year ago, have been removed. We have a decision on a programme of stability. We have maintained the protection of pensions, we have reduced the price of bottled gas, however insignificant that may seem, to individuals, and we have removed the taxes on parts and software to the computer industry. All these, though seemingly small to some Members, are of great significance to many members of the society who have to share the pie of this country.

Mr. Speaker, we are reminded by Honourable Members that tourism fell by some 6.5% during a period, but we must recover that by working towards the resuscitation of the whole industry. We heard about manufacturing falling by 2.7%. Again, we have to get the wheels of industry turning in order that we can also resuscitate that industry. We were fortunate during this period that unemployment was maintained at 14.7% for the last quarter of 1990, which was only 1% greater than 1989, but this we have to carry on.

Mr. Speaker, the money spent by the Government in particular Ministries – and I will relate specifically to the Ministry of Education – has to do with the bedrock of our society, the education of our children. We do not have enough and there are requests for more. We have done what we have done, but we have a lot more to be done. Once we have spent what we have in the national pie, I am sure that whatever we do some dollars will be allocated in the area of services. I will agitate on behalf of my constituents of St. George North to ensure that they share in the services in terms of roads, lights and all the other things they look forward to. We have a programme, but the Minister of Finance is in control of the finances. We are currently looking at updating the facilities within the whole school system, but we have to monitor and pay attention to the dollars.

Mr. Speaker, I am much obliged to you.
12.00 noon

Mr. R. C. EASTMOND: May it please Your Honour, the opportunity for me to take part in this annual budgetary debate, in the words of some cynics, the "annual public parade of politicians", has been provided by the good

people of St. James North to whom I would like to express my deepest gratitude and Mr. Speaker, I should also like to express my gratitude to you, Sir, and to the Honourable Member for St. Michael North East and Chairman of Committees for the pleasant manner in which you have assisted in initiating me as part of the new group of parliamentarians in this new Parliament. Indeed, Sir, I am also obliged to all Honourable Members on both sides for the civil and decent manner which they have allowed those of us who come here for the first time to settle down.

Sir, the attitude of our opponents on the other side is one that seems to suggest that this budget is beyond and above criticism. Sir, a close scrutiny of the Financial Statement and Budgetary Proposals will reveal in clear terms that there are particular weaknesses in this budget and the intellectual genius of the Honourable Member for St. Peter who analysed the budget beyond the surface value has permitted this Honourable House to see the budget for what it is worth. Sir, at best this budget can be classified as a holding budget and in my view a holding budget is one intended to tide the economy and the nation over a given period, without addressing the serious developmental issues that the public of Barbados has come to expect because of the initiative which my side of the House during the period between 1976 and 1986 introduced to budgeting in this country. There was a time when a Minister of Finance in days of yore would have been content to raise revenue for the public purse to meet public expenses, but under the brilliance of the late Tom Adams and the statesmanship of the Honourable Member for Christ Church South, the Barbados Labour Party between 1976 and 1986 brought a particular developmental thrust to budgeting in this country.

A particular analysis of this budget would reveal that that developmental thrust is lacking in this country so that when we are accused, Sir, of saying that the budget has not gone far enough we do not mean, Sir, that the budget has not gone far enough in terms of raising taxes or additional taxes. When we say that a budget has not gone far enough we maintain that it lacks the capacity to stimulate the economy as circumstances warrant it. It is a holding budget, Sir, in that its emphasis has been on revenue generation and the two planks of the budget which seem to be developmental in it do not go far enough. These two planks are the thrust for cotton and the thrust for tourism. They by themselves, represent but a small aspect of the overall productive sectors of this country, Sir. What grieves me as a youthful Barbadian from St. James is that when you analyse the budget it does not provide enough stimulus for agriculture. It provides no incentive or stimuli to the manufacturing industry. It does not address the problem of construction enough and there are several other areas of national concern that the budget has been woefully silent on.

Sir, I want first to look at some admissions of the Rt. Honourable Prime Minister whom I have the honour to

represent in Parliament as a constituent of St. James North and who no doubt will have been returned by the constituents of St. Michael South to listen in this Honourable Chamber and learn the basics of economics from Members on this side, Sir. Much as the Rt. Honourable Prime Minister would have distinguished himself as a scholar and as an educator, we on this side, believe that the time may come with our urging and prompting when he will recognise what macroeconomics is, perhaps, to the same degree as the Honourable Member for Christ Church East Central and the Honourable Member for Christ Church East. By his own admission, Sir, the Rt. Honourable Prime Minister said that tourism declined. He said that manufacturing declined and that in particular the manufacturing sub-sectors, clothing, furniture and chemicals declined. He said that construction declined to the tune of 12%. He said that the wholesale trade declined. He said that the retail trade declined. He said the transport sector declined. He mentioned that there are 18,400 people out of work. He indicated that the Gross Domestic Product fell. He suggested also, Sir, that the foreign reserves are down. All of these admissions are contained in this document which became available to Members on Tuesday, just after 4.30 p.m.

Against that background, Sir, we on this side would have expected that the corrective measures which we have been urging on the Government and Members on that side for some time would have been taken. Instead, what has we found? We have found a partial attempt to address the problem of the decline in construction. When you examine the Prime Minister's proposal to ease the credit squeeze on home improvements, on existing houses, on land, we must ask ourselves if the Prime Minister went far enough, because certainly, we on this side, Sir, do not think that the credit squeeze has been eased on new mortgages. So you must ask yourselves then, Sir, if the situation exists where the credit squeeze has only been eased for purposes of land acquisition, for purposes of repair of houses, if it does not extend to new mortgages then the construction sector will not be stimulated in the same degree that the Rt. Honourable Prime Minister may have anticipated.

Sir, I stand firm on that and that is why I must rally to the defence of the Honourable Member for St. Peter who understands the intricacies of economics. When the Honourable Member for St. Peter was not in his seat yesterday, Members on that side chose conveniently to take to criticising his submission on the credit squeeze and its implications. Sir, when my colleague, the Honourable Member for St. Peter suggested that there was a nexus between the credit squeeze and the decline in foreign reserves, what he was saying and what at least two Honourable Members on the other side seem not to understand was that if ever a credit squeeze is imposed to impact on productive sectors of necessity the productive sectors will not be able to respond by generating foreign reserves. This is precisely what the Honourable Member

was saying and it cannot be denied, Sir, that if ever your productive sectors are destimulated, demotivated, to use a personification, Sir, if they do not receive impetus then in terms of their capacity for generating foreign reserves they would not be able to do so.

Sir, I want to clarify that for the benefit of the Honourable Members on the other side who I am pleased to say are listening with some attention and I hope that this time that they will understand precisely what they are saying.

The Honourable Member for Christ Church South also raised two very pertinent questions of the Honourable Minister of Finance. The Honourable Member for Christ Church South, statesman as he is, said that even though to us on the floor of this Parliament we are seeing a representation by the Minister of Finance that the Common External Tariff would mean that we would be losing \$20 million in revenue that the Rt. Honourable Prime Minister could have chosen the opportunity to enlighten Barbados on the inner workings of the Common External Tariff.

12.10 p.m.

At this stage we are still left to wonder. Is it that all the items subject to the CET will automatically experience a price reduction or is it that certain items in great demand will be prone to increases? I think the Right Honourable Prime Minister owes it to us to come and in a statesmanlike manner explain how CET will work in its intrinsic details and how it will merge with the taxation policies that were presented two days ago.

The Honourable Member for Christ Church South was also of the view that this Budget has seen a form of regressive taxation emerge. To comment on this, regressive taxation comes about when in its effect the suffering poor are made to pay a greater part of their earnings to the national purse as are the more privileged. When you take the effect of the Consumption Tax which has been raised and of the Stabilisation Tax, along with the increases in a wide range of commodities, services and licences which we have witnessed, we must repeat that this Budget sees an element of the regressive in its taxation policy. We are by no means going to escape our responsibility to stand up for the right of the labourers, maids, plumbers, electricians and the working-class of this country, Sir.

This morning a maid from Westmoreland told me she thought both parties were agreed that people working for between \$110.00 and \$150.00 a week should be taken completely out of the tax bracket. She said she was not talking any politics. She said she though both Parties represented in this Honourable House were of the view that the small working man at the bottom tier of the social ladder should be excused because usually his disposable income cannot rival that of a Prime Minister.

When we read in the statement here that the labourer and the maid are called on to the same extent as the Prime Minister to make a sacrifice we must wonder. Nor is it any comfort, Mr. Speaker, that pensioners will not be subject to the Stabilisation Tax because they have to pay the Consumption Tax. I believe right now pensioners already must be wondering what effect the \$5 or little increase they had just before Christmas can have now.

Sir, there are other areas of the macro economy of Barbados that merit my attention. It grieves me that in the year 1991 with the benefit of the advice of the technocrats of the Ministry of Finance that our dear Prime Minister can isolate but two areas of the economy and see them as having the potential to bring around the economy of Barbados.

I speak first of agriculture and its potential to bring about economic development. We in this country have reached the stage where any Government, whether our Government when we have the opportunity, or their Government, will have to look closely at our total arable land stock and see to what extent idle land can be brought back into production for the purpose of creating employment, producing agricultural goods, and even exports. Nothing in this year's Budget has addressed the serious problems of agriculture. Indeed, I must caution the Right Honourable Prime Minister, that much as he reported some growth in some of the sub-sectors within agriculture, we cannot be complacent.

He should have gone beyond that and addressed the question of the modernisation of non-food agriculture. He could have looked at what further role agriculture could play in enhancing the GDP. He could have looked at what role agriculture could play in earning foreign reserves at a time when we need foreign reserves. Indeed, Sir, he was able to avoid any discussion on sugar. Much as we all know that the sugar industry is prone to enormous cost and debt, it is an industry that has the potential to generate foreign reserves.

Nothing in this Budget has done anything for sugar. Even though we hope that the Prime Minister's confidence in cotton might generate some foreign reserves, the Democratic Labour Party's attachment and addiction to cotton in the past has brought little to shout about. We have seen nothing in this Budget emerge to stimulate manufacturing. In circumstances where 18 400 are reported unemployed, where the manufacturing industry has the potential to generate employment and to earn foreign exchange, we are disappointed that nothing has been done in the way of providing incentives for the manufacturing industry. That is what the Honourable Member for St. Peter meant when he said that the Budget did not go far enough.

When Honourable Members on that side suggest that when we say the Budget does not go far enough, we meant

that it should have brought more taxes, we do not mean that at all. We mean that, since budgeting in modern times must have developmental goals, the productive sectors of this economy should be appropriately stimulated. Indeed, in modern times through the Barbados Labour Party's social engineering, a number of offshore financial institutions have come to our shores also with the potential to generate foreign exchange. We must ask ourselves, how good can the Budget be when nothing is done to expand and develop that sector. When the Honourable Member for St. Peter said adjustment was necessary, he was conscious of the Barbados Labour Party's philosophical position where budgeting is not merely a means for earning revenue but is a part of the process of total economic development.

Another source of concern has been the deficit position of this country. Much as one or two people in the community may say that they were not hit as hard with the taxes as they expected, not only would I advise them to wait for the true effect of the combined effect of the Stabilisation Tax and the Consumption Tax to take root, but I would also like to suggest that the time has come when Barbadians at large pay a greater role in the intricacies of our nation's macro economy.

Sir, I am going to use macro terms to convey the point. If a man who answers to the name of Mober had grossed \$800 and was supposed to spend \$1 200, with no new saving available, when the banks are already suspicious of his credit-worthiness, how could Mober explain to his wife and family and the community that he is going to manage his finances well?
12.20 p.m.

This is the situation with the deficit. The position is that even though there is an ardent view that cutting expenditure will address the problem of the deficit and that there is also a view that further borrowing will address the problem of the deficit, one of our concerns out here is that today nothing has come from the other side to suggest how that deficit is going to be financed in circumstances where, to some institutions, our credit worthiness may not be what it used to be and in circumstances where we out here would regret any steps by which supplementary steps would have to be taken in the future by which additional measures are carried out to make Barbadians pay for that shortfall. This is a legitimate concern.

I am suggesting that in the same way that Mober would be under a duty to so manage his finances to make sure that expenditure and income match, in the same way that an individual is expected to do that, the Government is expected to do that. The Right Honourable Prime Minister owes a duty to this Honourable House to explain precisely what his Government proposes to do by way of addressing that problem.

Sir, I said earlier that the Budget is in my view a holding Budget, a good time old-fashioned type of Budget which was revenue generating in nature and non developmental in purpose. The best thing that can be said about the Budget is that it is one of those old-fashioned, honest to goodness but outdated instruments which would not impact on the future, a tax gathering exercise.

In circumstances where many Honourable Members on the other side had perhaps been urging on their party to do something for the total development of Barbados and in circumstances where a part of the Democratic Labour Party's Manifesto suggests that the time has come for urban renewal we out here are concerned that for what we have seen so far in the budgetary proposals, nothing is being done to encourage rural development. Nothing in the Budget suggests that agriculture in the outlying areas will be addressed, that industry in the outlying areas would be addressed, that even the \$2 million designed to stimulate tourism will see that more hotels come to the north of this country.

But, Sir, a point that my friend the Honourable Member for St. Michael North East raised merits some attention. The Honourable Member for St. Michael North East suggested that we have to be more productive and he spent some time speaking about productivity. This is our response to that. In circumstances where a worker in a manufacturing industry or a maid has to pay high Consumption Tax, has to pay the Stabilisation Tax, her morale can be so devastated that she would not feel the urge to produce, especially since she may have applied to NHC long ago for a house or she may want a house spot which she does not see coming her way from this Budget.

So that if the Honourable Member for St. George South suggests that there is an impactful economic aspect to housing what the Honourable Member obviously meant is that conditions of good housing build working morale and make workers more productive. I am suggesting that workers can become equally unproductive if their livelihood is seen by them to be jeopardized by governmental intervention to reduce their actual disposable incomes.

One part of the Budget suggests that an aim of the Budget was to curb disposable income. There is some section which I do not find quite so fast now which addresses the question of the need to curb disposable income. Obviously when a Government introduces a policy intent on reducing disposable income it is a policy designed to curb demand. Why would a government want to curb demand? A Government would want to curb demand if it is seen that aggregate demand is so great as to be jeopardizing the foreign reserves of the country.

But it is our belief that if disposable incomes are to be curbed, how fair would it be to curb disposable incomes of

the poor working class already on small incomes, merely eking out an existence, forcing themselves virtually on the bread line? How fair would it be to require those who have no luxurious consumption tastes anyhow, Sir, to reduce their disposable incomes further than they were already reduced?

An aspect of this Budget which suggests that the Honourable Members of the other side may not have been in close communication with the Right Honourable Leader is an area – and I am reading from a document which I understand is a document of this Honourable House. I am reading from a publication called the DLP Manifesto, "Into the 1990s and Beyond For a Bountiful Barbados", a publication cleverly exploited by the Honourable Member for St. Lucy who, when he was running short yesterday used it well to fill in time. This document says at page 4:

"A main thrust of the next Democratic Labour Party Government will be to work greater economic justice in our nation. This is an idea whose time has come. In a growing economy there will be winners and losers. It is however sociably inexcusable that the losers should always be the broad masses of people."

The losers are the broad masses of people burdened by the Consumption Tax, burdened by the Stabilisation Tax. It goes on to say:

"Our increasing wealth should be more evenly distributed and shared by many more. We must bring economic enfranchisement to more of our people."

The first person that I ever heard use that term was the Honourable Member for Christ Church West, a term cleverly borrowed by the other side.

We must ask ourselves, what aspect of economic enfranchisement is addressed by this Budget? In circumstances where there is a body of opinion out there in society that the time has come to share the economic cake more fairly by developing a cadre of local entrepreneurs, the Budget leaves out the almost impatient potential of our people who are anxious to take a wide path in the economy. This, I urge Honourable Members to repeat to their Right Honourable Leader for the future. It says "The time has come" and there is no excuse that the current economic circumstances are so poor that we will wait. There are certain things you cannot put on the back burner.

I am not unaware of the fact that I might very well be trespassing perilously to my time limit.

Mr. SPEAKER: You have about three more minutes.

Mr. R. C. EASTMOND: I am suggesting, Sir, that the Budget will not stimulate the productive sectors as is needed. I am suggesting too that significant segments of the

community like school teachers and civil servants who were given a miserly 3% in recent times will find that eroded.

I am further suggesting that perhaps the best description of the effect of this Budget is contained in the Budget itself where it says at page 21:

"At best, real activity in Barbados may remain at the same level as in 1990."

Earlier in my speech I suggested all the problems that the Right Honourable Prime Minister outlined when he suggested that 1990 was a bad year. Even after this Budget the Democratic Labour Party could put at page 21 that the expectations are that 1990 would record weak growth with moderate inflation.

I am therefore suggesting that by its own words the Budget tells the story that at best weak growth would be achieved. When politicians who have an interest to protect speak of moderate inflation they might very well be understating the case.

Thank you very much, Mr. Speaker.

Mr. SPEAKER: The Honourable Member for Christ Church East.

His Honour T. C. ESTWICK: Mr. Speaker, I rise too as a new comer like the last Honourable Member, even though I am at times described as middle aged by some spokesmen of the Opposition and I adopt his initial statements of gratitude to your good self and the Chairman for smoothing our path in the early days.

But when the Honourable Member spoke about an intellectual genius in the Honourable Member for St. Peter, we parted company immediately. Because I would hope in the time allotted to me to show that not only the Honourable Members on this side but that the entire population of Barbados saw through the intellectual genius and also saw through the statesman of Christ Church South to have landed them in the Opposition in a place which I hope some of them will remain for a very long time.
12.30 p.m.

Mr. Speaker, much of the analysis of the Honourable Members again is on faulty premises. I always have to go back to that.

First of all, the Honourable Member for Christ Church South spoke about restructuring an economy. He, like the last Honourable Member wanted restructuring. They want to see immediately once and for all changes in this economy without realising as I have already said in here that trends which have developed over time which have been caused and perpetuated by their good selves have caused this economy to be in a state in which there can

hardly be an immediate turn around. To want that is wishful thinking which will never happen. Heaven forbid, it may never even happen in my lifetime. It will not happen during the time that the Honourable Member for Christ Church South is in here. I am almost certain of that, because, Sir, I think the principal concern for Members on this side as for the reasonable Members on the other side is the question – and I have dealt with it already in this Honourable Chamber – of how much money, what percentage of our total current expenditure is lost out of productive activity in this country and has to be put into debt repayment. It is such an astronomical amount and negative to the development of productive sectors in this country that it cannot be ignored. I was really hurt and taken aback to see that an otherwise exciting speech by my friend, the Honourable Member for St. James North, was really thrown to the wolves when he made the statement that between 1976–1986 the Barbados Labour Party led this country on a developmental thrust from which we can never ever, in my own words, recover. The estimates, Sir, if they have their books and walked with them for 1991–92 give a table which indicates clearly that between the years 1980–81, 1989–90 what our debt repayment situation is like. I have already dealt with it in here but for the benefit of persons who seem to have short memories, Sir, I will deal with it again.

Between 1980–81, debt repayment, Sir, was 12 per cent of total current expenditure. 1981–82 – 15%, 1982–83 – 18%, 1983–84 – 17 per cent. It went right up, Sir, until today and the Prime Minister has already indicated what debts we are repaying, for 1989–90 – 27 per cent of total current expenditure and I think it is 25 per cent in this current year, so for anybody to imagine that a country like Barbados, and we have to be honest about it, Sir, when the economy is contracting... The Prime Minister is not hiding anything. It is in the budgetary statements on pages 11–13... It indicates clearly that the economy of this country is contracting and when we are burdened and saddled with debt payments in that amount, then we are facing trouble and therefore, Sir, why get up and make glib statements that you need to have restructuring done immediately and go on and talk about rural development as if the country does not have a development plan? But, I will deal with that, because Honourable Members must distinguish between what is a budget, why is there a budget, what is a development plan and why there is a development plan and I think, Sir, for their own purposes, political as they are, they tend to mix the two up.

Now, Sir, with a contracting economy, and burdensome debt payments, there is not much, in my humble opinion, that can be done. I agree with the last Honourable Member who spoke that the budget from now and I would believe, Sir, until 1996 and beyond must be a holding budget. I do not believe that we could launch into any massive restructuring, all things considered. We would create more harm than we could possibly do good. Now, Sir, when the Honourable Member for St. Peter without –

not without realising, because I believe the Honourable Member for St. Peter knows better and realises that what I am saying is true. When the Honourable Member has made statements that this economy was deliberately driven into the ground because of the election year and that this Government went for broke during last year there could not be a more obtrusive, incorrect statement ever made in the history of this country, because I have before me, Sir, a little table and I will get to the fiscal deficit that they want to keep so much noise about.

I have a table before me, Sir, indicating Government's current and capital expenditure in almost every election year. In the year 1965–66 current expenditure over total current expenditure – 28.1%, capital 26%. 1970–71, 20.6% for current expenditure, 28% for capital expenditure. 1975–76, 10.1% for current, 29.7% for capital. 1980–81, 25.5% for current, 25.4% for capital. I will jump straight to 1990–91 to satisfy the Honourable Member for St. Peter, to let him see that his position is all wrong. In the year 1990–91, overall current expenditure as a percentage – 6%, 21.4% for capital. So he can't be right. The figures are here and what is even more when the Honourable Members on the other side spoke...

Asides.

Mr. SPEAKER: Order, please.

His Honour T. C. ESTWICK: Yes, Sir. I wouldn't ask you to put him out just yet.

Mr. SPEAKER: No one Member can ask me that.

His Honour T. C. ESTWICK: When the Honourable Members just spoke of fiscal buoyancy and when the Honourable Member for St. Peter spoke time and time again that the fiscal deficit is devastating in this country, the Honourable Member has to be reminded that the year 1981 saw the highest fiscal deficit in the history of this country, 10.8% and it went down in 1985 – 5.5%, in 1986 – 7.1% to last year, a record low of 2.7% and they criticised the Rt. Honourable Prime Minister for being a bad manager. What is more, Sir, in the year 1981 when their fiscal deficit was at an all time high the debt repayment was only 12% of total current expenditure. What was it last year? Twenty-seven percent of total fiscal deficit was only 2.7% so who was the good manager? Who was managing the country well? Or, in whose favour will the record speak? Certainly not in favour of Honourable Members on the other side.

Before I forget this one, Sir, it was a glaring omission by the Honourable Member for St. Peter, again, a man who is called "the intellectual genius" by the last speaker. The Honourable Member spoke of a gap of \$248 million that is still to be closed without telling this Honourable House and the country at large that that is not current expenditure but capital. He never said that. He uses bland figures like that to

indicate or to make a situation appear that much worse. The Honourable Member, Sir, wants to know what I mean. You will tell me to ignore him, Sir, and I will.

Mr. SPEAKER: I think you should.

His Honour T. C. ESTWICK: Yes, Sir. I will ignore him, Sir. I am saying that that in itself is no overriding problem. The Prime Minister, Sir, is possessed of the mechanism to control that capital expenditure, to seek the loans to fill the gaps, if he considers the project necessary and a priority all things considered in the country at this point in time. I believe that it is wrong, philosophically incorrect, to tax a country presently when a country is taxed as it is already, to fill a gap for capital expenditure.
12.40 p.m.

I believe in that Sir, and I believe, Sir, that is the whole reason behind amortisation payments which I believe again the Honourable Member for St. Peter should understand. I am just dealing, Sir, with the economic genius.

Again, Sir, like the Honourable Member for Christ Church South there was all this talk about Barbados being even worse off now or being comparable to Guyana, without indicating to this Honourable House what base year they were using as an index of development. Now, you can't want a more lopsided argument which again is wrong, because if you are moving from a zero position and you get three but a man is at five and gets one, who is better off? And, nobody in this Honourable House, furthermore the persons on the other side can deny that if one uses a physical quality of life index, and I hope they understand what I mean, Sir, Barbados is way beyond the reaches of what were once called the four great powers in the Caribbean.

Nobody can deny that the Trinidadian economy in 1989 collapsed, virtually. Jamaica, the Honourable Member for St. Peter takes pride in saying that he had a hand in that, Jamaica and Guyana, there is no comparison. When one uses an index, the fiscal policy of life index to indicate what the quality of life is like in Barbados, Barbados stands above and I say, Sir, that it is unfair, it borders, Sir, on nearly being mischievous to seek to compare like with the unlike, that argument makes normal sense to me and it was done by the Honourable Member for Christ Church South who should know better, a former Prime Minister, he should know better, because if they are using the comparison there must be at least some common basis upon which the comparisons are built. Those common bases, Mr. Speaker, never existed at all.

Now, Sir, coming through what the Honourable Members from the Opposition said, it seems to me that there is somewhat of a philosophical divide as to what role Government should play in an economy such as ours. Two

schools of thought, one is that the least government is the best government, the other one is that there is enough that persons can be satisfied that reasonable governments can best manage an economy, but whatever approach is applied to Barbados, Sir, has to be looked at in the context of what has gone before. It has to be looked at in the context of the debt payments which we presently have, it has to be looked at in the context that our economy in itself is contracting and when I speak of economy, Sir, the Budgetary Statement and Financial Proposals will clearly indicate that the private sector is contracting. And, what role must government play in that regard, Mr. Speaker.

Government, although unfortunately, I do not agree with it, has often been termed an employer of last resort, everything of last resort. I do not agree with it, but in the context of Third World Developing countries, there are times when you are caught in systemic developmental pattern, that Government must necessarily jump in there and take up the slack and I suspect, Sir, or I believe that is the problem which this country is now facing.

What is even more, I believe, Sir, outlandish and obtuse from the Honourable Member for St. Peter is when he made the statement that if private sector spending is bad then public spending is equally as bad. I have never heard in all my life a statement as absurd as that coming from somebody who is trained in economics. Never, in the history of economics or in written history can a statement be as awful as that. When one considers what I have said earlier and what the Honourable Member must certainly know, that in a Third World country, a developing economy, how can one look when the private sector is contracting to say that public spending is bad? What happens thereafter? The Honourable Member said so, Sir, that if private sector spending is bad then public sector spending is equally as bad, without realising that there are still salaries to pay, that the very constituencies which we all represent must be provided with services, house spots and roads and street lights, housing and everything, without realising that, and as I said earlier it is unfortunate that in many cases Governments in third world countries are regarded as a catch-all of last resort.

Sir, I think this point that I am about to make has been made before. One of the problems which this country faced last year and the year before, if it is a fact that there is some philosophical divide between the two parties as to what role Government should play and I am getting it coming through from all the Honourable Members on the other side, is that they believe Government should play little or no role, that the private sector should be landed with all the available financial resources in the country to manage the country.

I do not believe that Barbados would be managed as well as it is being managed now. I do not believe the total populace would enjoy the quality of life that they are enjoying now and I think, Sir, we can go back to when the

Honourable Prime Minister in his 1990 presentation, Sir, virtually created for himself and the country cash flow problems because of concessions given to the private sector. And, what happened, were jobs created? When the private sector benefited, Sir, from consumption taxes being paid from 21 to 60 days, were jobs created? I am saying, Sir, if there is a philosophical divide between the two parties as to what role Government should play, clearly the opposition benches are saying Government should play little or no role. I believe we are saying, Sir, in the present circumstances in which this country seems to be caught, when you put it like that, government has a vital role to play.

The losses, Sir, to the revenue at that time amounted to well over \$130 million in a little country like ours, but, the opposition members would have us believe that a country like ours can manage that loss and still provide all the goods and services that this populace needs, and all is well here and all is well in heaven. It does not work that way at all, Sir.

I believe, Sir, the stabilisation tax has been adequately dealt with by Members on this side. What I find, Sir, to be a bit distressing is that I do not believe that Members in this Honourable House should ever be caught in the syndrome of thought that the private sector is best able to manage and best able to use the resources of this country to the advantage of all more so than a government. I think, Sir, that might be the fundamental philosophical question which has to be addressed. It is a presumption whether the use by the private sector is more socially beneficial or the use by Government is more socially beneficial. I believe, Sir, in the present circumstances, Government has a role to play and Government must use it, because one thing is certain in a country like Barbados, the balance of payments problems in this country, Sir, comes through one reason and one reason alone by and large that this country, as all of them have agreed, is an importing economy, is an open economy and I think, Sir, it is unfortunate that we have reached this stage, but it is the stage that we are at and I believe, Sir, what I will say shortly may not be very popular.

Money in the hands of many people, Sir, has led to, as some Honourable Member said yesterday, an import dependence which is damaging. This is what has been said already, that the balance of payments problems in this country have been fuelled and propelled primarily because we are an importing economy. It has led to an import dependence and the Honourable Member who spoke about that 1976 to 1986 thrust should go back to the Estimates and review the tables and he will see what I mean.
12.50 p.m.

I think, Sir, there is need for drastic import substitution in this country. I have no feeling whatsoever and I do not believe that this country should be importing any sort of peas at all, I do not believe that this country

should be importing half of the foodstuff that we import. A short glance through a supermarket would indicate that we import a lot of foolishness, things which are totally unnecessary, and if they are banned tomorrow I would not mind. This country must be put back to work and if it means growing peas for our own consumption, if it means saving foreign exchange, I am all for it. We have over the years cried down subsistence farming. We have had people buying two and four-acre lots with the presumption that a house will be built and farming will be done, but then it is under grass.

I heard somebody the other day reflecting sadly that the Gulf War ended too early, because the Gulf War would have brought Barbados to realise that we must in some cases look inwardly and go back to producing those necessary things. I have no difficulty with that, nor do I feel for the mind set that people have in this country that they must stand in Broad Street at 12 o'clock in winter clothes. Those things, in my opinion, should be banned. I do not care if consumption tax is got from them or not. This is the developmental thrust that has been indicated by the Honourable Member for St. James North that he loves so much. I am saying that the lack of productivity in this country has resulted on a dependence on imports, which is very wrong, and it can only rebound to the negative of this country in the long run. It should be stopped as soon as humanly possible, in spite of all that would be said by Members of the Opposition or wherever else they may be.

Sir, I am talking now about the belief that the private sector is best able to deal with the available financial resources in the country much better than Government. The fact that Barbados over the years has been nothing but a country of shopkeepers – let me put it that way – has led to a rigidity in our productive sector which is appalling. If we are to escape from the trap – I would not say debt trap, because that has a classical meaning – that we are in, again, Sir, we much move away from that. I do not believe that any private sector organisation or group of people is able to deal with that. I believe Government has to be the machinery, Government has to be the mechanism and the catalyst for that. That is where I draw the line with Members on the other side.

What is clear, from the records in this country, is that job creation in the private sector is not a function of the availability of cash that they have. I will repeat, for the benefit of the Honourable Member for St. Peter, that job creation in this country is not a function of the amount of cash they have, that results in high dividends and sometimes wasteful expenditure. Job creation, Sir, unfortunately again, results in Government being the back bone, the man of last resort, but at the end of the day what we are faced with is the fact that Government must provide everything for its people. It must provide housing, roads, light, water, all the services which have a cost. I do not believe that this country could ever be managed as well as it

is if there was an overriding shift of the emphasis of use of available capital resources away from the way it is presently being done. Again, that is a divide I have with Members on the other side, a divide which I believe we will never, ever close.

One of the greatest difficulties which we have coming through, and I go back to this because it seems to me to be the underpinning of the problems or difficulties which we have, is what role Government must play. I am at a loss when I hear Members on the other side castigating this Government about squandermania. I have looked around this country over the weekend and I can see no evidence of it. This is the trap I said we are in. Unfortunately, if we are to meet a 27% repayment of debt of total current expenditure, most of the borrowings go into that. That is a trend that was established a long time ago.

I am not here, Sir, to deal with the nitty gritty of what happened earlier. Members have spoken about the benefit to persons in Barbados of reduction in the price of bottled gas, and I believe that the majority of people in this country have accepted the Financial Statement and Budgetary Proposals, because I suspect they understand much better than most Members on the other side the predicament that this country faces. I believe that the people in this country realise that we, as one Honourable Member on that side said, are at a crossroad. My own analysis of the situation is that we are at the crossroads, and as the Honourable Member for St. John said, I too am happy that I, in whatever way I can, am in here to see that the future of this country is protected from people like the Honourable Member for St. Peter and the Honourable Member for Christ Church South. We will oversee that this country goes down a path of renewal. That is a commitment to what we believe in.

I heard Honourable Members on the other side saying that the Prime Minister tried to hide things. How is that possible? They have the budget before them, they have the Economic Report, they have the Estimates, they have the Central Bank Report, but yet there are charges that the Prime Minister was trying to sneak around somebody's back and hide figures and try to mislead people. I cannot get it followed, Sir, that is why I believe they are over there and this Government is over here. That is all I can say.

I, too, want my people in Parish Land, Fairy Valley, Breedys to get house spots. I want them to get roads, street lighting and proper water facilities. I want these things in my constituency. I want the roads at Charnocks and St. Patrick's to be done as well, so I have no difficulty, Mr. Speaker, with the budgetary proposals as they are.

The Honourable Member for St. James North said it is a holding budget. He is right, although he does not understand the reasoning to be correct. He does not understand the way he got to be right. He is right only

because, as I said earlier, if this country is faced with the debt repayment schedule as faces it, if this country's productive sectors cannot get to work as quickly as possible, and if we do not as soon as possible start to look at ways and means in which we waste our national resources, then we will never be able to escape the trap we are in.

I believe, Sir, we are resilient people, I believe we are productive people and I can only ask that the Government and Opposition get together to harness the resources of this country for the betterment of the future and, as much as we can, for the betterment of the present.

I thank you, Sir.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, I move that the sitting be suspended until 2.00 p.m. today.

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

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

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Miss B. A. MILLER: Thank you, Sir. Mr. Speaker, Sir, in my view the budgetary proposals of 1991 apart from everything else that has been said about them so far by other Honourable Members, distinguishes itself more by what it has failed to say to the people of Barbados, than by what the Rt. Honourable Prime Minister and Minister of Finance has said. It is what is left unsaid, Mr. Speaker, in the budgetary proposals that concerns many Barbadians today, two days later. The Sandiford Administration, as has been said by other Honourable Members on this side of the House, has squandered the heritage left it and this budget of 1991 has failed to address, as we heard from the Honourable Member from St. James North who made the point before lunch, the real problems of the productive sectors in particular in Barbados.

I think, Mr. Speaker, Sir, that everybody in here knows how I feel about the social sector and during the recent estimates debate I was very careful to make the point that we cannot be propping up and transferring to the productive sectors at the expense of the social sectors but today, in the light of the budget, I wish to address this question of the Minister of Finance's failure to show us what protective or corrective measures, to use his own language he has put in place in order to restart the engines of the productive sectors. However, in what it has left unsaid, as I said, the budget is quite distinguished in itself.

In the first place the Minister of Finance has visited us with new taxes. He smiled when he said that he had never said that he would not introduce new taxes. I don't know what that is meant to mean, Mr. Speaker, Sir. This Democratic Labour Party Government has achieved quite a turnabout. This was the party that in 1986 told the people of Barbados how cruelly and wickedly they had been taxed over the previous ten years by the Barbados Labour Party and how there would be no more weeping and gnashing of teeth and no more taxes and they were going to usher in the new millennium and that all would be well. This was the party, the Democratic Labour Party, that told the people of Barbados there was great magic in the \$15,000, but now we have seen a great turn about. The Barbados Labour Party laboriously, deliberately, between 1976 and 1986 took thousands of Barbadians out of the tax net. We never tire of making the point that we came into government in 1976 and found that domestic helpers working for \$32 a week were paying tax.

The Honourable Member for Christ Church South argued in 1986 that the Barbados economy could not bear an even wider band going into the tax net at that date and the Democratic Labour Party insisted, yes, they could go up to \$15,000. Now all of a sudden, in 1991, that policy has turned around and people who since the mid and the late seventies have never seen the word 'tax' attached to their wage packets for the first time now after all these years find themselves back into the tax net.

The Honourable Member for St. Michael North East made a very interesting point earlier today that when people fall into the tax net it is very difficult to get them out again. That is one of the first sins of omission, so to speak, about this budget. The Minister of Finance has been very careful not to outline any time frame for the stabilisation tax that he has now imposed. He has been very careful not to tell us how long this tax is going to be with us. Another thing that the budget failed to tell us would be what is going to be the case with the statutory corporations. The Prime Minister made a veiled comment to the effect that they are still left out there to do their own thing. We know that the Barbados Water Authority has started. We hear from the Honourable Minister for Housing that the National Housing Corporation is going to be doing its thing in due course. We don't know what this thing is. There are some people who believe that the Transport Board is going to take certain measures, perhaps, in a few months time from now, but we do not know. The Honourable Member for St. Peter was careful to point out this gap in excess of \$240 million. We do not know how it is proposed to be closed. Indeed, much of what in my profession we call, material particulars, the Minister of Finance has left unsaid in the course of the presentation. This is what he did say though: "We are now considering a number of measures which are expected to improve the situation in the long term". He said that. He never went any further to give us any idea of what measures but later on in his presentation he went on to say: "but in the long run we

must stimulate the production of goods and services for sale to the rest of the world". Then he went on to say: "We face the choice of taking action now". This is the Honourable Member who said that he is a man of action.

Among the conclusions which we begin to draw is that there is going to be a series of measures, that these budgetary proposals can be no more than phase 1, but we are concerned as to how many phases there are likely to be and for how long will this continue.

The Minister of Finance said very little for instance about petroleum products. In fact, Barbadians, according to the newspapers before the budgetary proposals were believed to be expecting much more, but interestingly, in his presentation, he said on page 37 of it that "there has been a decline in the world market price of crude oil but it is expected that in the coming months there will be some rise in the prime." This leads some of us to believe, Sir, that like a thief in the night we were visited last October of 1990. We woke up one morning in October to hear that petroleum products had increased in price. It is not too much to believe that one morning, perhaps in October of 1991 we are going to wake up and hear that petroleum products have again increased in price.
2.10 p.m.

We may even hear something about bus fares. We may even hear something about a restrictive quota on motor vehicles. We may hear then, Mr. Speaker, of a whole package to do with the price of oil and petroleum products generally speaking. We have to ask ourselves what is going on. It is like Russian roulette.

The impression left by the Honourable Minister of Finance is that he is playing it by air. Having tried one method – he tried with the surcharge and it did not work – why does the Honourable Minister of Finance believe that the new Stabilisation Tax will now do what is even more far-reaching in its consequences, will now do better than what the Surcharge did? What reason does he have to believe that? The impression given is he is trying one thing and if that does not work he will resort to another and see how things turn out. This is not what we were led to believe.

In January of this year we were told that Barbados never had it so good. On the back of the "Nation" newspaper of January, 1991, just a few months ago we were told that...

Aside.

Miss B. A. MILLER: Yes. I am prepared to make it a document of the House – Monday, January 14, Daily Nation, the back page – headline "Sandiford – Barbados has never had it so good". In particular he told us a whole host of things.

Mr. SPEAKER: Now, may the Honourable Member recognise the Rules in respect of reading newspapers as part of an argument. Newspapers are not allowed to be used as part of your argument.

Miss B. A. MILLER: I hear you, Mr. Speaker. I respect your ruling. I have not read from the newspaper, Sir.

Mr. SPEAKER: Well, if you have not, I am sure you will take the necessary precautions.

Miss B. A. MILLER: Yes, Sir. Of course. Mr. Speaker, Sir, if I may advert to some of the productive sectors which the Prime Minister has failed to address. As I understand the Budget my observation is that agriculture has been given no real incentive to rise to the export thrust that the Prime Minister is asking it to do. One million dollars has been thrown at cotton. I do not understand this.

Over the past two years millions of dollars have been thrown at the cotton industry by the Barbados National Bank. There is reason to believe that the Barbados National Bank is prepared to throw millions more still at the cotton industry. What is this throw-out of \$1 million at the cotton industry expected to achieve? It is a source of great mystery to us on this side. The plastering over of CARSICOT with another – what I call – band aid company, is not going to answer the problems of the cotton industry either. That is one of the sins of omission about the Budget. We want the Minister of Finance in his reply to address this and to tell us about incentives for agriculture because there are none in this Budget.

In respect of manufacturing we have been told by the Minister of Finance that manufacturing declined – these are his words, not mine – quite substantially. At page 5 his Budgetary Proposals read:–

"Other manufacturing activities such as clothing, furniture and chemicals, which depend heavily on the domestic and CARICOM markets, declined quite substantially."

That is all the Prime Minister has vouchsafed to us. He has not sought to tell us in what way, if any, the Budget would hope to put measures in place to protect, again using his words, or to correct. In my reading and understanding of this Budget I do not see any attempt by the Minister of Finance to conserve foreign exchange, certainly not in the department of manufacturing either.

The Prime Minister has tossed \$2 million at tourism. The problems that beset tourism are far more fundamental than what \$2 million might be expected to do for that industry. It concerned me very deeply last night, Mr. Speaker, that the Minister for Tourism who is also the Minister of Sports, appeared to be taking the Ministry of

Sports so seriously that he saw tourism in the same light. It really has to be a matter of serious concern that a Ministry as important as tourism, one of the main ones, the leading Ministry possibly in the productive sectors, should be treated in such a cavalier fashion.

The Minister spent a lot of time telling us how wonderful he was. I noted that the Minister of Finance did not appear to have any great confidence in his own Minister of Tourism. The Minister of Finance said in his Budget, among other things, that for the year 1991 there is unlikely to be any growth in the tourist industry. The Minister of Tourism has not addressed that. That is coming from his own Minister of Finance in this Budget.

The Minister of Finance went on to say that the balance of payments will continue to be under pressure especially because of the weakness in the tourism sector. He went further to say that sluggish performance of exports and the contraction in tourist earnings combined to raise the deficit on current account to \$89 million compared to \$5.6 million in 1989. I did not think those words coming from the Minister of Finance could give cause for the jollification that I saw coming from the Minister of Tourism last night. We have to be deeply concerned.

The Central Bank of Barbados in its Annual Report for 1990 has a great deal to say about tourism, Mr. Speaker. In almost every respect it is a negative thing. Starting at page 1 – this document is already a document of this House, Mr. Speaker – it says that 1990 saw a shortfall in tourist arrivals. Earnings from tourism fell. Output in the tourist sector declined by 9.8%. Tourist expenditure fell by about 10%. Every page in the Report where reference is made to tourism it is a negative one. The Prime Minister and Minister of Finance is clearly aware of that.

The fall in net earnings of foreign exchange was due mainly to declines in the tourism and manufacturing sectors. The deficit on the current account was larger in 1990 than in 1989 largely reflecting the fall-off in the earnings from tourism. Tourist arrivals in CARICOM countries helped by a significant rise in cruise ship arrivals recorded a fairly healthy growth in the first nine months of 1990. But in Barbados, even though the cruise ship arrivals helped us, the statistics show us that they were still lower than formerly. The U.S. market was the primary source of the strong tourism performance in this region but not for Barbados.

Trinidad and Tobago attracted 6.2% more visitors between January and June than for the year before but not so for Barbados. All negative. The Minister of Finance himself is recognising that. His cure-all is to throw another \$2 million into the lap of the Tourist Board presumably for marketing and promotion in the tourist industry. It is not enough.
2.20 p.m.

It is not enough, Sir. His words are grave words. And as I say there is so very little confidence in his own Minister of Tourism.

Further, Mr. Speaker, Sir, we have to look at construction. Very interesting again the Central Bank Report 1990 says that:

"In 1990, the construction sector"

in Barbados:

"recorded its first decline since 1985."

In January this year the Prime Minister was telling us if we look at construction that sector had the greatest output of houses of buildings and of mortgages outstanding in 1989 of any year. It turned out to be all untrue. It causes me now to have great doubt in some of what I hear coming from the Ministry of Finance. I do not believe that the Right Honourable Prime Minister and Minister of Finance would lie to this Honourable House. But I must tell you, Mr. Speaker, that I have no confidence at all in these unemployment figures quoted to us. I have absolutely no confidence in them.

The only conclusion I can therefore draw is that the Right Honourable Prime Minister is being misinformed and misadvised. When we look at all the other indicators, when we as Parliamentarians certainly on this side face up to what is happening in our constituencies and I can speak for the City of Bridgetown on this, the number of people who are unemployed in a particular household, the number of households where nobody is employed, I cannot accept that the unemployment rate in Barbados is any 14.9%. I just do not believe it. The indicators do not suggest to me that I should place any confidence in that.

Construction. We hear that the credit squeeze is going to come off the purchase of land, it is going to come off the purchase of houses already built and refurbished. I do not know what that is supposed to do to kick over the construction motor engine in Barbados. Because do not let us forget the Consumption Taxes. Those people who would be thinking now they could run to the bank or run to the credit union and at last put down a little money towards the purchase of a piece of land, those who are thinking well they can go to one of these estates and invest in a house that is already built and even those who are thinking of converting from wood to wall and that they would get a little easement with refurbishment will discover that it is not for them, will discover like all of the other people, the teachers have already said in the press this morning and people are already saying it at the side of the road that whatever little they thought they were going to get is now clawed back and eaten back by the Stabilisation Tax and by the Consumption Taxes. To tell you the honest truth, Mr. Speaker, Sir, it is really quite frightening – when we know

on this side as well as they know on the other side, the potential that construction has to aid growth and to make for positive motion in the economy – now that the Government has virtually brought to a standstill public sector construction that the Minister of Finance should see fit in this Budget to do the same to the private sector. It is all an illusion, this idea that if you ease the credit squeeze something magical is going to happen. Nothing magical is going to happen.

It is like somebody else said about the old age pensions already in here this morning. The \$5 that they thought they got has so far been eaten away and now they are going to discover that the \$5 and the additional \$10 that they did not get is going to be eaten away. They are going to be in a minus position rather than in a plus position.

That is going to be the case with the construction industry. I do not see anything there to excite Barbadians into believing that there is any incentive to get construction going again. Mr. Speaker, Sir, I see in Barbados abroad in this country today a certain attitude. We are concerned about the number of registered voters who did not go out to vote in January of this year, who did not bother to go to the polls at all. I am not a little impressed with the number of people who did not even bother to listen to the Minister of Finance's Budgetary presentation day before yesterday and who really could not care less. There is an attitude among some people out there that they do not care what the Minister does, do not care what the Government does, they have to live and they are going to live.

I begin to see a parallel economy growing in Barbados fuelled by the suitcase trade, fuelled by the drug industry, fuelled by the sidewalk businesses that we see growing in Barbados. These people are not going to pay any Consumption Taxes, these people are not going to be paying any Stabilisation Tax.

We were said on this side to be the prophets of doom and gloom but all the doom and gloom that I have heard this week has come from the Government benches starting from the storm clouds gathering, according to the Minister of Finance. We are hearing how bleak the part of his Budgetary Proposals is which had to do with the outlook for 1991. It is all doom and gloom and no hope is inspired in the bosoms of people who were looking to the Government to continue to make it good for them. These were the people who had been told three months ago that they never had it so good. All of a sudden now we are going to see a smile and hear talk about: "Well you know, I never said there was not going to be a new task." That is not fooling anybody. That is not tricking anybody because we all have to live here.

Mr. Speaker, the Members of this side of the House are truly concerned that the Minister of Finance is playing a kind of game with us. There is the belief that he does not

know any more than we know what is expected of the economy during this coming year, that he like the rest of Barbadians is waiting in the dark to see how things will turn out. Barbadians have come to be accustomed to far more than that from their Government. They are accustomed to a Government with a plan, with a policy, with a programme that knows where it is going, that knows what it has got to do and that can say if you do this, this will result and if we do not do this the other is going to be the result. That does not seem to be the case here. Far from inspiring confidence, far from inspiring hope in the bosoms of Barbadians, this Budget for the first time in a long time has begun to make people fear that something quite awful is going to befall us and that the Government does not know what to do about it.

So I go back to where I began that this Budget distinguishes itself more for what it has failed to say and for what it has failed to explain than for what it has said. I listened with interest to what had to be said about the Stabilisation Tax and I am still going to be listening to hear what those members of the unions who have not yet spoken have to say. Those who have already spoken have clearly been embarrassed by it. We could hear one union boss in here shouting at the top of his voice that the workers have got to accept the taxes and that he personally would sell it to his constituents and another one saying that he is not looking at any tax in isolation, he is looking at a whole package. What package? That is my question. There is no package. There is a beginning. Something has begun to happen here but we do not know what it is and we do not know what is coming next.

Some of the words used by the Right Honourable Prime Minister bear this out as well. In his presentation he uses certain phrases about – it does not come to hand right now, Sir – but in the Right Honourable Prime Minister's presentation he uses words and language to make us understand clearly that there is a lot in the future. He talks about the long-term and so on, I made reference to that already, and what he must do but he does not get to do it.

There is something else too that concerns me and I listened in vain to hear the union bosses on it and that has to do with the Stabilisation Tax. The Stabilisation Tax is moving away from a basic principle which says that to each according to his need and that you would take from each according to his ability to give or to afford. All of a sudden we see a turn around here where a Stabilisation Tax is imposed and it is a shocking revelation that the union bosses in here should be praising it and saying that it is correct, that it should fall like rain on all irrespective of the ability to pay. A great turnaround, Sir. The question that must stay with me and I believe other Members on this side and people outside is if the DLP Government will turn around itself on such fundamentally important issues, what would it not turn itself around on?

2.30 p.m.

There is a lot of unfinished business as a result of these budgetary proposals, Sir, and one wonders if the Minister of Finance is going to visit us with a mini-budget or some other kind of designation later during the year or we may not get it at all; or if at this time next year, when it is discovered that the measures of this year have not worked just like the surcharge did not work before it – I don't think that the stabilisation tax is going to work any greater magic except to further depress the economy and we will spiral down even further – when it is discovered then that today's measures or this week's measures do not work, roughly about this time next year, will we then have to expect a larger dose of the same? Because the lack of imagination, the lack of creativity that characterises this budget does not lead me to believe that some formula, some mechanism would be thought out and found to be put in place at a later date to make things any better for us.

Mr. Speaker, Sir...

Mr. SPEAKER: That's the end of your time.

Miss B. A. MILLER: Mr. Speaker, Sir, I thank you for the time accorded.

Hon. N. K. SIMMONS: Mr. Speaker, like all other Members on this side who spoke before me, I want to congratulate the Right Honourable Prime Minister and Minister of Finance for the way he dealt with the economic problems facing the country when he delivered his Financial Statement and Budgetary Proposals. I think he was at pains to point out and to explain in very simple language and sometimes that is the problem with some of the theorists, that the language in which they speak people find it difficult to understand. I was happy to see as usual he was able to explain in very simple language exactly the problems facing this country and the steps he intended to take to correct those problems. As usual, again, he was honest and frank and these are the characteristics which have endeared him to the hearts of so many Barbadians of whatever political persuasion. In these days when people always tend to think that politicians want to trick them it is heartening to know that at least there is one among us whom the people can accept as honest and truthful and therefore they can take his word and that is why so many Barbadians, the vast majority, have accepted the measures which he has had to impose.

As the Honourable Member for St. James North spoke, and I must compliment him, I thought it was a good speech. Obviously, he has not forgotten the days we spent in Trents Northern Youth Group either. It was a bit theoretical but sound. As he was speaking he mentioned the

maid who spoke to him and I thought of the people who called me as well and it depends on the political side you are on to determine what people say to you. Those who called me said they found nothing wrong with it. The maid said she found something wrong with it, so it depends on who speaks to you. But, at this time of the year I believe we have the majority so I guess the majority have agreed with it. It was only two months ago. So, we can rest assured about that.

I must admit, though, that I am a little disappointed about the speeches I have heard from the other side from one point of view and it is that they consistently tend to see Barbados on its own. Barbados is part of the economic world situation and when we discuss the economics of Barbados we cannot discuss them in isolation to that which is happening in the entire world and it is on that basis that I want to present my case. If we were to look at what is happening in the rest of the world, for example, recently we had the war in the Gulf and all countries were shivering in their boots because no one knew what would happen. Overnight there was talk that oil would have gone up to \$100 a barrel. You know what that would have meant to us in Barbados. Because of the anticipation of rough times ahead overnight people stopped travelling and whereas we had expected to have a bumper winter season in Barbados, overnight hoteliers were telling you that they would have to close their doors and some of them even went to the extent of laying off staff although there was not a significant drop at that time, but they were anticipating rough times to come. These things affected Barbados.

I want to go back even as far as 1973 because I think it is important that we look at what happened in the past as well. There was some Member, I believe the Member for St. George South who said that we shouldn't go back, but sometimes history teaches us a lot. Although he did go back a little bit he said he was not going to stress too much on it but I think it is important that in these difficult times we look back to see what took place years ago. In 1973, there was an oil crisis in the world. Again, at that time I was involved in the hotel industry as well, and whereas in the summer of 1973 you could have got your hotel occupancy off the road so to speak – people were walking the road and begging for accommodation – by December of 1973 you had to be closing your hotel doors because few people were coming in. As far as it affected the entire world, it took the industrialised countries about ten years before they could rectify their situation resulting from the crisis of 1973.

Having rectified their situation, the industrialised countries, and I speak mainly now of the western countries, started to look inwards. They adopted a very protectionist attitude and that has had severe consequences for third world countries, because whereas you had some preferential treatment where they were willing to buy your produce they started to say no. They have gone further and I made mention of this in the estimates. I believe that there is some

doubt in the minds of many of us as to what will happen come 1992. People are speculating that because the countries of Europe are going into one bloc that, for example, the preferential treatment given to Barbados and sugar might die overnight. Bananas in St. Lucia and Dominica, what is going to happen? We know that the Americas – Canada and the U.S.A. – have come together in a free trade bloc and going to Mexico now. What will that mean to us? So that when the Minister of Finance was preparing his budgetary proposals obviously he had to take these expectations into consideration and therefore plan for the future. It is alright to talk only about what happened in 1990. We know that, but you must also try to anticipate what could happen in 1991 and 1992. It is very important and we have to be very careful.

2.40 p.m.

The 1990 crisis has seen that in a place like Bermuda of all places – Bermuda is just a stone's throw from America – Bermudans have been working week on, week off at the hotels. Bermudans have decided not to take wage increases, and Bermuda has one of the highest per capita incomes in the whole world. No unemployment whatsoever. Bermudans decided, look, we cannot have wage increases, we are going to work four days a week so that all the others can work as well, because if all of us try to work five days a week some will have to go home. And, you know, Mr. Speaker, that the distance Barbados is away from the market plays a great part in whether or not people come here, because it is more expensive to fly for one. We have to think about these things when we are talking, so look at Barbados in terms of the global problem, do not only consider us as an island standing alone, if we do that we make a fundamental mistake and from what I have seen presented by the other side it seems to me as though they are trying to impress upon Barbadians that it does not matter what happens in other countries, we are looking at Barbados alone. That is a false premise from which to launch your argument.

I want to look at some of the issues which were raised by the other side and I want to start with this question of unemployment, because again I have to smile. The same persons who computed the unemployment figures for this Government would have done it for that party when they were in office. I believe so, I don't think even the names have changed. The same system, and they accepted them, we have to accept them. They said that we did not publish the figures for the last quarter because we knew it was 23 per cent. It has now come out to be 14.9 per cent and they are saying that those figures are wrong, but I want the members of the other side to remember that between the years 1981 to the first quarter of 1986 that there was a net loss of jobs in Barbados to the tune of some 9 000 people, net loss.

In other words, Mr. Speaker, as far as my recollection serves me that in 1981 the first quarter of 1981, 102 000

persons were in employment in Barbados. By the first quarter of 1986 that number had dropped to 93 000, so the net job losses were 1 800 per year. We came into office in May of 1986 and last year, September, if my recollection serves me correctly again, we have increased the number to 107 000, so between 1986 and 1990, 15 000 persons got jobs, I mean net, some would have lost and some would have gained, an increase of 15 000. Yes, we have lost one thousand according to the figures, but when it comes to employment in Barbados we are having a severe problem. I believe some member on the other side mentioned it, the question of attitudes, and I am seeing it daily in immigration. We are now employing people from overseas in the hard time to work in agriculture, so that although we can say, yes, unemployment is down, yet there are some jobs Barbadians are not taking.

In September of last year I had a discussion with unattached youth and the Ministry of Labour, the employment bureau, people who came in to explain the position with unemployment etc., and I was told that at that point in time there were over three hundred jobs at the employment bureau that no Barbadian would take at all, couldn't get any Barbadian at all to take them. So that sometimes you might have to say that there are people who are unemployable. I know that there was a Prime Minister who used that very effectively. He said, unemployment does not include those who don't want work at all, voluntary idle.

Asides.

Hon. N. K. SIMMONS: We have not got those figures, so if you look at it ours would be down to 12 per cent if we used that method as well. It is something which we have to look at and I think too that one of the problems facing us with the unemployment is that we have to think carefully about unemployment benefits.

In Australia when people go to collect unemployment benefits the bureau says, we have a job there to fit you, you are an unskilled person, go down the road and there is a job for you. If you don't want it, you don't get unemployment benefit. The time has come when we have to look carefully at how we pay out our unemployment benefit, and if a person comes within a special category and there is a job going for him or her, go for it, if they don't want it, they don't get any money. There are people today in Barbados who go and work for the period and come off, finished with that. Even if the employer says that he did not fire him or if he fired him for good cause, he will still get the unemployment benefit. It has to stop somewhere, so that attitudes have to change.

A lot of mention was made of foreign exchange and this too is an area of which I have great concern. The Member for Christ Church East mentioned the fact that you can go in the supermarkets and for example, there are about

twelve different brands of cornflakes, sixteen different brands of beans, but there is no local stuff, and this is one way in which we can save. Our people may not like it but sometimes you have to give people medicine, and medicine is not always good tasting, very seldom do you get sweet medicine but it is good for you and I think that it is time that we look at it carefully.

I was in Trinidad last year and even in the hotels there was only one cereal, either take it or leave it. People have to understand that we are living in Barbados. We have to understand that we cannot expect to live in a country the size of Barbados and get the same things, as let us say, you get in the United States of America on the economy which we have.

I am still on foreign exchange and this brings me to the point of Tourism and I ask myself constantly, are we getting proper returns in foreign exchange from our tourism plant? What I am saying is this, Mr. Speaker, I know that a lot of the bills in tourism are paid outside of Barbados. In other words, our visitors come here and they give you a voucher, a voucher for the rooms, a voucher for the tours, a voucher for sports, but the money as far as my understanding goes on investigation, is never transferred to Barbados. They get paid overseas, too, in their accounts overseas. The people here have their accounts overseas too. It is something which we have to look at carefully because if it is a non-national who runs the organisation here, you can't tell him he cannot have an overseas account, from my understanding. It is a serious thing we have to look at.

Although the figures for tourism will probably show that we made a billion dollars in 1989, what percentage of that billion dollars actually passed through our system here? It is important because I am convinced in my mind that if you were to get more of the tourist dollar passing through the system we would have less of a foreign exchange problem and we have to look at it carefully.
2.50 p.m.

I do not know the answer. I have tried to ask some of the better accountants in Barbados the answer and they tell me they do not know the answer as well, but there has to be an answer, if not it is going to appear as if we are doing well in tourism, or we are doing well in this or that. We might be earning foreign exchange, but in truth and in fact, because we live in a very practical world and not a theoretical world, will this money really come to Barbados? Those are the questions which we have to ask and for which we must get answers in order to solve some of our problems. Whatever you do to earn foreign exchange, unless the foreign exchange comes here and passes through the system, then your labour is in vain.

I do not want to look at the tourism statistics to say there was a drop last year compared to the year before. The fact of the matter is that 1989 was a fantastic year and a

drop of 6% or 10% in 1990 will still show that it was the third best year as far as visitors to Barbados are concerned. The best year was 1989, then 1988 and then 1990, so I do not want to juggle with the figures because it does not really prove much. They are there for all to see.

In terms of foreign exchange, I want to look at manufacturing. Both sides while in Government have tried tirelessly to get our manufacturers to break into the extra-regional markets, because that is where the hard currencies are. We have not succeeded. It is my humble opinion that one of the problems we face is that if you live in a small country, even your manufacturers think small. When they go overseas and the buyers tell them, for example, they want 50,000 chair backs, they cannot even conceptualise 50,000 in a month. They would say they only produce 5,000 in a year, so they would not even be bothering about producing 50,000. They do not have the plant or machinery to produce.

Another problem facing our manufacturers as well, as I understand it, is that there is no co-operation among them. A fellow has a piece of machinery and uses it for about 10% of the time it should be used, but does not share it. That creates a problem, because unless you are having maximum use of your machinery, then it is to no avail. So that in terms of manufacturing we have a serious problem from the point of view of regional exports.

I believe it was one of the Members on this side who mentioned the fact that our major exporting countries in the region are experiencing severe difficulties. Added to that, our wage rate is so high that we have become uncompetitive with our neighbours. We cannot compete with wages less than Mexico, for example, because everybody is looking for the best price. We have problems, therefore, which we have to look at carefully. I do not know the answers. If a chap is working in manufacturing and his brother is working in tourism and he is getting \$300 a week, let us face it, the guy is not going to be too keen to get \$150 a week, so the demand for greater wages is there. So we have serious problems. That is why I think the Honourable Prime Minister, in giving incentives, thought that cotton and tourism would be the better bets at this time.

It is not as if incentives were not given before. Again, when we look at agriculture, dealing with foreign exchange, over two years, 1989 and 1990, we gave incentives to agriculture, but the fact of the matter is that it is very expensive to produce sugar. As the Member for St. John said yesterday, the time will come when we will have to say we can give no more. We are only postponing it, and I understand the reasoning. Sugar brings in foreign exchange and therefore we try to pump it up for the foreign exchange, but there comes a time when you have to decide whether you are giving it too much or too little. Again, 1992 might be the year of decision. I am not quite sure that after 1992 our sugar will get the foreign exchange which we all

expect. That is why I think we have to go to another crop, cotton, and I would ask and plead with the farmers of this country to try to plant at least between 10 and 20 acres of cotton. I say that because my little understanding of the planting of cotton is that it takes a lot out of the soil and therefore we have to have a lot of rotation. You cannot plant it in successive years in the same spot, so to speak, therefore if you plant it one year you have to move on to something else and then come back. If each farmer in this country were to plant 20 acres of cotton on a 300 acre plantation, then obviously you will come back every 10 or 20 years, so that it will make sense. At least the foreign exchange which he gets for this country and the money which he can make for himself will be much more than he can make out of sugar.

We all have to make some sacrifices. We have to decide that we live here in Barbados, we have nowhere to go and that we must all contribute in the final analysis to what we have to do. So I am asking that the farmers pay some attention to that.

I know I have about ten minutes, Mr. Speaker, and I just want to look at this question of runaway expenditure and squandermania. I say so because since I have taken up this Ministry it has been made patently clear to me that the Attorney General has done a fantastic job in trying to put the police stations back in some order and good condition. I would like any Member on the other side to go to any police officer and tell him the money spent on the police stations over the last four or five years was squandered. It is a fact that when we came into office the police stations were run down, dilapidated, and it is going to take a very long time to get them into shape. When I went around the police officers said to me: "Skipper, they are in good condition now." If they are in good condition now, I would like to know what they were like before. Tell the policemen that the money spent on the police stations was squandered. Tell the people in Haynesville, on whose houses we have just spent or are still spending \$1.5 million, because unfortunately before the 1981 elections some houses were hurriedly put up in Haynesville, built of concrete blocks, clay blocks and cement roofs, which cracked immediately. No attention was paid to them and \$1.5 million must be spent to bring those houses in order. If that is spent on them, it means that 150 blocks cannot be built. Tell the people in Fitts Village, Prospect and Paynes Bay that the repair of Good Shepherd School was squandermania. It was not touched for 15 years before two years ago. I must congratulate the PTA, because while it was being allowed to run into a state of disrepair the PTA from time to time still brought a little paint and did something with it. That is what my friend from St. Andrew should tell the people in Turner's Hall, that you do not always depend upon the Government. If the Government is finding it has hard times, do something. Especially if you know a school is coming in

another year, go in and spend a little \$1,000, have a Fair and some community effort and help yourselves, because it is your children who are getting their education, not somebody else's children and a Government cannot do all in the same year, like my friend from another place who painted some of the houses when the people could not paint them. That's a part of it.

3.00 p.m.

So, when we look at the percentage of money spent from capital and from current expenditure and inflation you will see that there could not have been squandermania and so, Mr. Speaker, in closing, I want once again to congratulate the Minister of Finance for the way he has approached our problems. He can rest assured that the vast majority of Barbadians are intelligent and understanding. They live life on a daily basis. They understand that when the economy is not doing so well, like in their own households, they have got to take their own measures to remedy it and I can assure him that the people of this country are behind him. I thank you.

Dr. R. L. CHELTENHAM: Mr. Speaker, Sir, I cannot resist the temptation to enter this debate on the point of correcting the misconception which is popular and which has just been uttered by my good friend, the Honourable Member for St. James South. He referred to 1992 and suggested that that might very well be the end of our sugar market in Europe and that thereafter the sugar industry here will be faced with great uncertainty with respect to Europe. 1992 is just the beginning of a process of the intensification of the integration movement in Europe. It will begin with the removal of the physical barriers. It is not the beginning and the end of that process. That process will go on into the long future and for sure, up to now, there has been no indication, no suggestion that the over 50,000 tons of sugar which we export to Europe will come to an end. Our relationship, the ACP, the African, Caribbean and Pacific States with the European Economic Community with respect to sugar is contained in a document called The Sugar Protocol, and if my memory serves me well, that protocol is of indefinite duration. It means therefore that we have no reason to fear that the tonnage which we export to Europe will come to an end following 1992.

The challenge for us in Barbados with respect to sugar is to ensure that we produce enough sugar to meet that European market, to meet the American market, to satisfy our domestic needs and to have enough surplus so that if the price on the world market is good we can take advantage of that.

Now, back to my originally contemplated starting point, Mr. Speaker, the debate on the financial statement and budgetary proposals for 1991 presented by the Minister of Finance, the Right Honourable Prime Minister, has proceeded certainly as far as Government spokesmen are concerned on the premise that the crisis, and I think we are

all agreed that we are facing a crisis, which surrounds us, is somehow inevitable and preordained. That represents the first point of departure between the Barbados Labour Party Opposition and the Government. We do not accept that we had any right in Barbados being in the position in which we are today and we maintain that the crisis in our economic management and our financial affairs is the direct result of the ill conceived and the misguided policies pursued by the Democratic Labour Party over the last five years. There are several components of that policy. It started off with the so-called \$15,000. The attempt in one fell swoop to relieve those who were earning between \$10,000 and \$15,000 from direct taxation. It continued with a massive shift disturbing the delicate balance which we had maintained in the past between revenue gained from direct taxation and indirect taxation. It followed that by disturbing that pattern and shifting the emphasis to indirect taxation, it means in effect that we have to continue to import in order to keep up our revenue yields.

One of the important components of that policy, too, was excessive borrowing, not only from the domestic sector over the last five years, excluding money from the private sector, excessive borrowing by Government with also excessive foreign borrowing. Included in that policy too, Sir, was the failure to maintain on the part of Government and enhance the output of our productive sectors taking for example, 1986 as a base year. For all of these reasons, Sir, we have found ourselves in the financial and economic mess which we have been attempting to address over the last few days.

In a speech, now completely forgotten except for one simple point, made by the Honourable Member for St. Philip South, he reminded us that the elections are over. I want to address that matter because it is a fact that, prior to the elections, the debate on the economy tended to confuse a considerable portion of the electorate and I believe, Mr. Speaker, that that explains in part the low participation in the election campaign itself and at the polls by the Barbadian electorate. They found themselves unable to determine the issues in the debate because on the one hand the Government was saying that the Opposition spokesmen are trying to introduce scare tactics, to exaggerate and to distort the facts in relation to the economy and on the other hand, the Opposition was saying things are bad, we are on the verge of a serious crisis, we are walking the way that Jamaica and Guyana and to some extent, Trinidad & Tobago went, and the people were of the view that if the Government is the custodian of the books, the Government should know the facts, and in those circumstances, they found it very difficult to determine the issues in the debate. Now, we know, Mr. Speaker, with the elections over, that the situation is as bad as we in the Barbados Labour Party said it was. Indeed, there are some spokesmen who said it is even worse and I think that the time has come for the Government to conduct its debate on the basis of full disclosure to abandon their formulas of equivocation and

weasel words and to let the public know the truth and the total unvarnished truth. I am not persuaded that the Government has reached that point of frankness and candour with us. We are still hearing words like "we do not propose to preside over any massive lay-offs". In truth and in fact, there will be. I have no doubt, that among the human costs of this adjustment exercise, as it is being euphemistically referred to, there will be severe lay-offs. The qualification "massive" means that even if it reaches 3,000 or 4,000 the Prime Minister may still be able to take refuge in his formulation that that is not massive. Even after the imposition of these draconian taxes we still find ourselves some \$240 million short of bridging the gap between projected expenditure and revenue.
3.10 p.m.

Clearly the Government will have to respond to a combination of methods involving borrowing from the domestic sector and again, excluding the private sector. That has not been spelt out. It has not even been hinted at. Clearly the Government will have to cut back on its projected expenditure and severely too, abandoning and deferring many of the projects and programmes already announced. Many of the benefits by way of Government spending which the people of rural Barbados and all Barbados will be looking forward to will not be realised. Should the Government not be frank and open enough to spell out the full implications of their strategy and let the public know so that the public could give them its support fully appreciating all the implications of the point at which we have arrived? I submit Mr. Speaker, that nothing like that is taking place. There is still room for much more candour and disclosure on the part of Government.

It seems to me, too, Mr. Speaker, that the Government, among other things, will have to borrow again from the external financial markets and the loans will become more and more onerous in terms of the interest rates which will be higher and the period of repayment shorter. The conditionalities attached to the loans will become more and more demeaning. That too is an implication which should be clearly spelt out. All of that remains either subdued or concealed in the Financial Statement and Budgetary Proposals.

I think it is proper that we call on the Government, Mr. Speaker, to take the Barbadian public into its confidence, to remember, as was said by the Honourable Member for St. Philip South, that elections are over. If, indeed, we need the full cooperative support and sacrifice of the Barbadian public, I think it is only fair that we tell them precisely what awaits them.

I do not think that we in the Barbados Labour Party need to be afraid or ashamed of the way in which we conducted the debate with respect to the economy in the last election. On the other hand, I do not think that the Government has anything to be proud of in making it clear to the

people of Barbados repeatedly that they have never had it so good when, in truth and in fact, things were in a serious mess. I leave it to the economic and political historians to determine the correctness of our analysis and the rectitude of our stance. I leave it to the historians of tomorrow.

Now, Mr. Speaker, the problems that we face at this time have several dimensions. We are not only facing an incomparable and horrendous deficit but we have a situation in which the main sectors of our economy are in decline, our foreign reserves are in a perilous state, our balance of payments in serious disequilibrium and our unemployment viewed either in percentage or in absolute terms is high. In that situation, it matters not how one euphemistically describes this juncture, whether you refer to it as a mess or a trap like the Honourable Member for Christ Church East referred to it. The point is that when you add to that our high foreign debt, it means that we are living beyond our means and have been for many years and that our day of reckoning has come. It means that we are living on an overdrawn overdraft. The time has come when we have to face sooner or later our bankers. That is the position in Barbados.

The Government has attempted in their response which I regard as feeble and inadequate, to introduce a new tax which has been described as a stabilisation tax. As I reflect on that christening of the tax, I regard it as appropriate for – the financial and economic policies of the Democratic Labour Party – have tended to destabilise this economy. It is appropriate that in this attempt to correct the situation they should refer to the tax as a Stabilisation Tax.

It represents too, Mr. Speaker, another point of departure and divide between the Barbados Labour Party and the Government. We are of the view, and it needs to be restated, that it is unjust, inequitable and wrong for the poorest among us to have to bear the burden of that direct taxation. We fought strenuously between 1976 and 1986 to ensure that those who could least afford to pay tax were exempted from the tax net. By 1986 we had succeeded in exempting tens of thousands of Barbadians from paying direct taxes. That stood in contrast to the persistent policy of the Democratic Labour Party up until 1976 when they left office which said, in effect, regardless of how much you work for, how low is your pay package, \$25 a week for a maid at the time, shop assistants in the \$30's and so on, you have to pay tax. We felt that was wrong. We devoted the 10 years, 1976 to 1986 in ensuring the category of person at the lowest end of the income earning scale was exempted from direct taxation.

When you speak of bearing burdens, it must be remembered, Mr. Speaker, that the indirect taxes weigh heavily upon them regardless of where you stand on the rungs of the income ladder. We all have to go to the supermarket. The man who is working for \$100 000 a year, he needs three square meals in the same way as the man

who is working for \$100 a week, because the Consumption Taxes do not discriminate and affect almost every item that we consume on a daily basis, it means that the man at the bottom of the income ladder is already bearing a high price, carrying a heavy sacrifice through the Consumption Taxes. When to that burden, therefore, you add direct taxation, it means that you are insensitive to his suffering and to his plight. That is the charge which we make against the Democratic Labour Party in introducing that Stabilisation Tax across the board.

We say, Mr. Speaker, that they have undone the good work of the Barbados Labour Party in that respect in one fell swoop. That is a serious point of divide between the Barbados Labour Party and the Democratic Labour Party. I thought it ought to be made for the purposes of the record and for all those who are listening to us across Barbados. 3.20 p.m.

Now, Mr. Speaker, there are several limitations of these Budgetary Proposals. Many of them have already been addressed. The main contention is that they are in many respects too late and too little. They are not comprehensive enough and they do not address in any satisfactory way the productive sectors of the economy on which we have to rely if we are to pay our way out of our present difficulties. The Prime Minister himself, the Minister of Finance recognized that whatever you are doing in terms of trying to raise taxes and bridge the gap to correct the deficit, at the end of the day the real answer to the difficulties is to ensure that our productive sectors are so performing that we are so expanding our trade with the rest of the world and that we can earn the foreign exchange to maintain our standard of living and to pay off our foreign debt.

I want to address the limitations of the Budget in relation to those sectors which are so very important. But before I do so, I just want to address in passing the thesis of the last Honourable Member who spoke, the Member for St. James South whose thesis it was that Barbados is an open economy and that the problems in the Barbadian economy are somehow imported problems resulting from what is happening outside of our shores. From time to time, Mr. Speaker, that happens to be our misfortune, that we are sick with pneumonia because of sneezing abroad. But that is not the position right now.

The Honourable Member for St. Peter in his presentation yesterday I thought effectively put the lie to that contention. He was able to quote from the Economic Report which is already a document of this House and to demonstrate that in relation to the year 1990, the year under review, that our CARICOM partners – that Table is I believe to be found at page 5 – with whom we trade were all experiencing growth while the Barbados economy has slipped some three percentage points. He went beyond that and he demonstrated by reference to page 2 of the

Economic Report 1990 that our principal trading partners in the outside world Japan, the United Kingdom, Canada, the USA all experienced a measure of growth too while we at the same time were contracting.

He might have gone further and he might have made the point that while international trade was expanding in recent years, Barbados' share of international trade was contracting. In short, Mr. Speaker, we have a problem in Barbados that is of our own creation. It is an indigenous problem. We have to look within our borders to find who is responsible. We contend on this side that it is the misguided and ill-conceived policies of the Democratic Labour Party in the last five years that have brought us to this sorry pass.

The time has come, having faced accurately the genesis and the cause of the problem for us to look for solutions. I accept the proposition of the Minister of Finance, the Right Honourable Prime Minister that in the long run, Mr. Speaker, we have got to look to our productive sectors, manufacturing and agriculture, tourism and international services and try to maintain and expand output so that we can trade with the rest of the world and earn foreign exchange to repay our debt and also to maintain our standard of living.

But having rightly identified the way forward the Government and the Prime Minister fell short in not doing what is necessary in stimulating our agriculture, our manufacturing, tourism, our international services.

Mr. Speaker, from time to time we have the opportunity in this Chamber to debate agriculture. During the course of the Estimates there was some considerable discussion on agriculture. But I just want to make one point which I regard as central to the whole future of agriculture in Barbados and it is this, with 10 000 acres out of production lying idle in the last five years and continuing to rise on a daily basis of at least five acres a day, with much of our countryside now St. Lucy, St. Thomas, St. Andrew and St. Joseph a virtual waste land, we cannot be serious in trying to promote output in agriculture, in trying to stimulate production while at the same time having our principal resource lying idle on such a large scale and increasing on a daily basis.

The Democratic Labour Party Government abandoned the policy of the Barbados Labour Party with respect to idle land. You will remember that we had a policy for all those who hold two acres and more based on both rewards and punishment, the carrot and stick policies that have so often been referred to in here whereby if you did not meet a certain minimal level of production on your land, you had to pay tax. The Democratic Labour Party administration felt that it was not working effectively and they abandoned it. They put nothing in its place. So that in the last five years all that we have had across Barbados is acreage upon acreage, plantation upon plantation going out of production and

no penalty applying for having the basic resource in agricultural land and not using it.

We must, if we are serious, have a comprehensive policy to put the 10 000 acres back into production and to ensure for the future that little or no land goes out of production. It is that failing of the Government in this Budget that represents a contradiction of their announced policy with respect to the stimulation of production in agriculture.

The whole Scotland area is available for stimulation. We must see it as an economic resource. We must go on for non-traditional crops in the Scotland District for foliage and for flowers, for cattle and animal rearing on a large scale, for fruit, for ground provisions, all of that represents the hope of the Scotland District. Up to now Government has done nothing with respect to that area and has done nothing to stimulate the production and to bring the thousands of acres out of non-production into productive activity.
3.30 p.m.

With respect to tourism, Mr. Speaker, I agree that tourism is an area of activity that can give us faster returns as far as foreign exchange earnings are concerned. We have the infrastructure in place, though we need to add to that infrastructure. The last five years have been wasted years insofar as we have not had our infrastructure in tourism as we should have. We are still without an internationally acceptable convention centre. We have done nothing about the development of our marina. We have done nothing to put in a sewerage system in the south coast of Barbados. We need, Mr. Speaker, golf courses as a matter of priority. Golf is the fastest growing sport in the world and it attracts a certain income level resistant for the most part to depression. We have allowed our competitors around the world including in the Caribbean to go ahead and install golf courses, Bermuda and Bahamas, for example, and we have been lagging behind. We need to put in an incentive programme so as to ensure that private sector interests can get ahead and give us...

Mr. SPEAKER: One minute.

Dr. R. L. CHELTENHAM: ... the four golf courses or so which we urgently need in this country.

Mr. Speaker, I do not believe that we have reached the point in Barbados of no repair as far as the economy is concerned. This economy still has a lot of toughness and resilience but it has been mishandled and mismanaged in the last five years. The time has come for wise judgment and quick decisions with respect to the direction of this economy. In fact, the time has come to involve our people on the basis of full disclosure and candid talk on the part of the Prime Minister and the Government. It is my fear, Mr. Speaker, that in those respects the Government has been deficient and unless they act wisely and decisively we will

go the way of Jamaica and Guyana bringing untold grief and human suffering to our people.

Mr. C. LeR. TROTMAN: Mr. Speaker, there are two things which I would wish to comment on before I get to the core of my submission and they have been touched on in the first instance by two previous speakers and in the second instance by the Member for St. Joseph.

In reference to the matter of sugar, the Honourable Member for St. James South indicated that the future of sugar was uncertain and the Honourable Member for St. Joseph in clarifying that matter indicated that the sugar protocol was in fact indefinite and that therefore the quantum of sugar was assured. It was my understanding that this was what the Member for St. Joseph was interested in conveying. The real point is not in the quantum of the sugar that is assured but rather the price, and the price of sugar will be dictated by the demand and supply and the typing of the sugar in Europe and it is quite possible therefore that we in Barbados will continue to find ourselves in a position that is unfavourable in that we will continue to produce sugar at prices which are really uneconomical since our production of sugar is at rates which are higher than the world market prices and we therefore have to rely on those protected markets. I think the point that was being made was that if the price of beet sugar dropped substantially, then we would be in trouble ourselves as producers of sugar in this region.

The other point I would wish to comment on coming from the Member for St. Joseph, Sir, is the one where he says that the reason why people stood away from the polls had to do with their not being able effectively to understand and determine what the issues were. I would think, Sir, that in 1986, the situation was exactly the same except that the roles were reversed and yet there was very large participation and involvement and I would think, therefore, Sir, it would be much too simplistic for us to attempt in giving the reasons for the absence of participation in the election exercises, including the election day exercise, to put on that the reason given by my former school colleague and the respected Honourable Member for St. Joseph.

Indeed, Sir, I would wish as my parliamentary representative did earlier yesterday, the Honourable Member for St. George South, he hasn't visited me so I don't know what did happen in the elections....

Asides.

Mr. C. LeR. TROTMAN: Thank you very much. It was safe and I didn't get the chance to vote.

As that Member said, Sir, I am concerned with a point of departure that does not look back in an effort to apportion blame. I am rather concerned with examining the present and looking forward into the future. I am

particularly cognisant of the relevance of that position when I note a comment just made a few moments ago by the Honourable Member for St. Joseph in regard to the Scotland District.

The Scotland District has been neglected, he says. It is there available for various kinds of research activity and as a person myself who originally hailed from that area, I seem to have the recollection that that was so for a number of years and not just over the last four or five. Therefore, I am suggesting, Mr. Speaker, that if we get down to this business of apportioning blame, whether it is a matter of the DLP saying the BLP hasn't done anything or the BLP saying the DLP hasn't done anything, meanwhile the question of what of now and of the future still remains to be answered. My position always has been over the last five years and hopefully will continue to be the same, to endeavour in my contributions, not so much to attach failures or weaknesses as to endeavour to suggest ways and means by which weak areas may be made stronger and the future might be made brighter.

The point of concern that I referred to leads me with my parliamentary representative, and particularly with the Honourable Member for St. Michael South East, to express some concern at the numbers of persons who are earning below the subsistence level and to be concerned that those persons already at a very unfortunate level of existence, have a difficulty regarding any impositions whatsoever. The fact of the matter is that they are being called upon to share in the tax that is proposed by the Minister, and Mr. Speaker, I am concerned with two things, because it is my view that one can make significant comment about a 1.5% for persons who are earning \$100 and get so caught up in that \$1.50 that those persons have to pay that one fails to recognise that the person should not in the first place have been earning \$100 at all. I wish to refer to a number of areas in that regard that cause me some degree of concern and for which I have some suggestions. In passing, I would wish to make a point that in some of these areas, anyhow, the collection of tax may be illegal.

We have areas, Mr. Speaker, where professionals, as has been reported to us, are allegedly paying secretarial help in the region of \$150 a week. We have the area of the minimum wage for domestics. We have the area of businesses which are not unionised and which are severely exploiting labour. An immediate initiative would be in my view to raise the threshold of earning of many of these persons.

3.40 p.m.

I believe the Government should use the example in the sugar industry and in the same way that the Sugar Industry's negotiated wage has been legislated to become a minimum wage in the agricultural sector, I would think that Government could move towards making the negotiated wage in the garment industry between the Barbados

Employers Confédération and the Barbados Workers' Union a minimum wage governing garment workers across Barbados.

This, in my view, Sir, would improve the rate, not only within the garment industry itself where in some instances the numbers are too slight to encourage or permit unionisation or, where there is unionisation, to permit negotiations, but it would also encourage employers in other sectors to raise the level of their wages.

Secondly, Sir, in the matter of domestics, the minimum wage has been set at \$1.50 per hour and this has been so now since 1982. I would wish Government to note my earlier call in these Chambers, repeated here today, to address the minimum wage for domestics from that level of \$1.50 per hour which indeed cannot be satisfactory by any standards.

Whereas, Mr. Speaker, it is true that many people who employ domestics pay them well beyond that figure it is also true that some people make a minimum into a maximum and consequently I am suggesting, Sir, that it is very important for us to address this matter thereby not only increasing the level of payment that maids would receive but in my view also allowing for other people in related areas, people like bedside nurses, to be able to get a better level of wage than they are currently able to demand.

In the matter, Sir, of secretaries earning in the region of \$150 per week, I think we should recognise that those of us who have worked towards improving the minimum wage for shop assistants have been able over time – and the Member for St. Joseph was correct that in 1976 it was some where in the region of \$48 per week – to have worked at that, we have used in our own making a basket of goods which the employers and the people who represented Government at the time, recognised to be acceptable and we have now arrived at a position where the minimum wage for shop assistants is \$150 per week.

Whereas I do not mean to cry down these persons – they are all very important contributors to our society – I think you will appreciate, Sir, that where a person works as a secretary and has to acquire the additional skills of being able to do word processing, and also to have typing skills that are not just mediocre. We should endeavour in this country to set levels of pay which would make it desirable for persons to want to train and acquire such skills as secretaries are supposed to acquire, and I believe that all of us in this Honourable Chamber, believers as we are in social justice, would want to play our part in making for a higher level and an improved level of remuneration at the levels that I have addressed.

That, Sir, in itself will not answer the question regarding whether those persons at the very bottom of the earning levels of the economic ladder are able to afford or

are not able to afford the payment of a stabilisation tax. My own submission, Mr. Speaker, is that when we attempt to address this question we have to look at certain other considerations which have been highlighted within the Budget presentation. The ones I am concerned with are the ones of unemployment, of wastage and of housing. Unemployment and housing having direct implications for the subject I am addressing and wastage has implications for another comment made that I will address coming out of the budget.

The unemployment figures given, Sir, are 18 400 persons. It is regrettable that there is not a breakdown showing where the numbers fall in relation to ages of our population but I would venture the view, Sir, that those persons between the ages of 16 years and 25 years would represent in very large numbers those 18 000 persons being referred to. In my own constituency of St. Michael Central that I can speak for, I am assured that number of young people within that grouping is very high and that furthermore that constituency has perhaps a larger proportion of unemployed than some of the others.

When a constituency is unemployed, Mr. Speaker, when a country is unemployed or has a high level of unemployment that country becomes impoverished and it is my view that poverty anywhere constitutes a threat to prosperity everywhere. It is not a view that is original, it is a view of those who are socialist, it is a view that underlines the formation of the Barbados Labour Party and of the Barbados Workers' Union. It is a view which also underscores the position of the Democratic Labour Party and therefore in that regard we are *ad idem*. I cannot speak for any other parties in Barbados, Sir, but I would imagine that they would have to speak regarding whether they subscribe to that principle.

The harsh reality of the situation is that wherever we have pockets of poverty, of people unemployed, those persons by virtue of that said unemployment will put pressure, not because they want to, on the rest of society and will impoverish the rest of society.

The time at our disposal does not permit for any full discussion of that aspect of the matter and indeed, Sir, I do not believe it is necessary for us to develop that issue, I think it is given. I do not believe, Sir, that we can afford to exacerbate the problem of unemployment in Barbados. Already it is unacceptably high, much too high. It is necessary first of all not to increase unemployment and secondly for us to prepare the unemployed for functional employment in those areas where economic activity is being stimulated.

In my own constituency of St. Michael Central, Sir, we have commenced a series of training programmes in an effort to assist in this exercise. We are training in toy making, in crochet, in dressmaking, cooking, floral

arrangements and basic English and we shall shortly be embarking on a training programme in basic carpentry and masonry. But, Sir, we are not a certifying body and in any event we are much too small. Constituencies or Parliamentarians, which ever one you take, Sir, cannot, even if they all embarked on similar programmes, address the important need there is for us to meet this matter of employment preparation and therefore I am of the view that the Samuel Jackman Prescod Polytechnic and the National Training Board must be able urgently and immediately to increase the training that is being currently provided, firstly to prepare more persons to be able to enter the job market when the stimulation takes place and when jobs become available in greater numbers and, secondly, so that more persons can be taken off the unemployment line.
3.50 p.m.

Persons who are in fact engaged in activity that is disciplined will be persons whose minds are conditioned and who are prepared for meaningful roles in the society and who can become net contributors rather than marginal members of our community.

I wish in this regard when I speak about unemployment, Sir, to make a passing reference to National Insurance and to the plan which the Minister of Finance, the Prime Minister, has for meeting the social partners. Any meeting of the social partners must clearly be recognised as being vitally important. I would think that one cannot deny the importance in having the social partners meet to discuss any item that has relevance and importance in this country. I wish, however, to make the point that a meeting to discuss the rationalisation of the Severance Payment Scheme and the Unemployment Benefit Scheme should not be seen as an alternative to, or an adjunct of, the previous commitment of the Democratic Labour Party Government to address the matter of the number of weeks of layoff that a person must undergo before that person is able to make a claim for severance. The two things are not necessarily related and were not addressed in consonance one with the other, and I think that the commitment to address the layoff situation is urgent and pressing. In any event, when the social partners meet, it is quite possible that in the effort of the parties to satisfy the interest of their constituents – or their principals, depending on how you are looking at it – the dialogue may be protracted and that much time may elapse between the first meeting and an eventual resolution of the matter. I do not believe that the matter of the layoff can afford to wait for that kind of discussion, the need is for much more urgent addressing of the subject.

Some good time ago, Mr. Speaker, a highly placed civil servant told me that when he took responsibility for a particular area in the Public Service he found that a man was being brought on to work early in the morning and was being guaranteed overtime so that he could fetch the daily newspapers. I did not at first believe it until I recognised that it was not an idle statement. Granted, it was some years

ago and I am sure that that situation does not obtain now, but I make that comment because I recognise that the budgetary proposals suggest that the Government is looking at certain areas of wastage and is looking at Statutory Boards with a view to having them become at least viable. I have made the comment, therefore, to suggest that if certain elements of wastage are removed, this might mean that there will be no need for any automatic increase in the price of services to the people of Barbados.

The example given above, Sir, is only but one of the several things that one would hear if one, like my colleague and myself, is involved in the business of representation of workers. We in the trade union movement frequently find ourselves in situations where either the Barbados Union of Teachers or the National Union of Public Workers or the Barbados Workers' Union as institutions are very soundly abused, sometimes on the call-in programmes and sometimes by the politicians, when in fact we have often made and frequently made the call for efficiency. We still believe, in our institutions, that it is not fair or reasonable for overtime or any other element of wastage to be so arranged that one or two dozens of persons in areas where hundreds are employed may have overtime many times exceeding their basic wage or salary and having that then reflect on the rest of that particular Department or Ministry, and reflect adversely as well on the taxpayers of our country. I believe, Mr. Speaker, that if the matter of wastage is dealt with frontally, we may be in a much better position to address those statutory institutions which the Prime Minister spoke about when he referred to the Barbados Water Authority and to the National Housing Corporation as Statutory Boards and to the Post Office as a Department of Government that are significantly revenue earning. He might go beyond that to look at other Boards as well and the point, Mr. Speaker, will be made.

What I am suggesting, Sir, is that it is very necessary for closer audits to be placed on Departments of Government with a view to ensuring that the revenue collection is optimised and the revenue expenditure is kept within proportions that are satisfactory to the administration of those Departments.

Now, I wish, Sir, to make some comments regarding the matter of housing. In these three areas I am making the suggestion that where the Government intends to address especially unemployment and housing, even where it imposes measures that I find personally unacceptable, if the overall attempt, interest and intention of the Government is satisfactory, then I will have to recognise the overriding importance of the aim of the measure.

Housing and employment represent significant concerns, I imagine, for all of us within this institution. Barbados has to be fed and it has to be housed. It is against this background that I wish to refer to the Budget's position on housing. The Minister of Finance has imposed an

additional 1% on mortgages, and in that regard I suppose that additional monies may be made available by lending institutions. I am satisfied that that is the intention of the measure. But whereas, Mr. Speaker, I am satisfied that that is the intention of the measure, that money is going to be more expensive. Because it is going to be more expensive, it is going to fall outside of the capacity of what sometimes we miscall the average man and the average woman to be able to obtain it.

4.00 p.m.

Then the restrictions and the qualification will become even more great and I therefore think that we have to find a set of measures which can work along with private money in order to assist those persons, young and not so young alike, who are interested in either owning a home or in improving a home. In that regard, Sir, I would wish to suggest that we should move towards establishing a national housing trust fund. I would philosophically accept a levy in such circumstances where there was a housing trust fund. I would imagine that that fund would need to be set up initially with some kind of money and if we had a levy of some sort that was imposed say, for two or three years, which would be able to give money for that fund, Government perhaps could go ahead and borrow against an estimation of the quantum of money that would be raised and then it could be refunded. After that two or three years, Mr. Speaker, the monies within the fund could be treated in such a manner that where the individual called upon the trust fund for a loan to build a home, to assist in building a home, or to modify a home, then that person as with insurance would not be able to make a reclaim for income tax purposes. Where that individual having made a contribution did not need, or does not need to use the fund after the initial submission, I am suggesting that that...

Mr. SPEAKER: The Honourable Member has one minute to go.

Mr. C. LeR. TROTMAN: ... I am suggesting that that person, Mr. Speaker, would then be in a position where he or she would be able to make a claim on that contribution towards the housing trust fund.

I do not believe, Mr. Speaker, that purely by virtue of making more money available to the private sector we are going to be able to help people who in large numbers are requiring housing to have the necessary funding. Unless there is a tripartite body set up, and this is the one I am suggesting for the trust fund, unless there is a protocol governing how the money will be lent then I am afraid that we will not be able effectively to deal in this matter of feeding our people and housing them. I am obliged to you, Sir.

Hon. W. O. FRANKLIN: Mr. Speaker, Sir, I have noted running right through this whole debate what seems to be a problem of the Opposition's contribution. It is

mainly this, Mr. Speaker, fortunately or unfortunately, many of the Members of the Opposition sat in government as Ministers and are very aware of the procedural arrangements of Government. Long before the elections the Opposition has been forecasting or at least been putting abroad that the economy is in very bad state and the Leader of the Opposition has even gone on record as saying that if the Barbados Labour Party wins the election that we should not expect any easy times; that very tight methods would have to be put in place in order for them to bring the economy back. Because of this background, Mr. Speaker, I think they are having a problem with the budget because the budget is seeking to do just this.

Before I get into my main discourse on the budget, I just want to get back to the topic that has been touched on by three Honourable Members and this is the matter of the future of sugar under the Sugar Protocol. The Honourable Member for St. Joseph quite rightly raised the point that the protocol is one that has no time limit but that is not the difficulty we have been receiving with the protocol. Over the last 18 months, we have been having severe strains and pressure on it insomuch that we, the Ministers of Agriculture in the ACP countries had held two meetings during the 1990 period, one in London and one in Luxembourg dealing with the future of the Sugar Protocol.

The first thing to be noted is that there has not been any increase in the price paid under the protocol for the last five years. Far from there being an increase, there has been a 2% reduction and all the indicators are that this 2% reduction will even be further since the message that is coming out very clearly from the EEC countries is that they are not going to pay the ACP any better price for cane sugar than they are paying for beet sugar. As a matter of fact, it is instructive that in the meeting where I led three Ministers of Agriculture, myself from Barbados, my Jamaican counterpart, a Minister from Fiji and one from Mali, we had a meeting with the Director of Agriculture from Germany and at the end of the meeting he made the statement which is instructive. He asked this question: "Do you really believe that the EEC still needs the ACP sugar?" What we have to understand is that when the Sugar Protocol was put on the books the EEC were importers. They are now exporters of sugar, the EEC collectively. The unification of Germany has placed even additional strain on the protocol and the allocation, and I will tell you why. The combined Germanys have just put in for a quota under the European Agricultural Bill which we know is about 200,000 tons more than they need for their domestic consumption and there is every likelihood that they will get that quota and what it means is that that quota has to come under and be considered under the protocol and there is a real fear among us from the ACP that the allocation we now have which is about 1.5 million tons might be decreased by 200,000 tons. That is not our only fear. Our fear is that with the unified Germany and the further production of beet sugar the supply of sugar in the EEC is going to outstrip demand and

force the price of beet sugar down and we are put on notice that they are not going to pay the ACP for cane sugar above beet sugar. With the gap between the price we are receiving from the ACP now, even if we get a favourable conversion rate of the ECUs to the Barbados dollar, and the cost of local production of sugar ever widening and with the gap between world market sugar and our production costs here being worlds apart, it is coming down that in order to secure that foreign exchange, there is a very heavy subsidy for our sugar here in Barbados.

I have contended before that that heavy subsidy also has implications for the same foreign exchange that you are trying to preserve because it goes into the domestic money supply and creates a further demand for goods and services overseas, so we have to say that as much as we realise that sugar is important to us from many points of view we cannot hide our heads over the implications for it under the present ACP arrangement under the protocol.

Mr. Speaker, today's exercise is just a continuation of the exercise that started six months ago. Between August and September as is well known by all of us who serve as Ministers, departments and sectors of Government are asked to put together their requirements for the estimates of the department. Those estimates are then put together and the Minister sits down and he goes through the whole estimates of his Ministry and he prunes and he cuts to make sure there is no wastage and that the money being asked for is absolutely needed, what we call zero budgeting. When this is finished, the estimates then go to the Ministry of Finance where you have to defend further your estimates before the Ministry and they do further cutting, Mr. Speaker, and when that is done they then put together the estimates and the estimates have a further test that they are brought here before Parliament where the Opposition is given the opportunity to scrutinise the estimates.

4.10 p.m.

In most cases, as we have heard from them, they were complaining about cuts on Youth and Community Development, Housing, Agriculture, Welfare, as I heard this morning, the Child Care Board and the National Training Board. The only area they seem to be complaining that there was wastage was the St. Joseph Hospital where they have said we have spent too much money so far, Sherbourne and Ilaro Court. I say all this to come to the conclusion, Mr. Speaker, that the Estimates we have debated and approved, have been examined inside out. We had come to the conclusion that for the minimal functioning of Government, that is the sum of money required. Therefore, when you put the equation together that we have to deal with, cutting Government expenditure, we have already done the job on that. The other ones are generating additional revenue and borrowing. We have examined that theory.

I want to make sure and reinforce that all the people who are listening for the first time understand that this Government is not a wasteful Government. I have gone through and I have taken out some of the things we have voted money for. Mr. Speaker, I would like to take them slowly because it is instructive. Statutory Personal Emoluments – \$298 million. Where is that money going? It is going to the persons employed by Government which in turn is going into the household. Other Personal Emoluments – \$148 million, National Insurance – \$23 million, Health Levy – \$4 million, Transport Levy – \$1 million. This is about \$475 million. It is not only staying there. The distributive sector in Barbados is totally dependent on the domestic financial situation. The manufacturing sector is also dependent on it. Without this position of wages and salaries those two sectors would slow down. Slowing down would mean there would be further lay-offs of people adding to the unemployment situation.

I have looked further and there is a debt service this year of \$290 million. I think both sides of this House are agreed that debt servicing is a result of borrowing money for the development of Barbados. It is only fair that the future generations of Barbados should pay off some of this money. It is just like if you put out your major outlay on the mortgage of a house. It takes you 20 to 25 years to pay off for that mortgage. Sometimes it has to be continued by your children whom you have left the house so debt service is another problem.

We then looked at allocations to certain statutory bodies. Let us take the Sanitation Department – \$17 million. Where is that going? It is going to improve the environment of Barbados, to keep it healthy, keep our people healthy and create the kind of climate that would have a healthy work force available to the private sector that I am going to come to later.

The Community College is allocated \$8 million, a further development of the work force by the Government and the private sector. The Tourist Board – \$22 million and a further \$2 million for tourism promotion. The Government only has two small hotels. When those people come here to Barbados through this promotion effort they go into private enterprise hotels. Therefore, if private enterprise has to help to this end, they are benefitting from it. The National Training Board is allocated \$4 million for training of the said persons that we have been talking about here today to go into the work force to help our people.

One of the most serious problems we have and all of us who are representatives see it when you meet with your constituents is that because of the educational system we have, about 95% of the persons under 35 years have gone to a private secondary school. Unfortunately, about 75% of those would have failed to reach their objective of achieving their CXC or GCE. They fall below their expectations in attaining white collar jobs. They fail to

achieve the minimum qualification for white collar jobs. They have no skills. They are frustrated so they fall right through the employment ladder to be casual employees or labourers. The National Training Board is coming in to fill that gap where through our apprenticeship programme, our skills training programme, our attachment programmes and our small business programmes we are trying to train the people. In the National Conservation Commission that I have responsibility for, \$13 million has been allocated. Mr. Speaker, I went through these to set the pattern for what I am coming to.

Government has the responsibility to provide the type of environment for the private sector which I am told are the engines of growth in the community to provide the additional jobs and foreign exchange needed. The expenditure I have just quoted to you, Mr. Speaker, goes towards that. What makes Barbados a place appealing to our offshore people? A stable economy, a place where there is law and order and a justice system that works, a very trainable work force as a result of our educational system, good infrastructure, roads, airport, seaport, telephone system local and overseas, a good health service that executives want to know when they come here with their families if they should take ill their families have access to good health service, we have to pay for all of these things. This is exactly where we have gone in our expenditure.

We come to the last process of this operation, the Budget today. The Budget is now concerned with having set about and deciding in your mind that you have pruned all of your wastage, you have to generate the money to operate it. There is a short-fall between revenue and expenditure. Therefore, this is what the Budget is all about. The Prime Minister has sought to bridge that gap which is a wide gap. We acknowledge that. What he has done is to introduce an additional 2% increase in the Consumption Tax. This is expected to generate about \$60 million. He has introduced a Stabilisation Tax of 1.5% right through. I know a lot of talk has been made about the 1.5% being placed on every working person. I believe that in times like these all Barbadians in order for them to appreciate the situation and the position that they are in, would contribute to any means whereby you are doing it.

I believe that all Barbadians, even the maids that are working for the \$100 that has been talked about, if they are asked to pay \$1.50 would make that contribution because they are fully aware of the fact that in making that contribution, they are saving Barbados from the very serious problem that can arise as a result of not filling that gap. I am certain that they would like to see Barbados continue to progress and not lag back.

4.20 p.m.

Let us look at the scenario, Mr. Speaker, as I see it in my layman's language for not filling that gap, not making the contribution and let me take time out to talk to a few

people in Barbados. There are a few practices in Barbados that I am beginning to observe and I believe we must talk about. One of the problems that we have been complaining about is that of foreign exchange. I believe that one of the surest tests of seeing whether or not there is available foreign exchange is what you pay for money outside of the central system. You are still at the stage in Barbados where you can go – and there are a lot of persons I know – outside of the Central Bank system and buy US\$1 for BDS\$2. That is instructive as far as I can see. It is instructive because it indicates to me that there is a fair amount of foreign exchange not getting into the system. I want to say that there are a lot of persons to whose patriotism I want to appeal to try and allow the foreign exchange to go into the system.

I will give you an example of what I am talking about. One morning I was in the gym and there were two young persons in the gym whose company works exclusively in the tourism industry and they were not aware that I was listening. A statement was made like this, "We would not put a cent of any foreign exchange that we get from our operation into any banking system in Barbados. It is getting out of Barbados at the first available opportunity." As long as you keep your ears to the ground here in Barbados, and political persons have to keep their ears to the ground... We realize there is a fair amount of foreign exchange not getting into the system.

When I make my query as to whether or not the time is not ripe for the Central Bank to have a more robust programme of monitoring I am advised that the Central Bank's response is that as soon as you start to pay too close attention to any of these programmes people seem to tighten up and therefore they do not go too hard on it. But let me pass on that by saying that I appeal to those people to let the money get into the system because that is one of our severe areas.

Another point of divide that I was listening to is the Opposition's complaint that Government has been spending too much money. As I said earlier in my simple way, I look at it this way. The distributive trade, the small manufacturers of Barbados are almost totally dependent on the domestic financial market. A large amount of it is coming from Government wages and salaries and private sector. If this is reduced there obviously is going to be a lay-off in the distributive trades and in the local manufacturing sector as well as the local construction sector. If you have lay-offs in those sectors there must be a reduction in the spending force of the people and therefore the amount in circulation. If there is a reduction of money in circulation there must be a reduction in taxes which means that there is a further reduction in Government revenue. Having recognized that most of Government's expenditure is almost inescapable the further reduction in Government revenue could only lead to a widening of the gap between revenue and expenditure. This widening of the

gap could only lead to more borrowing which as the expert would tell you would have as a result an erosion of the exchange rate position and eventually lead into a programme with the IMF.

What is the Opposition therefore saying? That we must not:

1. tax to narrow the gap and distribute this tax among as many persons as possible;
2. borrow wherever we can borrow; and
3. hope and entice the private sector to expand the productivity of the private sector to take up that.

We as a Government have done the role, as I said, by preparing the kind of economic climate, by preparing all of the background, the physical resources, putting in place the laws, putting in place the infrastructure, putting in place the human personnel, having available trained human personnel so that the private sector should take the ball and run.

We talk a lot about our offshore sector but the offshore sector in Barbados has been successful to date because all the things that they look for in a domicile they find in Barbados. But they can only come and would continue to come if the level of expenditure of the Government is at the level where those things remain in place. Therefore I am making a special appeal to all of those persons to come forward and produce and increase the productivity in the private sector.

There is also a lot of room for the increase in productivity in the public sector as well. I would like to take this opportunity to signal to the public sector that they are relatively privileged persons. They have security of tenure, their pay is not too bad and we should seek as public sector persons to increase productivity.

Mr. Speaker, I have had the experience, I believe, in this House of working at all levels. I was a public servant then I went into private enterprise and am now back in Government at the executive level. I can see it from those three positions that there are areas in the public sector that we could improve and increase our service to the people. Our public sector officers are not always conscious of the fact that time is money in the private sector and that they should react as quickly as they can. They are not always conscious of the fact that courtesy in the public sector goes a long way towards making the service they offer a lot more acceptable by our Barbadians and by our visitors and of the importance of punctuality and attendance in the public sector. Because of the size of that public sector any time you have any lack of punctuality or any absenteeism it mounts up because you multiply it by a big factor of the number of persons.

In summary what I am saying, Mr. Speaker, is that we are at the crossroads as has been so readily said. But I believe as the Honourable Member for St. Joseph has said we have not gone to the stage where this economy cannot be remedied. All we need at this time, and I am certain the Prime Minister has been levelling with the people out there, is for all Barbadians to acknowledge that this is their country. Most of us do not have any place else to go and if, like in a household when you have a little problem you make some sacrifice, they are called upon now to make some sacrifice they should make it. The question is not whether or not the situation is as a result of inept management by the DLP as the Opposition would want me to believe or whether or not, as my colleague from St. James South so ably pointed it out, external forces have a lot of effect on it. The point is that we are at this position at this time and any rhetoric about why we are at this position is not really meaningful. What is meaningful is that we accept that we are at this position, we acknowledge that the Prime Minister had to take the steps that he has taken and might have to take further steps, we acknowledge that we as a people must apply ourselves to develop this country because it is our country.

Let me take two areas that I have some responsibility for quickly before I finish. One is in the area of labour. Through our department it is our wish that the industrial relations climate in Barbados remains stable and peaceful. Our number one objective is to increase productivity which has to be a joint effort between employers and employees. I have said before productivity is a tool of management but productivity is also measured by the output by workers. Together they have to work to increase the productivity of this country. It is a must and the Ministry would provide whatever backing services we have.

The other sector, and it is spending quite a sizeable sum of money, is the NCC. I would say that the NCC's job is just as important because we are adding to the beautification of this country, we are providing an environment that makes it peaceful and restful to all Barbadians, it removes a lot of the stress and strain where you had ugly surroundings. Only last bank holiday if you had gone to the Three Houses Park you would have seen the thousands of Barbadians that my colleagues brought to the Three Houses Park relaxing.

Aside.

Hon. W. O. FRANKLIN: Three Houses Park in St. Philip. My colleague, the Minister of Health. They were relaxing in the congenial beautiful atmosphere overlooking my little stream, overlooking the countryside that is well occupied with crops and not a countryside where there is bush. There are bananas up there, onions up there, carrots up there. They are being irrigated and you could see a people, despite what you are saying that they had known of the Estimates, people who were contented. I am certain that

those persons would be contented to continue to contribute to this economy in whatever way they can in order to keep that level of environment that they can relax.

We are also adding to the tourism product by making Barbados beautiful and wholesome. It is a further plus to the tourism product. The NCC by providing thrills at the Joe's River Forest and Jack-in-the-Box Gully, providing additional activities for the visitors of this island are playing a critical role.
4.30 p.m.

Mr. Speaker, in closing, my appeal is a simple one. I have demonstrated that the level of expenditure has been trimmed and cut to the bone, that any further reduction of it would mean layoffs, a slowing down in the private sector as well that depends on private sector wages and earnings and services to be given. Therefore, if all of us collectively as a people, including those persons who now, Mr. Speaker, are so well off that because of the new Companies Act are forming one-man companies and paying their salaries into those companies and paying corporation tax instead of income tax – there are more and more of those persons who are making a lot of money out of this country as a result of the climate developed and created by all administrations over the last couple of years – if they too have to make an additional contribution to it, they can make it. Personally, Mr. Speaker, I would have thought that the Prime Minister was a little light in his hand as he could have been a little bit more advantageous and take the opportunity to do the correction a little faster than it is going to be. But, as the Prime Minister has said and has demonstrated, whatever measures are needed to put back the Barbados economy on the right road, he is prepared to take and I can only ask Barbadians to be reasonable, to put aside the fact of however we got here, be it the DLP's fault, which I don't admit, or external circumstances, or a collection of both of them. We are where we are and we have to introduce corrective measures and we should all join together to introduce those measures.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, I have heard the pleas, sterling as they have been from Honourable Members on the other side and most recently by the Honourable Member for St. Philip North imploring Barbadians to rally around the Government as West Indians were urged by David Rudder to rally around the West Indies and to become very patriotic in these times. Those are, indeed, lofty ideals but I am not going to give the assurance for Members on the other side that I am ready to make the same plea in similar terms, because Mr. Speaker, at the heart of this debate is a serious moral issue of trust. At the heart of this debate is the moral issue of the proper conduct and standards of behaviour that Barbadians must demand of politicians. At the heart of this debate is the pervasive question of the public confidence in politicians and the whole political process. At the heart of this debate is the philosophical question whether the public at large

should really be asked to contribute and lend their weight to a set of policies to rescue Barbados when Barbados has been consciously, deliberately and wantonly plunged into a sea of economic turbulence by a government concerned and obsessed to return itself to office at all costs even involving the cost of wrecking the economy. All those questions are at the heart of this debate. Now why do I say that? Implicit in the first few statements made yesterday by the Honourable Member for St. Philip South was an attitude that a couple of months ago we had an election campaign. A number of things were said during that campaign for the purpose of elections. Now the elections are over, let us forget it. He says now: "if they were only intended...."

Asides.

Mr. SPEAKER: I am not allowing any interruptions of that sort. Continue.

Mr. D. A. C. SIMMONS: Two days ago, a publicist of the Democratic Labour Party, who says he has some acquaintance with economics was at pains on a call-in radio programme to make a similar point that we could say a lot of things prior to the election, now the election is over we have to deal with the reality of Barbados, forget the statements that were made then, forget the impressions that were left upon the electorate and let us deal with today's budget.

Now, Sir, it is not so easy for us in the Barbados Labour Party representing 43% of the electorate in the last election to just glibly pass aside the events of December 1990 and January 1991. We can't be so glib, because the public of Barbados deserves to know how it is that all of a sudden Barbados has been plunged into a state where in the language of this Resolution, I quote, Sir:

"It is imperative that steps be taken urgently to correct imbalances in the public finances and the balance of payments and the economy generally:"

Less than four months ago, we heard a slogan about someone in Barbados, I presume, Sandi is Sound.

Asides.

Mr. D. A. C. SIMMONS: Whoever that person is. They said he is very sound. So sound? Get us out of the problem on your own.

This DLP manifesto, Sir, boasts of their bountiful Barbados on every page. Now, in April 1991 we are being told that things in Barbados are no longer so bountiful and our support is being enlisted to help drive away the storm clouds. It can't be that easy. Mr. Speaker, Sir, in your own constituency at a place called Free Hill, Black Rock, on 13th January 1991, the Minister of Finance and the Prime

Minister of Barbados said these "words" – my notes. This is what it says and I quote:

"Those policies which we have been pursuing ever since May 28th, 1986 have been very successful, to the extent, that by 1989, they have brought Barbados to the highest level of development and growth ever reached by Barbados in its entire history.

This is no idle boast. Bring the record of any previous Government in the history of this country. Compare it with the 4½ years of the DLP since May 28, 1986 and you judge us."

And hear the finishing words, Sir:
4.40 p.m.

"They can't have needles and pins with us". I believe you were there, Sir, and you will recall the words. In Independence Square on the 6th January this year the same Prime Minister said, Sir, the Barbados economy has been performing like Sir Garfield Sobers in his prime. We have been batting like Gary Sobers has batted throughout his career, creating records all the time. In 1989 GDP reached a record breaking level.

Mr. SPEAKER: I have already cautioned members in respect of making such interruptions.

Mr. D. A. C. SIMMONS: Thank you, Sir.

Mr. SPEAKER: As long as your side remains as I expect them to, I will deal with those who contravene the orders.

Mr. D. A. C. SIMMONS: I am very grateful. Much obliged Sir. Sir, the economic report for this year, laid on Tuesday, records that, not in 1989 but in 1990, GDP was higher than in 1989. They were breaking records in 1990 with GDP and now all of a sudden you are breaking the records and we are told now that things are very bad, it is imperative that steps be taken urgently to correct all the problems.

The signal that was sent by the Democratic Labour Party to the mass of Barbados during the last election campaign was that all was well in the land. The Prime Minister cannot reasonably enlist our support unless he comes and explains to the public how it is that the public was misled into a belief that things were so good and four months later are now being told that in fact they were not.

You know what happened, Sir, during the campaign he dwelt upon the year 1989 and omitted to tell the public of Barbados the truth about the year 1990, when we know that all of us have access nowadays on a monthly basis to the financial and economic statistics of the Central Bank, a yellow book, and we are all able to read and understand the

implications in the figures that appear in that digest. And, notwithstanding the fact that the Opposition and the Barbados Labour Party in particular tried to convince the electors of this island that things were not as the DLP would have them believe, the people believed the DLP. They now have to grapple with their consciences this week. That is for them, they have to determine now who was telling the truth. That is why I say this debate involves notions of trust, whom you are prepared to trust and believe, Sir.

On page 2 of the budget the Prime Minister who characterised himself last year as a great economist, a great political scientist, a great leader, even a counter puncher, told us on page 2 of the budget, "When storm clouds threaten the economic landscape with foul weather, it is timely to take protective and corrective measures." He can now add to all of his qualifications that of weatherman. What he has in effect done, is to have put this country on economic hurricane watch in April – not August, September or October – in April 1991. A few months ago, you never had it so good, now you never had it so bad and we are asked to forget the past, forget how the people were fooled, forget how the people were duped, join hands, rally 'round and be nationalistic. That plea for nationalism, for a joint approach to the solution of the problems would not ring so hollow were it not for the fact that the present crisis, and it must be a crisis, the language of the Resolution itself attest to that, were it not that the present crisis was contrived and engineered by the Democratic Labour Party. It was of their own doing.

The Honourable Member for St. Peter has dealt with the first paragraph of this Resolution beautifully. Whereas recessionary conditions adversely affected growth in the international economy including the growth of our major trading partners, that doesn't stand up to scrutiny in light of government's own economic reports.

I go a little further, the Resolution also says that Barbados suffered a contraction in real output in all major sectors except agriculture. I don't agree with that. Look at Table 27 on page 51 of the Economic Report, we are being fed, even now, a lot of information, only part of which is true. I am going to give you a sample, Sir, this is not our work, this is the work of the Minister of Finance, this is what is published, prepared by the Ministry of Finance and Economic Affairs and presented by the Prime Minister and Minister of Finance.

Peanuts, you haven't produced any since 1986.

Yams, in dollar terms, Sir, 1990, 1.7 million, 1989, 2.4 million, production fell.

Beet 78.4 thousand as against 285 thousand the previous year.

Pumpkins 174 thousand as against 160 thousand the previous year. Up by 14 000.

Carrots, 1.4 million as against 1.7 million in 1989.

String beans, 446 thousand as against 520 thousand the previous year.

Tomatoes 334.8 thousand as against 576.6 thousand in 1989.

Cucumbers 350.4 thousand as against 430.7 thousand in 1989.

Cabbage 330.4 thousand as against 413 thousand the previous year.

All those were down in 1990 as against 1989. It is there you all can check it. Basic ground provisions and vegetables, production is down. I am not talking about milk, and chicken. I am not talking about meat. I am using their table, Sir, and I was dealing with vegetable production and ground provisions. Even chicken I believe was down last year. Yes, 500 000 from 10.733 million to 10.233 million. So, even in agricultural production there is not a sufficiently consistent growth throughout the whole spectrum of agriculture to merit paragraph 2 of this Resolution.

Now, Mr. Speaker, members on the other side, certainly two to my certain knowledge have in this debate and during the Estimates Debate alleged that the reason for the present crisis and the reason why it is necessary for Barbadians to respond to the call of the Prime Minister is that there is a problem with debt, there is a problem in the servicing of debt. The Member for St. Michael South Central last night made the point and the Member for Christ Church East during the estimates debate today, I did not hear him today, I was in court, also made a similar suggestion.
4.50 p.m.

Mr. Speaker, in ten years, 1976 to 1986, the Barbados Labour Party borrowed \$450 million approximately. In five years under the Democratic Labour Party they have borrowed almost \$700 million, and the question that has to be asked is for what purpose was that money borrowed, and to what was it assigned? You can look about Barbados and see the roads, the schools, from that lovely Tom Adams Highway, Sir, the schools under the World Bank Project, the harbour at Oistins, the harbour in town, you can see how the money was spent. There was the airport development, there was polyclinic development. For 15 years under the Democratic Labour Party you never had a polyclinic in Barbados. They may have built one, I am not too sure, but all the polyclinics were built by the Barbados Labour Party. That is how we spent the \$450 million over ten years.

Now I want them to tell us what the \$700 million which they have borrowed between 1986 and now has been spent on. I would like the Prime Minister to enumerate the capital projects tonight, because at least once a year, sometimes twice, he comes to this House with Resolutions in terms requiring the approval of Parliament to borrow money for capital development. I have asked on each occasion for him to tell us on what capital project the money is going to be borrowed and have never in five years had an answer. The truth is, and it must be told to the public of Barbados, that the money has been borrowed in the last five years to pay current expenditure, not for capital development. I lay that charge with the full knowledge of what I have said and the implications of what I have said. I want to warn that the next time a Resolution comes in here for us to approve loans for capital expenditure and the Government does not give the House and the people's representatives details of the capital expenditure, I will make it a national issue.

Certain remarks made by Mr. D. A. C. SIMMONS were ordered by Mr. SPEAKER to be expunged from the record at this stage.

Mr. D. A. C. SIMMONS: I submit, Sir, that those shenanigans must cease and we must be given the full facts. We have argued that the problem is not so much debt, but the problem is one of unrestrained expenditure, otherwise known as squandermania. Other Members have spoken about Sherbourne, but Sherbourne is not the only one. What about the coaches that were brought in here for millions of dollars? I wonder where the coaches are now, if they are catching rust up by the Defence Force, or if they are competing with the taximen for business in the tourist sector.

Do you know why we have to complain about Sherbourne? The Prime Minister came to this Parliament in 1988 for the first tranche to develop Sherbourne. We pointed out then that the Government seemed not to have any proper plans for the development of that project. The Prime Minister was man enough – I will say this for him – to admit that it was a hastily conceived project, but he gave the country the assurance that it would be ready by October 1989 to accommodate the CPA Conference here.

Aside.

Mr. D. A. C. SIMMONS: I will find his words for you and I will ask leave before this debate ends to read all. He admitted that it was hastily conceived, and I go further, Sir, and hastily attempted to be implemented, because they wanted to finish it in time for the conference in October 1989. This is now April, 1991. It is far from finished. In the meantime \$21 million has officially been expended up to this point. When we talk of squandermania, it includes bad planning, the purchase of assets to satisfy party gratification, like St. Joseph Hospital, bought for \$6

million. We must have spent almost twice as much as that already on it and it still can't be opened. The Minister of Health will have a chance tonight to tell the country when it will be opened and at what cost, and how much he anticipates will be the annual running cost of the St. Joseph Hospital. When we talk of squandermania and unrestrained expenditure, it involves notions of the award of contracts to the highest bidder in defiance of the recommendations of the expert consultants such as the contract for the supply of windows to the new National Insurance building. It is that we speak of. I cannot even begin, Sir, today, in the limited time to talk about CARSICOT and the millions that have gone down, six million alone, that went down through the eddoes because a debenture was not properly executed and the National Bank had no security.
5.00 p.m.

The implication of this budget this year, the main new area of lashes has come in the stabilisation tax. I want to say that I think I have a little disagreement with the Honourable Member for St. Peter on this. My reading of what the Prime Minister said...

Mr. SPEAKER: I think I should give the Honourable Member ample time to remind him that he has one minute.

Mr. D. A. C. SIMMONS: Thank you, Sir. What the Prime Minister said leads me to the conclusion that the stabilisation tax only affects human beings, individuals. It does not apply to companies. Although I ought to have used the words "persons" rather than individuals. Now, if that is true, it means that the big companies and the corporations will escape but the small fellow from the coconut vendor, even the car washer who washes our cars out there in the yard – I wouldn't call his name in here – even he, has to pay the 1.5%, but the companies have escaped and every individual whether you earn \$15,000 or not – but, Sir, this is a return to bureaucracy and is evidence of a government acting according to the principles of Rumpelstiltskin: "Today I bake, tomorrow I brew..."

Mr. SPEAKER: I do not believe the Honourable Member... You will not have enough time.

Mr. D. A. C. SIMMONS: Sir? To show you how, Sir? That those small people have to file tax returns now where this same DLP exempted them for four years from filing tax returns. That is Rumpelstiltskin, Sir. I am obliged to you.

Hon. M. A. KING: Mr. Speaker, The Honourable Member for St. Thomas has performed like an angry young man, or an angry middle-aged man. He has behaved like a sourpuss, Mr. Speaker.

Asides.

Mr. D. A. C. SIMMONS: On a point of order. He has described me according to my age, Sir, which is not

offensive. I wouldn't even describe him according to his size.

Mr. SPEAKER: No, you wouldn't. That's not a point of order.

Mr. D. A. C. SIMMONS: I object, Sir, to a sourpuss. He can find something a little more parliamentary. He is capable of better language than that.

Hon. M. A. KING: Mr. Speaker, I withdraw 'sourpuss'. I'll even return, Mr. Speaker, to calling him an angry young man, but the fact is that he seems to be berating the electorate for having voted for the Democratic Labour Party in the last election. I don't understand him. The tenor of your speech, I am suggesting, is one of berating the electorate. You are saying to them: you don't have any sense. You don't know what you were doing. But, the fact of the matter is that you talk about the Honourable Member's speech, about the Minister of Finance concealing the facts, camouflaging information and that is a term which I believe has been used by the Honourable Member for St. Peter as well. The fact is, Mr. Speaker, that in September 1990, before the election, there was a Central Bank briefing on the state of the economy which was fully published in the press and from which the information was available and accessible to all and I am saying, Mr. Speaker, that that information was available and accessible to Honourable Members on the other side as well and if they were not in a position to analyse and to utilise that information and understand what was being said and to convince the electorate, the people of this country, as to what the position was....

Asides.

Hon. M. A. KING: ... you kept saying it so it seems you are suffering from a credibility gap. The people of Barbados just did not believe you and the whole point is that the people of Barbados came to that conclusion because of the way how, I suggest, the Members of the Opposition in this country conducted themselves during the course of the last five years. So, if you create a credibility gap for yourselves, that is your problem. The fact is...

Mr. SPEAKER: Just one moment. I don't understand the cross talk at this point in time in view of the fact that I am hearing the Honourable Member for Christ Church West Central. I am asking both sides to restrain from interrupting Members. The rules of the House have not been suspended. At least that rule was not suspended at the beginning of the session. It is still in place and I wouldn't want to get into the act at this stage. So, I am asking Honourable Members now to abide with my rulings from the beginning until the end of this debate. Also, I have to caution Members about holding placards and that sort of information in the Chamber.

Hon. M. A. KING: Mr. Speaker, the essential point I am making is that information on the economy of Barbados is not a secret. The Central Bank reports and statistics are published at regular intervals. Information of all kinds on the economy from public sources, from private sources from banking sources is available to all and sundry throughout the length and breadth of this country. Clearly, the Honourable Member for St. Peter who is the spokesman for Finance for the Opposition can't say that he has not been privy to all of the information which is available. In fact, sometimes you wonder where he gets some of his information, but the essential point I am making is that to accuse the Minister of Finance of camouflaging the true financial position of this country is to do him an injustice because that information is clear for all to see.

The Honourable Member for St. Thomas proceeds in his presentation by talking about a number of areas where production has been down and he refers to the Economic Report and mentions a number of areas where production has fallen. He clearly did not take time to mention those areas where production has increased. Clearly, it doesn't suit his argument to present the other side of the picture as well. For instance, sugar. There has been an increase in onion production, in beef, mutton, eggs, milk. But, just to indicate how statistics can be used to suit any purpose you want it to, Mr. Speaker, if you look, for instance, at cucumbers in 1982, you had 1.7 million kilogrammes, 2 million in 1982, in 1984 a drastic reduction - 307 000 and 321 000 in 1985. Those were years during which the Barbados Labour Party was in office. To use figures just like that do not necessarily prove any points at all.
5.10 p.m.

The fact is there has been growth in some areas. There have been declines in some areas as well. I believe the Honourable Member for St. Philip North has made the point in relation to yams that there was a problem with a disease called anthracnose which was responsible for the decline in the production. If you are going to talk about these issues, let us deal with them fully. Let us also understand that Government is not involved in the production of these crops. This is the private sector activity. If you are indicting the private sector for not producing, press on with that. Let us all understand what our roles and positions are in these areas.

As I listened to Honourable Members on the other side, Mr. Speaker, during the course of this debate, one got the impression that they were trying to convince the public that the Barbados economy was in great shape between the years 1976 and 1986 when they demitted office and that from 1986 there was this dramatic deterioration in the state of the Barbados economy. I think we should disabuse our minds very early about the state of the Barbados economy between 1976 and 1986. All was not rosy as one is being led to believe. I am just going to make two references to illustrate the point I am making.

First of all remember, Mr. Speaker, in those years, certainly in September, 1981 and October, 1984 there were two mini Budgets which were specifically brought to deal with the crisis which was then facing the Barbados economy. I would like to quote from the Budgetary Statement of the Minister of Finance in 1984 to illustrate the point I make about the Barbados economy. At page 928 it says:-

"The performance of the Barbados economy during 1983 must be viewed from the perspective of an open economy, heavily dependent on trade with its major trading partners during a period of adverse economic conditions, a period during which most economies struggled to maintain at least their basic infrastructure in order. Despite the efforts of Government to motivate and sustain activity in the productive sectors of the economy, these were countered by more powerful international forces, which joined to reduce, and partly obscure, the Government's thrust. These forces included high international interest rates, the existence of obstacles to regional trade and the slow recovery in the industrialised world, with its retarding effect on recovery in the developing countries."

If you look through most of the Budgetary Statements of Ministers of Finance in that period, particularly between 1981 and 1986, I think Honourable Members would discover the trauma that the Barbados economy was going through in those years. Yet, in the course of this debate, Honourable Members on that side would want to talk about this Democratic Labour Party administration in 1986 and onwards squandering what they call was the inheritance of the Barbados Labour Party. How do you squander an economy which was in ruins and which was static? What we have sought to do since 1986 was to reconstruct the economy of this country.

Now, in dealing with the Barbados economy, Mr. Speaker, it seems to me the options which are available to any Government are fairly limited and are, to some extent, straightforward. Ministers of Finance from time to time have made the point, and those who analyse the economy of countries like ours, that we are dealing with a small open economy which is extremely fragile and which is liable to be buffeted by all sorts and conditions which exist, not only locally, but internationally as well.

It has become fashionable for us in the course of Budget debates and in discussions on the economy to talk in terms of structural adjustment programmes. We see these things which we call structural adjustment programmes as the way forward for building up this economy in the hope that the economy will be capable of self-sustaining growth and that forever hereafter we would have beaten the problem of the many vicissitudes which affect economies such as ours.

The Honourable Member for St. Peter in the course of his presentation spoke of his agreement with the Minister of Finance that the time had come when it was necessary, and I quote "to take strong imaginative structural adjustment measures to deal with our economy." The Honourable Member for St. Peter from his position as Opposition spokesman can beg the question, what is the nature of the structural adjustment programmes which are necessary? He can hide behind the fact that he is a member of the Opposition. That Opposition has no responsibility to govern. That Opposition has no responsibility to provide the prescriptions for the solution to the problems of the country. The Honourable Member has no need to provide an answer. He can be extremely critical. He can say anything for that matter. When pressed to provide an answer he need not do so. He does not have any responsibility to make any proposals in this regard.

I say to the Honourable Member for St. Peter when criticisms of the kind which are made are made in this context and you then do not go on to make concrete proposals for dealing with the problems, the public will judge your words as mere words without substance. That is, perhaps, why you find that there was such a credibility gap in the public accepting anything that the Opposition had to say on these issues.

I have certainly listened from time to time to the statements made by Honourable Members on the other side on the economy. I think I understand what their proposals are in relation to the economy, even although they do not fully articulate them at all times. I will later in this presentation deal with my perception the approach of the Opposition for dealing with issues of the economy of Barbados.
5.20 p.m.

But I want to look from my own perception and from the perception of the Democratic Labour Party at what the problems of economies like ours are, recognizing the fact that traditionally in this country the source of public revenues used to be income tax, corporation tax and other areas of direct taxation. There has been a move in this country into the area of indirect taxation where lots of Government revenues have come from Consumption Taxes, Customs Duties, Stamp Duties and so forth. I am not too sure in my own mind whether there is some debate about when indirect taxation, as a positive policy measure, was introduced in this country. But my clear recollection is that the method of indirect taxation as a substitute, not a complete substitute but an alteration of the method of direct taxation, was clearly the introduction and the method, the policy method, of the Barbados Labour Party administration. I have no doubt in my mind that that was so.

What happened when the Democratic Labour Party came into office in 1986 was that the policy of indirect taxation was not abandoned. It seems that the people of this

country accepted that the policy of indirect taxation – and I believe that this is the position which had been put by Ministers of Finance of the Barbados Labour Party administration – was a less painful method of extracting tax from the people than the policy of direct taxation. This was the policy which was begun by the Barbados Labour Party administration and was continued by the Democratic Labour Party administration. Consumption Taxes, Stamp Duties were used as a technique of tax gathering.

One of the necessary appendages of a policy of indirect taxation, Mr. Speaker, is that it must of necessity have with it appropriate measures to stimulate business and industry because if you are relying on Customs Duties, on Consumption Taxes and Stamp Duties which are charged on the entry of goods into the country, if you are relying on those duties as a means of revenue, it is clear that business and industry have to be buoyant. This is one of the necessary appendages of indirect taxation, the stimulation of business and industry. I say that in relation to the Barbados Labour Party's administration in the years where they held office, they introduced a number of measures in their Budgets which in their view were designed to stimulate business and industry. A whole lot of measures were introduced by the Barbados Labour Party administration in this regard.

When the Democratic Labour Party came into office in 1986 some of those measures were continued and in the very early years of the Democratic Labour Party's administration that policy was pursued as fully as it had been pursued in the Barbados Labour Party administration time. I do not take issue with that. So that the paradox of a policy of indirect taxation based on Consumption Taxes, Stamp Duties, Customs Duties and so on is primarily is that it depends to a large extent on the country's ability to import goods from overseas and on the collection of these taxes and duties at the point of entry of these goods and services into the country. There is a foreign exchange problem in that regard because if you are going to cut back, if you are going to introduce measures at some time later to dampen the outflow of foreign exchange you are, by the same token, going to introduce measures which will have the tendency to dampen, to control the imports into the country. That I say is the paradox which this policy of indirect taxation tends to create for all governments.

But when one analyzes what has happened since the introduction of this policy of indirect taxation and the extent to which the economy has responded to the initiatives which have been put in place for promotion and stimulation of business and industry, when one looks at the response I do not think any of us can be totally happy and satisfied with what has taken place. That leaves us to consider what is the role of Government in encouraging and trying to stimulate business activity in this country? I believe some Honourable Members on this side have addressed that issue as well. I believe that all sides, both

Government and Opposition, are agreed that in order for business and industry to grow and develop the way we want it that the climate has to be right and that Government sometimes can create the climate and the environment in which business and industry can thrive and develop.

We have to look at the secondary question, should Government in this process be a regulator completely or should Government participate to some extent in the development of business and industry? Some of us feel that the private sector – when I say some of us I am not necessarily meaning any of us over here but those who analyze these issues – some of those people who analyze the issues feel that the private sector should be entirely responsible for generating business activity and for creating the infrastructure necessary for exports and so forth.

So we have from time to time calls for privatization of activities which in the public sector may be producing foreign exchange earnings and may be a substantial part of the economy. Others have dealt with the issue of privatization or no privatization and I do not have time to dwell on that.

One, I suppose, has to look in those areas where Government is the owner of certain enterprises of business and industry at the extent to which Government participates and look to some extent to the reason why Government in the first place has been a participator in that productive process. The Hilton Hotel for instance comes to mind. Government got involved in that sector for the purpose of stimulating development in the tourist industry in that regard.

Mr. Speaker, you will recall too that earlier Democratic Labour Party administrations had taken initiatives in setting up agencies like International Seafoods, even the Cement Plant was one of those programmes. There was a programme for the development of Bath, programmes which have been heavily criticized, let us face it, by the Opposition Barbados Labour Party and in respect of which there was a subsequent Commission of Enquiry. But the fact was that here it was that earlier Democratic Labour Party administrations recognized the need in some regard for Government to be involved actively in some areas where the private sector was loathe to participate and where the private sector was not so to speak bold enough to go. International Seafoods I believe, Mr. Speaker, at one time had a good record in producing substantial foreign exchange earnings for this country. Seven million dollars a year I am told was the figure. But the point is that here was an industry which given a chance to grow and develop could be a useful tool and could be a useful underpinning for the economy of Barbados in producing the type of foreign exchange earnings which we need in this country.

But as I said those enterprises eventually folded up. The Democratic Labour Party went out of office I believe before they got going. It all goes to underscore the fact – and I believe spokesmen from the Opposition have made this point as well – that Barbadian businessmen are not a terribly aggressive entrepreneurial class and tend to be very traditional, to be very conservative.
5.30 p.m.

Traditionally they have been buyers and sellers of products, they have been traders in the old sense of the word, we have been so to speak a nation of shopkeepers, and, for instance, our businessmen never sought to develop a thriving fishing industry. International Seafoods was an attempt by an early Democratic Labour Party Government to move into that area and, so to speak, to try to exploit what in essence has been one of the last horizons of a small country like ours.

So that what is essential in all the dialogue which takes place about the economy and about the need to earn foreign exchange is the need to ensure that you have an adequate and aggressive entrepreneurial thrust. Now, you are not expecting government to train entrepreneurs and to create entrepreneurs. I believe nobody in their right senses would imagine that is a role which Government should play, but the point I am making is this, that a lot of incentives by both Governments have been placed in the hands, so to speak, of businessmen of this country and yet those opportunities have not been fully exploited to the extent that business has grown and developed in this country in the way we would want to see it grow and develop.

When I hear all of the criticisms being made of what is happening to business and what is happening to the economy and so forth, being made by the Honourable Members on the other side about the fact that there is not enough foreign exchange earnings, you would believe that Government is involved in business and it is involved in the business of earning ...

Mr. SPEAKER: The Honourable Member has one minute to go. I will give an additional minute in view of the little exchanges we had and my interruptions as well.

Hon. M. A. KING: So that, Mr. Speaker, in the context of this Barbados economy then, when we are talking about structural adjustment programmes, I genuinely want to see, apart from the opportunities which are provided for businessmen to develop business and industry, I genuinely want to see the substantial proposals which are to be put in place for restructuring this Barbados economy.

Let me just make one final point whilst I have a minute to go. What we propose in this Government is that we will seek in the near future to try and develop through a

system of business investment advisors and honorary consuls abroad to try and promote the interest of Barbados abroad with a view to encouraging investment, with a view to encouraging participation in off-shore financial institutions and with a view to creating a climate, promoting Barbados in every sense of the word and the Ministry of Foreign Affairs will play an active role, Mr. Speaker, in coordinating this whole effort.

Hon. P. M. GREAVES: Mr. Speaker, Sir, since last Wednesday Barbadians have been smiling, not necessarily that they agree or disagree with the stabilisation tax but they were conditioned to expect a hammering from the budget and what they got instead, Sir, was a tap on the shoulder. In time, Sir, I believe that this Budget, together with other measures which will be taken from time to time, will support the statement made by the Honourable Member for St. Peter just around election time, accidentally, I believe, and repeated this afternoon by the Honourable Member for St. Joseph that there is nothing structurally wrong with the economy that good management cannot correct.

Despite, Sir, what we have been hearing from this Chamber, the problems that existed in the economy at election time were there, Sir, for all to see, as indeed has been stated by the Honourable Member for Christ Church West Central. The reports were there, the statistics that are published every month were there, the Central Bank has had a press conference and has made a statement as to the state of the economy and it was there, Sir, for all to see.

The Prime Minister, himself, Sir, sometime previously and not that many months before the elections, weeks before the elections, said that Barbadians must cut and contrive. Now, Sir, that is a very good old Barbadian economic term, because every household in Barbados understands what the term cut and contrive means. So, you find, Mr. Speaker, when the Prime Minister spoke about cutting and contriving he was speaking about the economy of this country. I do not know what Honourable Members expected of us at election time. I don't know they expected us then, Sir, to begin every public meeting as we begin, Sir, with the National Anthem, saying that the economy is bad, the economy is slipping, we have regressed in the economy. Strange enough, Sir, they are expecting that from us at election time, but the Honourable Leader of the Opposition did not expect the same treatment from the Deputy Chairman of the Electoral and Boundaries Commission.

It is not true, Sir, that any Cabinet Minister or any candidate of the Democratic Labour Party at election time ever stated that we never had it so good. I did not say it, no candidate of the Democratic Labour Party stated, Sir, to the best of my knowledge, that we never had it so good. That, Sir, is the interpretation of the other side because they could not fairly take the blows that they got at the elections which they themselves had touted themselves to win. The Leader

of the Opposition, himself, had appointed some Ministers for an election that he was supposed to have won.

Sir, the problems that developed in the economy were principally problems of foreign exchange and balance of payments. Sir, we paid out large sums of money using available foreign currency in settlement of foreign debts and we did not earn sufficient foreign currency to match the money that we paid out. The Central Bank then tightened its control and that itself impacted unfavourably on other areas of economic activity. These are the facts. There are problems everywhere. There are problems, Sir, in the great economies of this world. The problems that we have, Sir, are not unsurmountable, but they do not necessarily demand the kind of harsh and stringent treatment that Honourable Members frighten the population into believing was necessary for the survival of this country.
5.40 p.m.

We boast of being one of the oldest parliaments in the Commonwealth. We boast, too, Sir, of having strong democratic institutions and traditions, but we are yet to develop that sense of responsibility which, together with the other attributes, the use of which we can rightly boast, will qualify us as a great people.

It was irresponsible to charge week after week that because of the state of the economy the currency was heading towards devaluation. It is such a sensitive matter that the economy reacts to the mere thought of devaluation and the result was, Sir, that confidence in the economy was eroded to the extent that persons who had ideas and plans of investing in the economy had second thoughts and those who were already here, Sir, took evasive action. So, such irresponsible talk was calculated to cause harm because, Sir, the closer one got to the election, the more pervasive the speculation became, but since the 22nd January, hardly a word has been heard about devaluation. Before that, Sir, the Minister of Finance almost every week, certainly on a monthly basis, had to issue denials about any attempt to change the parity of the Barbados dollar. Sir, the losers were not the Democratic Labour Party. The loser was not the Prime Minister. The loser was Barbados. It was the country. It was more than irresponsibility. It was simply wicked. The incalculable damage that has been done to this country indicates to me that it should be an offence against the state. I feel so strongly, Sir, about it.

We have a chance now to repair some of the damage that was done to the country by careless and irresponsible talk. The elections are over although some persons do not seem to understand that this is so. Now, Sir, we have the budgetary proposals. We are not that naive to believe that everyone is going to agree to these proposals. No one ever does that. It has never yet happened. Now, there are 250 000 economists in Barbados and every single person has his own prescription for an ailing economy. Sir, this is not the kind of budget that one has in my view to go around

defending. It speaks for itself in plain and simple language. The Minister of Finance has put forward his proposals. They may not be proposals of the Economic Society. They may differ, perhaps, in some significant ways. They themselves may have differences among one another as to how to address the problems, but at least, Sir, we can concede that there is more than one way to address the problem. For sure, IMF would take a completely different route altogether. So, the point I am trying to make is that there is not necessarily one right way and all else is wrong. There is no point in saying that an opportunity has been missed to resolve the problem and we did not adopt the measures that are put forward by the others.

I would like to pose these questions. Does it mean that one is not aiming at greater efficiency because it is not so expressly stated in the proposals? Does it mean, Sir, that no steps will be taken to improve the tax administration because we may not have particularly said so? Since 1986, and in subsequent years we have put in place measures to boost exports in this country and the other side has done likewise when they held the government. That, Sir, cannot be denied. Not all the measures that have been put in place, Sir, either by us or by them have been taken full advantage of by manufacturers and exporters. We put the measures in place and we set up the infrastructural framework and we then leave it to the business sector to utilise concessions and mechanisms that have been made available. However, Sir, I do not always see that warm attachment and enthusiasm applied to make meaningful these measures, which are intended to boost. This is a criticism, but it is a criticism intended to encourage our entrepreneurs to be more dynamic, more spirited and more aggressive and businesslike in order to take advantage of all the measures that we have put in place.

There are some measures which have been put in place recently that we have, probably wrongly, not disclosed to the general public and I will give you a little example. The Port Authority charges persons who are exporting a container of goods at the rate of \$740 per container but the Port Authority charges exporters, manufacturers, \$250 a container. Only recently it reduced that \$250 to \$180. So to that extent, Sir, even the Port Authority is giving some subsidies to the manufacturers in order to assist them in boosting exports.

This talk of wastage. That is one of the problems inherent in our society, not only in government but also in the private sector as well and it has a cost. There is wastage, no doubt, in human resources, of manpower, of materials, stockpiling, overstocking and perhaps, too, in overstaffing. In areas of overstaffing, that can be problematic if there is no other avenue to absorb excess.

Mr. Speaker, I want to relate this wastage to the public transportation sector. That sector is served by taxis, maxi taxis, minibuses, vans and motor omnibuses. In some cases

all vend the same routes and target the same public and, certainly in the case of the Transport Board, at much cost and great loss. Taxpayers are then required through substantial subventions made by the central Government to make up this loss. It is clear to me that the time has come to rationalise public transportation in Barbados, to eliminate some of the unnecessary expenditure in public transportation system. People should be able to travel from one point to another point at a reasonable time, reasonable cost and in relative comfort. This is, indeed, the case now and more.

There is in several areas an over supply of services. This is one area where expenditure can be reduced and we at the Ministry are working out a programme to achieve this without compromising service in any form including the ability of the travelling public to move from point A to point B as circumstances warrant. This is one area of containment in the Ministry but there are others – stock control, stock security, stock ordering, delivery, these are some of the areas that still have got to be addressed and urgently. There have been clamours all around for cuts in government expenditure.

5.50 p.m.

Since 1986 there have been large scale highway improvements and massive tenantry road and subsidiary road rehabilitation and repair programmes, all of which were very necessary, but which have taken a sizeable part of revenue. I want to assure this Chamber, Sir, that my Ministry will make its contribution to the cuts in expenditure in response to the Minister's call for restraint and what Honourable Members on the other side have said as well, so I hope that Honourable Members too will show some restraint and refrain from calling on me for works in the constituencies at this time. Works in progress will now be carried on and priority will be given to work in the Scotland District area, for obvious reasons, and the continuation of Highway 2.

Mr. Speaker, I identified foreign exchange as one of our problems and I share the view that priority of investment should be given to projects that have the capability to earn foreign exchange. Within my Ministry there are two projects which have a foreign exchange earning capacity and which are engaging the energies of the International Transport Division of the Ministry and of the Port Authority as well. I am speaking, Sir, of a shipping registry and of a new passenger terminal within the Port.

From 1982 we had a voluminous and wide ranging Shipping Act providing, among other things, for the shipping registry, for the registration of local and foreign ships. That was intended to be part, I believe, of our offshore business regime, but it was a poor cousin of the offshore sector and apart from enacting the legislation nothing was done to set up any proper registry. Other

places, like St. Vincent, Vanuatu in the Pacific, came and set up their registries and we have been left behind.

A properly organised shipping registry will have the potential to earn over time fairly large sums of foreign exchange for Barbados. We in the International Transport Division are having intense discussions with a joint venture company, which has local and foreign interests, to manage our registry here under contract for the Government of Barbados. It is pointless and non-productive merely to open a register in Bridgetown and expect business to come to us, as though we have something that is really special over and above what other countries which have consulates around the world have to offer. This is what has been happening in the past and we are satisfied that a shipping registry set up in the United Kingdom, which is after all an important centre for shipping, properly managed, organised and well marketed, would be an asset to our shipping registry. By the use of computers and other technology, and working closely with the office here in Barbados it could complete and close transactions as it would have the capacity to take registry documents and to register transfers and mortgages with any outside office.

We are now looking at the Shipping Act to see what amendments would be necessary to bring these things about, but we are targeting the third quarter of this year as the start up time for setting up the sub-registry, which will be in London, and for operating under the contract with the local company so that we can start to earn some foreign exchange for Barbados. That is the shipping registry.

Now the Bridgetown Port. There is little doubt, Sir, that growth in the Port is stunted by persistent unrest at the work place. The settlement in the rationalisation negotiations did not achieve the desired purpose of growth because, in my view, Barbadians are suspicious of change and take long to adjust. Some people at various levels do all in their power to frustrate a transition. Consequently, Sir, the full revenue earning capacity, including the capacity to earn foreign exchange, is not being realised, so steps will have to be taken to bring stability to the Port.

Apart from the growth in freight, there is another way for the Port to enhance its capacity to earn foreign exchange. There are plans for a new passenger terminal so configured that it will greatly increase its shopping area and consequently the variety of goods for sale to tourists. We are also giving consideration to dedicating a section of the Port in which the passenger area falls as an area for free Port business development and activity in a way that will compete with other territories that offer such facilities. Our aim in short, Mr. Speaker, is to maximise Port potential and earn much needed foreign exchange.

Mr. Speaker, for the purposes for which this budget aims to achieve and the context of our economic situation, I have no difficulty in supporting this budget. In 1988 a

surcharge was imposed to correct a particular problem. The objective was achieved at that time. I believe that every Barbadian and every other person now residing in Barbados who has been given that privilege must have pride in this country and if called upon to make a little sacrifice should do so willingly and take pride in doing so. He should be no less proud in his rising to the service of this country than the marines and other military forces were proud to serve their respective countries in the Gulf War. Let me say, Sir, that for those persons who earn, say \$200, I do not believe that \$3.00 is too great a price to pay. In fact, Sir, I think it is a small sacrifice.

I would like at this point to lay to rest some rumours that have been making the rounds in this country about bus fares. There will be no increase in bus fares, certainly in the foreseeable future. I am giving this assurance now, Sir, because somebody somewhere, recklessly and without any due regard for the facts, or the truth as someone said, managed to dupe the public into believing that there will be such an increase. It never entered our minds. I may add parenthetically that the 25 cents increase in fare as had been rumoured, would be more costly to the low wage earner than the Stabilisation Tax by way of comparison.
6.00 p.m.

Sir, I would like to turn to one or two matters that were raised by Honourable Members during the time of their address. The Honourable Member for St. Joseph said that we had done nothing about golf courses nor a marina. Of course, he said too that...

Aside.

Hon. P. M. GREAVES: I am positive, Sir, that is what the Honourable Member said. I can assure him that, in fact, we have done studies on the Graeme Hall Golf Course. It is a project that I fully support. We have had studies done on two areas for a marina within the latter part of last year by some Australians who came here to this country. They looked in the North and in Bridgetown. They have opted for a place in Bridgetown for a marina for Barbados. Therefore, it cannot properly and truly be said that we have done absolutely nothing in terms of promoting golf courses or marinas for Barbados.

We even went so far as to approve the Westmoreland Project. It is not true to say we have done nothing about golf courses which have the capacity, I know, to earn considerable foreign exchange for Barbados and also to employ large numbers of persons. We are well aware of this. The Honourable Member was way off-mark when he said that we had done nothing for those purposes.

Mr. SPEAKER: The Honourable Member has one minute more.

Hon. P. M. GREAVES: Sir, in the one minute that I have let me say that this Budget does not solve our economic problems. We do not claim it as such. It is only one step towards a resolution of the problems that are deep-rooted in the economy which, if left unaddressed, would lead to catastrophic consequences. The rest is now up to us to use the Budget wisely in a way to bring economic stability and growth to Barbados.

I am much obliged to you, Sir.

Hon. H. deB. FORDE: Mr. Speaker, Sir, ever since the Right Honourable Member for St. Michael South, the Prime Minister and Minister of Finance delivered his Budget on Tuesday afternoon, I have been concerned by the extent to which the imperatives of sound management of the economy have had to take second place to the cynicism and opportunism on the part of the Democratic Labour Party leadership. Nothing that I have heard in this debate has relieved me from that concern.

Even though the elections have taken place some 10 weeks ago, I have come to the firm conclusion, having heard the speeches from 16 Honourable Members on the other side, that the Government is still not prepared to be candid with the people of Barbados. Speaker after speaker has used his half hour, or in the case of the Prime Minister his hour and a half, really to avoid the central issues of this debate. The nearest they have come to reality is to report that some people are relieved that the Prime Minister has not taxed them heavier. There is a reason for this. I am going to address it later.

The Deputy Prime Minister, the Honourable Member for St. Michael North says that people were expecting a battering. The Prime Minister has merely given them a tap. What a tap it has been on the poor! More is still to come. He goes a little bit further. He says the Budget does not solve the economic problems. The primary purpose of the Budget is to solve those problems. It is only a step, a step towards what we in the Opposition characterise will be more misery and suffering for the people of Barbados.

It is necessary, perhaps, to reply to the intervention of a few others, Sir. I would start with the Honourable Member for St. Michael West Central. I call him the person who provides comic relief. He was furtherest from the reality. He could find some comfort in the poor performance of the economy even in the decline of tourism, which has been so far the biggest exchange earner and provider of jobs.

Then there was the Honourable Member for St. John, Sir, the Minister of Culture. He thought he could use his time best by illustrating his understanding of poetic licence by attributing to a leading policy-maker of the Barbados Labour Party the advocacy of devaluation of the Barbados

dollar. He asserted that the IMF arrangements of 1982 were attended by harsh conditionalities.

Mr. Speaker, both the attribution and the assertion without any basis in fact are testimony only to the lively imagination of that Honourable Member. The Barbados Labour Party has at all times been at pains in this country to state that it will never favour devaluation. It has performed its functions properly in warning of the dangers of a devaluation if timely action was not taken by the Government to deal with the problems which were confronting the economy of Barbados.

Then there is the Honourable Member for Christ Church East Central. He has some special problems, Sir. His alter ego, the Senator economist, who glorifies in being a member of the Central Bank and, I believe, I have read where he has threatened to kick Bank staff over the corridors, knows that taxation is not the answer to everything. Another heavy dose of taxation will only drive the economy into further recession with the consequence of the loss of more jobs.

The Government cannot say that there will be no more massive lay-offs and hide behind that expression. Already there are lay-offs of temporary staff in the public sector, in the Public Service and at some of the Government Statutory Boards. The Honourable Member for St. Michael East had better be careful. His constituency is going to get a lot of it. There have also been lay-offs in the private sector. They have commenced. If necessary, we can document them. We must be concerned, therefore, about what is happening in this economy.

The Honourable Member for Christ Church East Central also recognises that the Stabilisation Tax is, in fact, another levy. It is a serious question for him. How long can he say and continue to say that he is philosophically opposed to levies, whilst continuing to vote in full support of a Party which in October 1985 told us through its then leader that it was going to abolish the Transport Levy immediately and that levies would be temporary. He used the technique of diversion to draw a wholly unsustainable inference from the speech of the Honourable Member for Christ Church South. What a pleasure it is to have him back in this House. How well he spoke. We are pleased with the experience that he has brought to bear on this debate.
6.10 p.m.

He gave an excellent, as the Honourable Member for St. Thomas says, a stellar performance in this House, Sir. He drew the inference that that Member, the Member for Christ Church South was opposed to civil servants being properly paid. But he forgot in the process that the Honourable Member for Christ Church South was Deputy Prime Minister in 1981 when the public servants in this country got the highest wages increases that have ever been given in the history of this country. The Labour Party has

that record. He also forgot in the process, the Honourable Member for Christ Church South's role in providing benefits for seasonal workers by way of the Unemployment Benefit Scheme of the NIS.

I am glad that the Prime Minister has had to lay to rest the accusation made only a couple of weeks ago in this House by the neophyte Member for St. Michael South Central who said that Unemployment Benefits were in problems. The Severance Payments Scheme is in problems. That is what he says. But the Prime Minister has been specific in confirming that the Unemployment Benefit Scheme is not in difficulties. The Honourable Member for Christ Church East Central has never really particularly appeared to me to like the Unemployment Benefit Scheme.

Sir, the Member for St. Philip South is not now in his place but he really provided me with the greatest difficulty. I find it difficult to reply to some of his statements because they do not make sense. I am sure that the late Honourable Member for St. Andrew, John Wesley Corbin, would undoubtedly have given the seal of approval to the Honourable Member's new term "horizontal inequities". But that does not make it any more susceptible of understanding. If therefore he was making his only substantive point when he used the term it is unfortunate that the House is about to end this sitting without the benefit of knowing what he means. His failure is he does not understand the simple points being made on this side.

We know that the Prime Minister has said he would cut expenditure if he considers it is necessary. But that is not the point. The Prime Minister has told this House repeatedly of the importance of getting the fiscal deficit under control.

In this Budget he tells us that the deficit is due not only to a 3.2% decline in GDP but a sharp rise in expenditure both capital and current by 10.2% I believe it was and I believe 14.1% respectively. He has given us his revenue measures, but he still does not tell us the level of expenditure that he deems appropriate. At the end of the day we have a Budget Speech in which he ends up saying that he will stop projects if necessary and he will cut if necessary. So that we can throw aside the Estimates and the House is still not told the level of current expenditure. The time for action is now.

I will not spend much time on the other Honourable Members. The Honourable Member for Christ Church West Central spent one minute telling us that his solution to foreign exchange and foreign investment is Honorary Consuls, I never heard such a wasteful use of time. The Honourable Member obviously although being relieved of the portfolio of the Attorney-General has not yet been able to grapple with the Ministry of Affairs.

I want to come to the Prime Minister, Sir. It is well to note, Mr. Speaker, that he came in here on Tuesday as though he had just gone through a new conversion. He had become the new prophet of doom and gloom. He was like a Saul on the road to Damascus. He had seen the light and he had now joined the ranks of those he continually characterizes wrongfully as prophets of doom and gloom. In fact he used the language that none of us in here has ever used, his first public admission in my opinion of the mess that he has landed this economy in. He promised that next year would at least be as bad. The word he used to describe the performance of the economy I believe was sombre. What a word! We are going to a funeral, Sir. Gloom and doom.

But there is a difference between this new prophet of doom and gloom and the rest of us. He had sat while the revenue declined, read his daily print-outs from the Central Bank and still decided to spend more and more and without restraint at any time and without spending it wisely. That is the charge we have made continually in this House and elsewhere about the wastage of expenditure.

Now I hear the Deputy Prime Minister telling us that here is wastage. Why did they not listen to us when we told them that there was wastage?

Aside.

Hon. H. deB. FORDE: Everywhere he says now. Everywhere there was wastage. That is exactly the charge that the Barbados Labour Party in the Opposition had been making over the last few years about the wastage in the public sector. One of the biggest areas of waste was the failure of the Government and the Deputy Prime Minister to get the Gantry Crane working in time. He sat down there for a whole year before the Government could bring the solution to the problem. He was not Minister for the whole time. He was a member of the Cabinet for nearly four years. That is another sign of wastage. I do not have the time in the whole of this debate to catechize the wastage, but the Government is now admitting it. The Prime Minister has to take blame for it because he allowed this wastage to continue in the public service. He had powers under the Financial Administration and Audit Act to cut expenditure and protect the balance of payments. He did nothing. In fact, Sir, he did worse than nothing. He sanctioned even higher levels of expenditure than Parliament had approved and he came in here for supplementaries to finance the further disappearance of public funds into the Government's maw.

We have warned, the Honourable Member for St. Peter on behalf of this Opposition warned time and time again that it was unreasonable to expect us to come in and give our sanction in circumstances where a supplementary vote sometimes was 300% what the original vote was. Sir, I am afraid that even if we could run the risk of taking the

word of another Minister we find it on this side very difficult to take the Prime Minister's word when he says there will be cuts, giving assurances about cuts in expenditure. But, Mr. Speaker, Sir, the charge we have laid against him in the reason for his action is quite correctly seen, particularly in the latter days, the last two years of the Government. What he did was consistent with what he told David Ellis in the interview broadcast on Voice of Barbados at the beginning of the election season. That interviewer wanted to know about the tough measures the Minister of Finance intended to take in defence of the economy. The Prime Minister and Minister of Finance told the interviewer that he was a political scientist and he did not intend to commit political suicide.
6.20 p.m.

Let me put that in simple words, that the interest of the Democratic Labour Party and his own being returned to office was more important than the interest of the people of Barbados, none of the statesmanship that one saw from the Honourable Member for Christ Church South when he was Prime Minister of this country. He refused to go down the road of the blandishments of the Democratic Labour Party and back raising and stood by the side of the defence of the national economy and the people of Barbados, and every decision that needed to be taken to avoid the fate that has been visited upon us today, every decision was avoided by the Prime Minister until after the election. It has now become imperative and urgent to take those steps. In the meantime the situation has worsened to the point where today the only foreign reserves we have are the CMCF debt and the country is being visited with a bitter dose of draconian taxation to try to get us out of what he has put us into.

He says that the time for action is now. Well let him state now what cuts he intends to make in expenditure and let the public know who will bear the weight of those cuts and of his heavy hand. Otherwise he must raise the \$248 million and he must state here and now how he intends to raise it.

I think the people of Barbados must have the full facts and no more waiting on this Democratic Labour Party Government to put blandishments over their faces, Sir. So, when a deficit arises during the course of one year, Mr. Speaker, it has to be settled in full within that year and the \$248 million gap cannot be wished away nor can it be carried forward and hence there is no possibility of the Government adopting a phased approach to dealing with the gap. It has to deal with it in 1991/1992 year.

The Prime Minister may well be warned, Sir, he won't be allowed to get away with what he could get away with when there were only three of us in here and the sheer weight of their numbers did not allow us to reply man to man for everything they said. When the three of us had spoken that was the end and we had the weight of their

numbers. Today and yesterday they have heard the full cry of the outstanding opposition team, Sir, every one, even our new members all have spoken with brilliance, with erudition, with great appreciation for, and understanding of the inferences and the nuances of the economy and a feeling for the people, particularly the poor, Sir.

He came in here in 1988 telling us that he had to bury us with taxes because the economy was on the rocks. He blamed the policies of his own party to which he was as full and complete a subscriber as anybody else and he blamed his immediate predecessor in office, Dr. Haynes. When he can't blame them, Sir, he turns around and he blames the Opposition. You hear them tonight still blaming us on devaluation. They blamed the private sector, even when in his own speech of 1990 he said the private sector had responded constructively to the few incentives given.

Sir, the ship of state has been in his hands since 1987. He has been the only skipper, and the state of the economy today is the worst it has ever been and, Sir, should we only blame others and exogenous circumstances and not blame the skipper? Whenever it does good he takes more than their due of praise and therefore, Sir, they cannot blame everybody else. The Prime Minister was no innocent bystander. It is because of him that the poor people of this country are being asked to cut and contrive and make sacrifices that they can ill afford.

Sir, the budget is the embodiment of Government's management decisions and they have to be judged by whether they are timely and appropriate to the circumstances. First, as to time, Sir. Since August 1989 this Opposition warned the Government about the serious problems with our foreign reserves. The Honourable Member for St. Peter on the 1st August before he left issued the warning. The Honourable Member for St. Thomas and myself followed it up on the 4th August in this House and in measured tones so as not to cause people outside to be concerned about it, Sir. Then was the time to take measures. Now 20 months later, action is being taken and that action is one more dose of heavy taxation. In the meantime a problem that could have been dealt with promptly and solved has become unmanageable and the Government response is draconian tax measures, particularly on the poor.

The failure to take appropriate measures in the third quarter of 1989 is what has sent this economy into continuing recession from the last quarter of 1989 and has made it even more urgent to stimulate the productive sectors in order to tackle the balance of payments problem.

Sir, the budget does not even pretend to address those problems. Not a single measure has been included in this budget to expand agricultural production and when we look at the estimates we have seen cuts in the areas in which we could have stimulated agricultural production. The \$1

million for cotton is money for the Barbados National Bank which has been left holding heavy losses for CARSICOT and by extension for the Agricultural Development Corporation on whom the ministerial decision on the planting of cotton has imposed a large financial burden.

The Prime Minister's optimism about cotton is really not to be taken seriously, Sir. The Central Bank Report at page 6 states that, "In addition to insect infestation and seed germination problems, the cotton industry was affected by shortage of labour, the uncertainty surrounding a guaranteed market and the lack of a competitive price." That is what it is, Sir. In other words, even without CARSICOT the cotton industry has serious problems which stand in the way of its becoming a substantial earner of foreign exchange.

The production figures speak eloquently to the point. By 1986 we had revived cotton, Sir, and by 1986 it had risen to 127.7 tons of lint. In 1987 it reached 172.9 tons and it has fallen up to this year and is now 15.3 tons. Why does the Government not let us have its much vaunted Action Plan for Agriculture? The Prime Minister told us about that last year. It has been agreed by the Cabinet. The sector needs to be revived. It is a very strong earner of foreign exchange and also a provider of employment in jobs. Why must we now have another study on a study? Export agriculture is essential for this country's foreign exchange earning capacity, while a return to a situation where we reduce the import bill for food is necessary by growing more vegetables and more food that we can eat. We have already on this side in the Estimates emphasised the very heavy food bill which continues to climb, Sir. We believe that viable agriculture is a necessity.

Mr. Speaker, Sir, the allocation for Tourism is nothing but a song. It is like the \$2 million for cotton is nothing but an excuse for the failures of CARSICOT, an increasing failure of Caribbean Cotton Industries Limited which is now heavily indebted to the Banks. It is like the \$2 million being given to Tourism, Sir. Last year the Minister took refuge in the fact that the Laventhol and Korvath study was still going on. This year, although the interim study was with the Government for over a year and a half and the final study has been with the Government since September last year, he has given us no insight into what the study has said or how this \$2 million will satisfy the recommendations before the Government, and whether indeed Government intends to follow through on those recommendations and whether they accept them in full or at all.

Recession in some international markets and problems left in the wake of the Gulf War are likely to create difficulties this year for promotion. This is a fact, but it must be seen as quite independent of anything recommended in the study. It is not therefore surprising that the Barbados Hotel Association has reacted by saying that

the \$2 million being given by the Minister is woefully inadequate.

The Korvath study has recommended at least the doubling of the amount for the promotion of tourism, some \$8 million or \$9 million if the Minister is serious about getting the economy moving and earning foreign exchange. Go for the tourism sector, bring the money and spend it, that is where you should be spending the money. An imaginative budget would have focussed on creating conditions to facilitate the growth of both the services sector and the export sector, both strong earners of foreign exchange.
6.30 p.m.

This is the only serious approach to dealing with the crisis in our balance of payments, which must by now be recognised as being at the root of our foreign reserves crisis. It is also the only approach to stimulating self-sustaining growth in the economy and defending us from the IMF medicine that the Prime Minister says he wants to avoid.

Mr. Speaker, the unsatisfactory manner in which the Minister has chosen to deal with the question of Government's expenditure and the extent of these tax measures will only serve to drive the economy further under and fulfill the Prime Minister's prophecy that at best the performance of the economy in 1991 will be no different from the sombre outturn of 1990. I say, Sir, it is a budget of no mercy.

Mr. SPEAKER: Now, the Honourable Member's time has expired, but I shall use my discretion within the context of what I have said in my observation of the Leader of the Opposition, that is, that I believe that the debate in this Parliament under the democratic system which we operate provides that importance, in my view, to the Leader of the Opposition. I will therefore use my discretion to allow the Leader to conclude, not for very long, his speech in a satisfactory manner.

Hon. H. deB. FORDE: Thank you, Mr. Speaker. I am glad you are following the tradition that was followed under the Labour Party when we gave the then Leader of the Opposition an hour more.

Mr. SPEAKER: I did not say an hour.

Hon. H. deB. FORDE: I understand, Sir. I want to say that it is a budget of no mercy for the poor, no hope for the unemployed and no prospect of recovery for the economy.

I want to just, in conclusion, Sir – as you said I must conclude in a satisfactory manner – to say that this budget cannot save jobs. If Government does not control its expenditure, the removal of people's disposable income by massive taxation will be to no avail, because Government's

runaway expenditure will again put pressure on the foreign reserves, just as it did in the past. That will lead to even tighter controls than are in place at present and the same contraction in the economy with the same consequential loss of jobs.

Sir, it is not true to say that people are being asked to pay a small amount. Let me say that the stabilisation tax has brought another 40,000 persons back into the tax rolls, and in circumstances where it creates the greatest burden on those at the lower end of the tax bracket, and also in circumstances where it is a waste of time to ask the tax authorities to collect some of the tax that will be generated by this exercise. A pensioner with \$400 in the bank earning interest, earns \$16 per year. She will have to get a form out to pay 24 cents. A schoolboy with a Christmas job earns \$400 a year and has to fill out a form and pay \$6.00. A person, who might get only a week's employment, collects a Grantley in his hand and must fill out a form and pay \$1.50. I say, Sir, God save them and God save the unemployed as well, because the unemployed still has to eat and the consumption tax will bear down on him and take from him as it takes from those at the top. That is why I say today is not a happy day, Sir.

The Minister of Finance has come to us to report that by his own standards he has failed in three of the four objectives that he set in his 1990 budget. He has failed to increase the output of goods and services in the economy; he has failed to provide more jobs for our people, thereby reducing unemployment. Even accepting his figures, which we do not believe are correct, unemployment has increased. His Resolution which he has brought to the House acknowledges that he has failed to maintain a sound balance in our external sector to support economic growth and development. His other objective was to keep the prices level, as far as possible, at moderate levels. There is a reason why I will not assess him as a failure on that ground, since he has managed to keep in place an anachronistic basis for measuring the cost of living, a basket of goods that has not been revised for 11 years, Sir.

Sir, he has set himself a target to achieve no more in 1991 than his sombre performance achieved for the country in 1990. He has certainly brought a budget to give us more of the same, not the hope of creating a single job or achieving any growth in the economy, not a chance of tackling the crisis in our balance of payments, but he has been a successful tax gatherer. I will give him that encomium. He has earned that reputation by taxing at a level over his years as Minister of Finance 23% higher than we taxed in the Barbados Labour Party, and he now seeks to break his own record by adding a 2% to that. The Democratic Labour Party in those new taxes gathered in over \$200 million. As a result, the people have grown to expect heavy taxation in every budget that this Democratic Labour Party Government and this Minister bring in and because the effect of indirect taxation is not felt for a few

months, they breathe a sigh of relief when the tax gatherer finishes his presentation, but this time there is much more at stake. I fear the consequences of this budget will be grave for the economy of Barbados, and worst of all, Sir, I grieve with the poor. It will be murderous on the poor people at the lower end of the economic scale and those who earn under \$18,000 a year in particular.

Hon. B. M. TAITT: Mr. Speaker, Sir, there is nothing perhaps more dramatic than a picture of the Leader of the Opposition grieving for the poor. One of the reasons why the Barbados Labour Party continues to create a problem with its credibility is that it does not seem to be able to get even simple facts straight. The Honourable Member, the Leader of the Opposition, just sat down after opening his account by pointing out that, as I understood him to say, no member of the Barbados Labour Party in a decision making position, or some such phrase, had made any statement of devaluation, and went on to say that any talk of devaluation was a figment of the imagination of the Honourable Member for St. John. The Honourable Member for St. John had said yesterday....
6.40 p.m.

Certain remarks made by Hon. H. deB. FORDE were ordered expunged from the records by Mr. SPEAKER.

Hon. H. deB. FORDE: On a point of order, Sir.

Mr. SPEAKER: What is the point of order?

Hon. H. deB. FORDE: If the Honourable Member is going to quote me he must quote what I said. I was very particular in those words. I said he is misquoting my words.

Hon. B. M. TAITT: The Honourable Member knows he is not playing with the children, Sir. I did not quote him. I said what I understood him to say and what the whole of Barbados would have understood him to say. I have no difficulty. It is not one of those situations where we are relying on anybody to report. The people can hear and that is the problem. They do not believe that the people can hear. He said that it was a figment of the Honourable Member of St. John's imagination. Now, Sir, the Honourable Member for St. John had said that a prominent spokesperson for the Barbados Labour Party who is in a high decision making position or, at least, can influence the leadership of the party recommended the devaluation of the Barbados dollar. This is the Barbados Labour Party solution.

Now, Sir, I think it is not unreasonable to assume that a person who gets to be a standard bearer for the Party in an election, a person who is a candidate in an election, is a leading member of a political party. If that is not so, then all of the rest is a waste of time.

Mr. SPEAKER: I have allowed Honourable Members to make their contribution in an atmosphere in which I believe they can make. I am appealing to Members to allow the Honourable Member also to make his contribution in a similar way.

Hon. B. M. TAITT: This has always been a difficulty which I have faced with the Barbados Labour Party from time immemorial. A person who is a candidate for the political party must be a person in a decision-making position or can influence policy. This person in the daily "Nation" newspaper of March 26 had a large article where a former candidate of the Barbados Labour Party is reported as saying that the Barbados dollar should be devalued and that is what he was recommending for the Prime Minister to take seriously. I need say no more. I will come back to what the Honourable Member, the Leader of the Opposition said.

As if to confirm that there is a certain recklessness with certain Honourable Members when they are discussing facts, the Honourable Member for St. Joseph in the course of his contribution today accused the Government of not having done anything for sewerage the South Coast. Sir, I could not believe it, so I sent for the information.

The South and West Coast Sewerage Project is something to which a consultancy agreement was signed with the Canadian firm Reed Crowther in December 1987. Consultancy work started in January 1988 with an 18 month schedule for completion with the socio-economic studies and additional services for the design of a no-dig trenchless sewer construction system in parts of the South Coast, etc. The documents were completed in February 1990. They were sent to the IADB. The IADB has had continuous discussions with the Government. The orientation mission came to Barbados this year on March 18. They had discussions with everyone including the Prime Minister on March 22. The appraisal mission is due to come here in July.

All Honourable Members of the Opposition except the two new Members at the end have been Ministers. They are aware, and the Honourable Member for St. Joseph must be aware how a project with the IADB proceeds. He would have been aware as a responsible Queen's Counsel, Sir, that it is necessary to check facts if one is going to be making an important statement. The South Coast Project has been continued apace with the same public officer. In fact, we have added on the West Coast aspect of the project. We have done a number of things which had not been anticipated. That is one of the projects that has been proceeding apace.

I did not interrupt the Honourable Member because during the budgetary discussion we usually try to avoid the number of interruptions. I do not expect an Honourable Member to get up in here in these circumstances, on this occasion because they must cast aspersions on the

Democratic Labour Party and make such a wild accusation. I give the Honourable Member the assurance that he and the whole Barbados Labour Party can have this document, read it and become familiar with the innovations which have happened so far with the South Coast Project. I will show you it is on time. It will continue. That is not all.

The Honourable Member for the City made the statement. I cannot believe – Sir, you know how she speaks – these statistics about unemployment. Now, Sir, this is the same Economic Report prepared by the same kinds of persons who were operating when the Barbados Labour Party was the Government. They do not understand that if a responsible former Minister gets up in the House of Assembly during the debates and casts aspersions on the veracity of the statistical information in the Economic Report in such a manner, that the people outside of Barbados will regard the information put out by the major agencies in this country as suspect.

These irresponsible observations made by the Barbados Labour Party people from time to time have been responsible for the difficulty which the Honourable Member for St. Thomas finds himself in where he cannot understand why the more he and his colleagues say to the people of Barbados, the more the people of Barbados resile from them. The people wish to get away from that brand of politics.

The Honourable Leader of the Opposition said in the course of his presentation that the Attorney General had been relieved of his portfolio as Attorney General. I say that he made an error. He intended to say relieved in part. I am going to give him that, Sir. But to a person who is out there who does not know the intricacies of these matters, the Leader of the Opposition should be much more careful in his use of language. The Attorney General is still the Attorney General so far as we know. But he went on to talk about the record....

Mr. SPEAKER: Order, please.

Hon. B. M. TAITT: The Barbados Labour Party's record on salaries provision in 1981 formed the basis of one of the massive inputs by the Leader of the Opposition. That was the year of O'Brien Trotman. I do not intend to say anything about him, Sir. That was the year when the then General Secretary of the National Union of Public Workers delivered. What the Honourable Member could have gone on to say was that 1981 should be recorded in this country in terms of the economic development of this country as one of the most dangerous years this country has ever had. The statistics will not show it. Those Honourable Members over there can remember when their then leader stated that he wondered what the people of Barbados would have done in terms of the elections if they knew that at the time of the General Election in 1981 there was not one red cent in foreign exchange available.

Aside.

Hon. B. M. TAITT: That is what the Honourable Member said. The people of Barbados must have the full facts. If I am misrepresenting the then leader he was misrepresented to me by one of the persons who sat in his Cabinet.
6.50 p.m.

Mr. SPEAKER: Just one moment. Earlier in the debate I drew attention to the fact of the sensitivity of the microphones. I am asking Members to observe if I give a Member the right to speak then that Member should not be interrupted or caused to be interrupted by any interference. I am asking Honourable Members to desist from making those comments which are likely to have some interference in and outside the Chamber.

Hon. B. M. TAITT: Mr. Speaker, Sir, if there is one word I would use to categorize this year's Budget from this side, which means from the side of the vast majority of Barbadians, it is prudence. At the same time if any word can be given to the Opposition that would most aptly fit them, it is shock, dismay, disappointment. They have lost again. Hardly more than four months ago that entire side plus those of whom we hear nothing any more travelled the length and breadth of Barbados crying, "Wolf, wolf, the IMF is next door." They predicted that if the Democratic Labour Party were returned to the Government there would be massive lay-offs in the country. They were talking about civil servants, teachers, firemen, policemen, nurses and of course the magnificent men and women of the National Conservation Commission. They were talking of MTW workers. They meant that those persons would suffer the fate they had suffered between 1981 and 1986. How very disappointed they all are tonight. But they will have other disappointments in the future well beyond the next five years.

The Honourable Member for St. James North earlier today made a speech and one of the major contributions which this Government has made relates to something the Honourable Member said today. The Honourable Member said, if I remember him correctly, that the people of Barbados must take a much keener interest in the macro economy of this country. Thereby hangs a tale. There is a feeling which was generated all through 1977 right through until 1986 that there was some new science called economics which has been discovered by the Barbados Labour Party. But this Government, the Democratic Labour Party Government has repeatedly demonstrated that economics is a subject which is as easily understood by the average layman as by the big time intellectuals who have such a high propensity to "confuse" and to "confuse", if I may use the jargon. Indeed a famous economist once said, "Show me a man who understands supply and demand and I will show you an economist."

Those Barbadians of our parents' generation who cut and contrived to feed and to clothe and to educate five and ten children were better economists than many of the present day pseudo politicians masquerading as economists.

Mr. Speaker, the Minister of Finance at this time faced his social and economic matrix dominated by three theses, fiscal deficit, external deficit and domestic recession. Most ordinary Barbadians understood that any too simple solution to one of these would easily result in exacerbating one or both of the others. It was a racist edge situation requiring balance, requiring prudence. We got that in less than an hour and a half on Tuesday afternoon.

Mr. Speaker, let me join issue now with the Honourable Member for St. Peter. He understands economics. When he misrepresents something in a presentation it is not an accident. He sought to suggest that our recession was home grown. He must know that is not valid. There is a difference between a lie and validity. You must not always jump to a conclusion. One is not accusing anyone of lying. One could. One is saying that the proposition is not valid.

We need no genius to understand the fundamental point that the recession we are currently experiencing in this country is the direct result of the behaviour of the international economy and in particular, for us, the United States economy. No one in Barbados who watches CNN could doubt that. That means in a word, Mr. Speaker, that our Minister of Finance had a problem for which the Honourable Member for St. Peter trumpeted that he wanted an answer today. The answer is simple. The problem will be reduced. The problem with the deficit, if you want to hear where it is going to come from. It will reduce dramatically both in terms of the fiscal as well as the external deficit when, as the indications now all suggest, the United States economy emerges from its recession in the next 9 months or so.

But, Sir, the Honourable Member started to talk about growth and suggested and used statistics from this document, the Economic Report, to show that there was growth in all of the developed countries. I want to take issue with him. This is really the issue, when there is growth in the United States economy at 1.1% you cannot trumpet that as growth. But this is the pattern in the United States since 1986, 2.6%, 2.8%, 2.7%, 2.9%, 1.1%. There is no question that there has been a recession in the United States. Everybody except those who do not wish to acknowledge it knows and recognizes this.

But I go further in the United Kingdom from 1986 their growth pattern has been like this: 2.6%, 4.2%, 3.4%, 1.9%, 1.3%, in 1989, 1.9%, in 1990, 1.3%. In Canada in 1986, 1.6%, 1987, 4.1%, 1988, 1.3%, 1989, 1.5%, and 1990, 0.5%.

And then the Honourable Member for St. Peter wants to give the impression that there is no lack of growth in the major economies. He did not say this, Sir, but there is no recession arising in Barbados out of any difficulty from the international economy.

I want to suggest that the growth patterns which I have just identified, bearing in mind that the United States and the United Kingdom are our major trading partners and that what we do with Japan is mostly import, although we can discuss the Japanese relationship in terms of they being a trading partner, what we do from Japan is mostly import. Basically, Sir, it is the US economy that has the major effect on the Barbados economy. If there is a recession in the United States it is bound to affect the people who travel to Barbados as tourists and who provide the grist for our economic mill if you will. But such is the nature of the political discussion that facts have to be produced in a particular way. As every school child now knows Barbados is a small open economy. That simply means that we have to rely heavily on imports for both personal consumption as well as for production. It means secondly that we are heavily dependent on exports to keep our economy moving. 7.00 p.m.

The implication of both of these factors is that a false move in rectifying either the fiscal or external deficit will make a solution to the third problem, the recession, even worse.

The simple issue facing the Minister of Finance was this, how to increase Government revenue without impacting dangerously on the level of demand and thereby worsening the recession. Also, how at the same time to contain demand in order to improve the balance of payments or the external deficit.

Mr. Speaker, let us also recognise that there are severe adverse consequences that can result from too harsh a reduction in demand, say, in Government expenditure, Sir, which generates quite a bit of economic activity. It is not always understood by some people who are calling for cutbacks in public expenditure that quite a substantial amount of economic activity in this country revolves around Government expenditure. Sometimes it is not readily accepted or even appreciated that Government contracts, Government payroll, Government purchases, are key factors in the turning of this economy.

The solution applied by the Prime Minister and Minister of Finance was, to say the least, an ingenious one. He acted to impact on all three problems positively. Fiscal deficit, external deficit, recession, and at the same time he imposed a range of taxes which are not too hard on anyone to bear, which will not create panic in the economy, which will not create panic in the society. His deft touch, Sir, his deft touch on each working individual so to speak allows him lightly to raise the required revenue while still

conveying the feeling, correctly, that we are all in this together.

Mr. Speaker, one of the things which is very important in a society of this size and one of the factors which we used effectively to restore tourism that had been brought to its knees by the Barbados Labour Party Government was the concept that we are all in this together. It is crucially important when you are solving a problem of national proportions that you allow all of the people involved in the problem to participate in the solution.

Now, much has been made of the fact that we are going to be requiring the people at the very bottom to pay something. This morning when I was doing my constitutional, Sir, I met a man at the bottom of St. Stephen's Hill and he said, "Skipper, I want you to carry a message for me. I want you to tell the Prime Minister that I can live with the budget." That is what he told me, Sir. I said, "Okay, I will tell him." But I understood, Sir, and Your Honour will understand people who come from that general area are a special kind of people. The bottom of St. Stephen's Hill, Sir, I understood what he was saying. He, as an ordinary man, was sending the message which some Honourable Members seem not to be able to appreciate, that the so-called little people of Barbados do not feel as oppressed as some people would like to suggest for their own purposes when it suits them, people who can forget those little people for 360 days a year and then for five days grab them to their chest and some of them forget them for five years and then remember them in a bevy of activity within two or three weeks before an election.

Those people are in fact the salt of the earth. They understand when things are coming from the soul and the solution which has been suggested which includes all of the people participating in paying our way out of this difficulty is a stroke of genius on the part of the Prime Minister and is a stroke of administrative capacity which needs to be fully put in the public arena by redirecting some of the consumption expenditure to the stimulation of exports, especially tourism and cotton which can generate foreign exchange in the short run. The Minister has again impacted positively on the external deficit.

There has been a lot of talk about cotton. CARSICOT, Sir, as I have said before publicly, was based on a concept in the Democratic Labour Party Government that cotton is one of the indigenous products of Barbados that can earn foreign exchange at a rapid rate.

CARSICOT landed the Democratic Labour Party Government into a number of areas of question, that is a fact, because CARSICOT has been on the lips of every single Barbadian. It was ventilated before the election, during the election and apparently it is going to be ventilated after the election, but the people of Barbados are not so silly as not to understand that the concept of

CARSICOT was part of the productive capacity of the country being put in place by the Government of the day and its successor. As I have said, Sir, we cannot account for every international vagabond there is in the world. We can't even account for the domestic vagabonds. Sir, I am not at liberty to discuss in detail the factors that we understand on this side, that cotton is one of the important foreign exchange earners for Barbados. There is no force on earth, no Barbados Labour Party calumny heaped upon the head of this Government, which will prevent us from doing our duty in regard to the development of this country.

If the Prime Minister and Minister of Finance says to the Cabinet, I propose to put a million dollars in cotton and we examine it and find it as we have done to be in keeping with the principles of the Democratic Labour Party we will support him 100 per cent.

Then we have the concept where \$2 million is given to tourism and everybody is saying, give me more, give me more. The fact is, Sir, that it is not how much money you get for tourism. It is how you spend it. We turned around tourism in this country and we told the then Minister of Finance that we did not need any more money yet. We needed to see how the money was being spent and the Honourable Member for St. Michael West Central has continued his campaign constantly, despite the efforts by some of the Honourable Members to downplay his magnificent achievement in the Ministry of Tourism. The country and in particular the people of St. Michael West Central responded massively to his performance. He does not need any gratuitous praise from any of the Honourable Members on that side. Nor does he need any input from the Honourable Member for the City. The Honourable Member for Christ Church West Central has been a winner always ...

Aside.

Hon. B. M. TAITT: St. Michael West Central, Christ Church West Central too, two winners, Sir. They don't need any gratuitous advice, but the \$2 million which has been put into tourism will be spent, as the Honourable Member said, in the strategic markets, the strategic markets that have allowed tourism to flourish in the manner that will be most beneficial to the broad masses of the persons who function in tourism, the people who function in the South coast, the people who are in the smaller aspects of tourism who have been the beneficiaries of the Democratic Labour Party's activities since 1986.

Anyone who wishes to know what we have done with tourism, or why the people have come back to us, will know it is because we told the people what we have done since 1986. We said to them, and it was true, that there would be no layoffs. We said to them, and it was true, that there would be steady employment in tourism. We said to them, and it was true, that there would be resumption of training for nurses, teachers, and all the people who

formerly had the opportunity. We said to them, and it was true, that we would restore morale in the public sector, that people would not be afraid to speak and they could curse the Prime Minister if they want.

Mr. SPEAKER: The Honourable Member must now conclude his speech.

Hon. B. M. TAITT: ...and we told the people, Sir, that if they gave us back the Government we would deal with the economy and we would deal with the country in the same humane way as we had done before.

Mr. Speaker, Sir, there is one question about St. Joseph Hospital which I would like to answer. The St. Joseph Hospital, Sir, represents a commitment but it is more than that, it is not easily understood or recognized that there has been overcrowding in the Queen Elizabeth Hospital for some considerable time. It is not always understood, Sir, that the need for a second hospital was established a long time ago.
7.10 p.m.

Sir, we are going to open the Hospital, but we are not going to be pressured, as we said before the election, because we have discovered that the re-opening of the Hospital in the manner we intend to re-open it is not a matter that can be done like you open a bread shop. We have to recruit staff, we had to put in a new sewerage system, we spent \$1 million on the sewerage system, we had to put in a new mortuary, we have put in a full accident and emergency department, we are going to allow people to have babies in their rooms, we are going to have state-of-the-art equipment, but we are going to also make sure that that Hospital is run efficiently and effectively. There is no hurry, Sir, because when it is opened it is going to be open for all time. We expect that as soon as the staff is in place the rehabilitation unit will come on stream. We expect to follow that, Sir, as soon as it is humanly possible, with the convalescent and geriatric wing of the Hospital. We will then follow that with the obstetric and gynaecological department, together with the four other departments. We will have a hospital where we hope that, the Honourable Member for St. Peter and his colleagues who live in the north, when they get an emergency, they will not play so foolish as to say "Take me to the Queen Elizabeth Hospital," but that they will go across to the St. Joseph Hospital, where it is intended that all the persons who live in the north who wish will have access to public beds in the Hospital, including the Honourable Member for St. Peter, who I know, Sir, in his heart is glad that the Hospital will be within striking distance of most of his constituents.

I am much obliged to Your Honour.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: I am moving that the sitting be now suspended until 8.00 p.m., Sir.

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

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

RESUMPTION

Mr. SPEAKER: The sitting is resumed.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise to reply to this debate on the 1991 Financial Statement and Budgetary Proposals. I am not sure if I will utilise the full amount of time at my disposal. I believe that in a sense this is not too difficult a debate to reply to, but on the other hand so many things have been said that I believe I should reply at least to some of them.

I have been able, Sir, in my presentation of just under one hour and a half in introducing the Financial Statement and Budgetary Proposals to go through the Statement and the Proposals and the various steps within that presentation without once calling the name or constituency of any of the Honourable Members opposite, but yet one after the other they got up and they were continually speaking about the Prime Minister and Minister of Finance, each and every one of them. I do not know why they have to call my name so very frequently. I believe if they were paid on the basis of each time they take my name in vain that they would all be very wealthy persons indeed. Some of them are in their own right, but all of them would be. I do not intend to follow that practice, because I believe I can conduct the public affairs of this country without descending to the personal level. Therefore, if I happen to single out anyone in particular, this is an exception to the rule.

One thing I have learnt from my long years in politics, Sir, is that it is very difficult to please this Barbados Labour Party Opposition, a very difficult thing. Let me say that this is something I have been observing for a very long time. I recall that in 1988 when I introduced the revenue raising surcharge measure, they opposed that particular measure even though at that time I pointed out that it was necessary and desirable in order to close the gap between expenditure and revenue and in the interest of fiscal prudence. They opposed it, Sir. In the following year when the surcharge, as promised, was removed and there was an increase in the consumption taxes, they also opposed that, even though fiscal prudence determined and required that the gap between revenue and expenditure should be closed. They

said we were being overtaxed and that far from raising taxes money should be returned to the taxpayers.
8.05 p.m.

In 1990 there was no taxation raised by budgetary measures. They also opposed that. It seems that whatever one does in the interest of this country and of the economy, we will find this Opposition opposing. That is because they seem committed to a philosophy which I do not share, a philosophy that says opposition for opposition's sake should be the role of the Opposition. I do not believe in that. I do not believe that anyone who is elected by the people of this country should have that as a philosophy.

I believe that the Opposition must point out the inadequacies and the short-comings of Government's performance as they see it. I do not believe that opposition should be negative. If something is done in the interest of the country and of the people, then a sound Opposition would seek to speak of those things in a balanced way. I may be talking about a utopia as far as this Opposition is concerned. However, if we are to lift the level of national debate in this country, and take our politics seriously and not consider politics simply as a game to be played so that even when we are making the statements we are laughing, then some serious consideration should be given by the Opposition to the role they should play. They should seek to play a constructive role. They have not learned the lessons of their defeats.

It seems that over the next four or five years we on this side will have a very difficult task in instilling an approach to public affairs in the hard heads of this Opposition. Sir, we believe that is also part of our public duty. Therefore, to use one of the words of my colleague for St. Michael West, we will not resile from that particular obligation. Let me start at this particular point.

I want to put the numbers in the Budget very simply again. We are being called on as a country to spend \$1 350.1 billion as total Government expenditure during this financial year. We are budgeting for revenue of \$977.6 million. That leaves a deficit of \$372.5 million. I wish to go through it step by step so there can be no misunderstanding of where we are and what we have to do. To that I must add, Sir, \$3 million which I indicated would be further expenditure during this year – \$2 million to be allocated for the stimulation of the tourism sector and \$1 million for the cotton industry in the agricultural sector. \$372.5 million plus \$3 million further expenditure in the Budget giving a total of \$375.5 million for the deficit.

No one, Sir, will deny that if there is a deficit it has to be financed. Not even the Opposition has denied that the deficit has to be financed. The difference comes in how it is to be financed. It is at that particular point we have had a song and dance. How do we finance a deficit? How does any country finance a deficit? It can be financed from

additional taxes or it can be financed from borrowing, if you are able to borrow, or it can be financed from a combination of these measures. Let there be no mistake. The deficit has to be financed.

How would the Opposition finance the deficit? They have not said how they would do that. All they say is they are not the Government. An Opposition is not called upon to take any decisions. Decisions are taken by the Government. If we have a constructive Opposition that constructive Opposition would have more than negative and destructive comments to make on public affairs.

Aside.

Rt. Hon. L. E. SANDIFORD: They do not have to tell us that we are sound. We soundly defeated them in the last elections. Apparently this is still rankling with them. I think this is the problem. They have not got over it. I am wondering if they believe the elections are coming up on May 28 this year. The elections are past. Settle down and leave those kinds of politicking behind you until the due and proper season.

Aside.

Rt. Hon. L. E. SANDIFORD: The Honourable Member for St. Thomas has been wrong so often that he is in no position to tell anyone when they are right. Sir, we are talking about the deficit. We have budgeted for some \$74.2 million net revenue to be raised in this Budget by a variety of means. That will leave \$301.3 million as the actual financing target that we have to deal with. They say I have not said how the gap is to be closed.
8.15 p.m.

Of the \$301.1 million we have identified \$56 million from the multilateral agencies. That would leave \$245 million to be raised. Out of this, Sir, \$182.1 million is for amortization. Sir, debt management would indicate that we would seek to roll over that amount. That would leave \$119.2 million as new money to be found by a variety of methods.

But let me come back to this question of the amortization. I heard that about 24 hours after I made my Financial Statement and Budgetary Proposals in this Honourable Chamber a Member said that I was hiding figures, concealing figures from the public about amortization. That Member should really get up and identify himself if you would permit him. But I do not intend to call any name of any Member or constituency in here. I was accused of concealing information, hiding information, not saying what was the amortization and more, Sir, I was accused of breaking the law, specifically the Financial Administration and Audit Act. That is a serious charge to make against any Member because it reflects upon the integrity of that Member. Sir, sometimes

in ignorance these charges are made. I suppose if it is made in ignorance that can be forgiven.

But, Sir, when the particular charge is completely untrue and unfounded I believe that that particular Member has a duty and a responsibility to get up and apologise as a man. I would wish to see if that kind of behaviour based on probity would be exhibited.

Could I get a copy of the Financial Administration and Audit Act? I want to be very slow on this because my back is very broad but when charges are made that are totally unfounded I am not going to allow anyone to get away with it. I am looking at Cap. 5, Section 12, (1), I believe that was the section that was quoted, it reads here, this is the Financial Administration and Audit Act, Cap. 5, Section 12, subsection (1), I quote:

"In respect of each financial year and as soon as possible after the close of such financial year, the Minister shall lay the following statements before the House of Assembly"

It goes through:

- "(a) an annual abstract account of the receipts and payments of the Consolidated Fund and of other receipts and payments showing under the several heads the totals of the receipts and payments in the year, together with the balance at the beginning and the end of the financial year;
- (b) a statement of the current assets and liabilities of the Crown at the end of the financial year;
- (c) a statement of the public debt at the end of the financial year;
- (d) a statement of the loans or credits guaranteed by the Crown and outstanding at the end of the financial year;
- (e) a statement of all loans and advances made from the Consolidated Fund and outstanding at the end of the financial year."

Sir, I have fulfilled the obligations under that particular Act. I laid or it was laid in this Honourable Chamber; the Report of the Accountant-General for the Financial year 1988-89, and that Report states on the very first page:

"The following statements were prepared in accordance with the provision of the Financial Administration and Audit Act, Cap. 5, Section 12, subsections (1) and (2)."

It goes on to list the same lines as in the Financial Administration and Audit Act. It refers to the Annual Abstract Account, sources and application of funds, Consolidated Fund, statement of current assets and liabilities, statement of public debt and sinking funds and so on, statements of loans and credits guaranteed by the Government of Barbados and special funds, statement of advances and loans outstanding in fulfillment of the particular section that was quoted by the Member in this Honourable Chamber. That was a section that was quoted, Sir, Section 12.

I am saying that, in accordance with the traditions in this House, that is satisfied by the laying of the Report of the Accountant-General. That was for 1988-89 and the Report for 1989-1990 was also laid. In due course the Report for 1990-91 will be laid in accordance with what I was accused of not doing. So, I hope, Sir, that this matter can be clarified, that these kinds of charges made against the Minister of Finance would be withdrawn and that members would be more cautious in making these kinds of allegations against the Minister of Finance.

8.25 p.m.

Sir, the question has been raised about the closing of the gap. I am not going to go any deeper into this because I know that Members have been at the receiving end, they have received tongue lashings from various former Ministers of Finance and Prime Ministers. But I will not deal with the Member in that particular way. I believe he is trying to learn, Sir, and I will give him the benefit of the doubt on this particular occasion. But, he went further, Sir, and said that I was hiding the amortisation from this Honourable Chamber and again we went through the estimates of revenue and expenditure in this House.

Only in March we went through that debate and right in the front matter of the Book of Estimates for this year was set out quite clearly what is the amortisation. Let me find it, Sir. Page 5 of the front matter, Sir. I can't understand why, in the face of the evidence, a member would get up and accuse the Minister of Finance or any other member of trying to hide and conceal something when the information is plainly and clearly set out on page 5, the Economic Classification of Total Expenditure, the amortisation is set out quite clearly. Amortisation, a total of \$182.1 million. It is set out there, Sir, with the domestic part of it as \$3 374 651 and the foreign \$178.7 million, giving the total amortisation of \$182 092 689, clearly set out there, Sir.

As if that is not enough, in the very budget presentation I set out the figures for amortisation. I set them out, Sir. Let me find the pages again, Sir, because the Member was gloating and delighting in making his statements as though he was impelled by some kind of rage to go after the Minister of Finance and he thought he had found the Minister of Finance napping. He is there

squirming in his seat, Sir. I will sit down and let him get up and apologise, because it was a false accusation.

Mr. O. S. ARTHUR: Mr. Speaker, I am told that I am squirming in my seat. On a point of order, Sir, the Honourable Member, Sir, is grossly misleading this House and I want, Sir, to cite what he said in his budget debate and what was approved by the House, Sir, two weeks ago. He said in his budget debate, Sir, "two weeks ago this Honourable House approved the estimates of revenue and expenditure which showed a projected deficit of \$190.5 million."

Certain remarks made by the Honourable Member for St. Peter were ordered to be expunged from the record by Mr. Speaker.

Mr. O. S. ARTHUR: I am not finished, Sir. Two weeks ago, Sir, he asked me to read the back of the Estimates that the House approved, two weeks ago. Two weeks ago, Sir, this House approved Estimates of Expenditure with a deficit of \$370 million and what I told the House, Sir, is that what the Prime Minister told the country about the deficit of \$190 million does not square with what this House approved two weeks ago, and I stand on the point, Mr. Speaker

Mr. SPEAKER: That is the point of order. Anything else after that does not relate to the point of order.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I will continue. I directed the Honourable Member's attention to page 5 of the Estimates. He says specifically that I was concealing amortisation from this Honourable Chamber. I pointed that out – Amortisation, page 5 – and he is going to the cover, Sir. Sir, this was laid in this Chamber and in the very Financial Statement and Budgetary Proposals, Sir, I did set out what the amortisation was again on page 5 now of the printed version of that presentation.

On page 5 of this document it sets out what the amortisation is and I will refer to it, Sir. It states that the sum of \$281.0 million has been set aside for debt service for the financial year 1991/92 a breakdown is as follows:

Domestic	
Interest	20.3 million
Expenses on Loans	0.2 million
Amortisation	3.4 million
Foreign	
Interest	78.4 million
Amortisation	178.7 million

The amortisation figure, therefore, was clearly presented to this Honourable Chamber.

I think, Sir, I have said enough in order to ...

Mr. SPEAKER: Not that kind of ...

Rt. Hon. L. E. SANDIFORD: Sir, the problem with the Honourable Member is that he is alright when he is on his feet talking. I sat very quietly, did not interrupt him once, Sir.

Asides.

Rt. Hon. L. E. SANDIFORD: There is no personal vendetta going here, Sir, but I believe that I have to teach him a few things about public finances.

Asides.

Mr. SPEAKER: Order, please.

Rt. Hon. L. E. SANDIFORD: Sir, I have said what the deficit is and I wish to indicate that of that \$119.2 million that we have to close that particular gap that I intend to use any or all of the following measures.
8.35 p.m.

improve efficiency in collection in the revenue departments of Government;

cutting out of wastage in Government activities;

There has always been wastage in Government. Everyone knows that there is wastage in Government. I do not know why they are quarrelling over that. There is wastage in certain operations of Government and I will seek to cut that out as far as possible. I indicated, both in the Estimates and in this Financial Statement and Budgetary Proposals, that from the Ministry of Finance – and I am adding now from the accounting departments of the various Ministries and Statutory Boards – a very careful watch will have to be made during this year on expenditures, and I will not hesitate, I repeat, to use the powers which I am given under the Financial Administration and Audit Act to cut expenditure further if it becomes necessary. That will also be a control measure.

Then there will be borrowing, both domestic and foreign.

Those are the areas we will seek to use. That takes care of the gap, Sir, that is the information they wanted to hear and I have said what that is all about.

I am not sure if there were any other major points made during this debate. I do not know what they are laughing about, because the only solid statement I heard coming from that side came from my representative, the Member for St. James North.

Much was made about the productive sectors. It is clear, and I said it in my introduction, that we will have to

increase our exports and we will have to take steps in order to see that those exports are increased. We have put the machinery in motion. In tourism we are providing, through the instrument of the budget, an additional \$2 million to assist particularly in the promotion of Barbados abroad. You know, we can all say that it is not enough, but you have to make provision in accordance with available resources. That is what prudence dictates, and at this particular time I deem that that is the amount of money we can afford.

This is in line with one of the recommendations made in the tourism sector study, that an increased amount should be provided for the promotion of Barbados. That is the general recommendation, but even that recommendation recognised that the increase for promotion would have to come in stages. That was recognised in the report and this is the second step, because we provided \$1 million about two years ago, and this is a further \$2 million for the promotion of Barbados. I believe that additional funds for tourism will be forthcoming from the private sector through the TDC. They have funds, I do not think we have forgotten that that is a body that was set up and given concessions to operate..... The Member for Christ Church South is indicating that he was responsible for setting it up. No? Oh, he knows about it.

Aside.

Rt. Hon. L. E. SANDIFORD: Well, why was he doing this? I do not believe, Sir, that a former Prime Minister would seek to mislead a current Prime Minister.

I think, Sir, that in that particular area we are examining the study, which indicates that you just do not increase the budget, you have to do a cost and benefit analysis of the various components of the sector, presumably to ensure that the money will be well directed and well spent. I do not believe that this is something of which we can just say we have received a report, therefore we will act upon the report. We have to examine recommendations that are placed before us and then take decisions in measured time.

The Ministry of Tourism and Sports has been given the responsibility for implementing the proposals, and in due course the appropriate decisions will be taken, but it is clear that the amounts of money required or recommended in the various studies are not sums that we can find in the short run out of our own resources. They will call for working together with multilateral institutions in order to put the financing package together. It is one thing to receive a report with recommendations, but we will have to deal with the multilateral institutions in this way, and a sector loan for tourism is included in a pipeline of projects which is being discussed with the Inter-American Development Bank. That goes also for the agricultural sector study.

8.45 p.m.

We expect that a programming mission will come to Barbados in due course to study this particular project. In the meantime, the Government has set up a coordinating team to define the strategies for the implementation of the action plan for the revitalisation of agriculture. That body has held a series of meetings with the private sector group, some institutions including the Barbados Agricultural Society, the Barbados Sugar Industries Ltd., the Barbados Workers' Union, some interested farmers and the Barbados Society for Technology in Agriculture.

They are seeking to motivate the sectors into playing a greater role in the search for solutions to the problems facing the agricultural sector. The coordinating committee is busy at work. There are a number of sub-committees working in such areas as the review of agriculture legislation, training programmes for agricultural workers and managers. As far as the financing of the action plan is concerned, the Ministry of Agriculture will discuss the financing of the programme for the revitalisation of agriculture with the Inter-American Development Bank mission which is expected to visit Barbados shortly. The areas of financing identified are agricultural research, agricultural training, farm development, project development studies and irrigation development for a total of some \$19.2 million.

Let us not forget that a major sector of the agricultural sector study related to the private sector. That involved, as far as the action plan is concerned, some \$44.2 million for factory modernisation, rationalisation of machinery, the reforming of lands, the rationalisation of harvesting, transportation vehicles and a new cane payment system.

Honourable Members should not expect that we can just say implement the programme, \$44 million plus another \$19 million. It just cannot be done that way. It is completely unrealistic for Members, including the Leader of the Opposition – apparently he wants to be called – to be saying this. I think Honourable Members and everyone should realise that these things will have to take time. This is a fact of life.

In the meantime, I would like to say I am very heartened by the action taken by the Barbados Sugar Industries Ltd. They are currently undertaking a study to examine its organisation and management. A firm of consultants is being hired to provide concrete proposals for the improvement of the organisation and management of that body. The body is also in the process of re-organising the system for the transportation of sugar and molasses from the factories to the Port. They are taking a number of steps for the reform of the industry and their particular aspect of it.

As far as manufacturing is concerned, there is a draft report. We have not yet received the final report on an export competitiveness and marketing study for Barbados.

That study is to prepare strategies in order to make Barbados' exports more competitive. The study looks at incentives and the comparative advantage which we may have. It looks at the institutions which will be involved in the process. It examines a list of goods. I believe the final study will be recommending some 37 products as products with which we can trade on the export market. Most of these are in the area of manufacturing.

Finally, Sir, there is the area of financial and business services. That relates to the offshore sector. Only on Thursday at the last meeting of the Cabinet, we approved a proposal for the establishment of an international business advisory committee to keep the offshore sector under study and to make recommendations for the efficiency of the system and to improve its efficiency even more. That particular committee will be under the chairmanship of Mr. Ken Hewitt, the chief of the international firm Peat Marwick. We expect that from the time it holds its meetings it will get down to working in this very important sector.

Those are the productive sectors – agriculture, tourism, manufacturing, the export areas of manufacturing, agricultural products and the financial and business services. It is wrong to give anyone the impression that nothing is happening. I think we are very fortunate that at this particular stage we have authoritative studies in each of those areas so that we can be poised to take the appropriate decisions when these have been refined and honed into a stage where those decisions can be taken.

Sir, I do not think it is necessary for me to go into further details on this. I have said most of what I wish to say. I am just making sure that I do not miss any important points that have been made. Let me just say something about the development of Barbados. 1989 was a record year in Barbados. No one has denied that. The records are there. I have not distorted anything. I said in 1989 we had a record year in many aspects of our economy. I have never said that 1990 was a record year. Nowhere have I said that, not at Free Hill within hearing of those who may have been there.

We have been making a song and dance about the deficit as a percentage of GDP. I have some statistics here. The deficit for 1990/91 net of amortisation....

Aside.

Rt. Hon. L. E. SANDIFORD: The Honourable Member for Christ Church South used that in his own presentation. I believe the last occasion on which he had an opportunity to speak in this House as Minister of Finance he used that figure, net of amortisation. He added, "as is the custom". Why does the Honourable Member for St. Peter not attack the Honourable Member for Christ Church South? Let me refer to it Sir. You want to know about the counter-punchers? You will hear it.

Sir, this is the Financial Statement and Budgetary Proposals presented by the Honourable H. B. St. John, Prime Minister and Minister of Finance and Planning – there is a very strange coincidence here, Sir – on Wednesday April 2, 1986. But, Sir, the similarities will end there.
8.55 p.m.

On page 7 of that statement, Sir, this is the Honourable Member speaking:

"Mr. Speaker, the above information shows that there was a current account deficit of \$9.6 million and an overall deficit of \$155.6 million or 6.3% of the Gross Domestic Product at market prices. However if amortization is excluded from the current expenditure and shown in the financing table net of capital inflows as is the custom the deficit will be reduced to 5% of GDP."

Here we have the principal spokesman on this occasion quarrelling about the fact that net of amortization is mentioned. Both were shown in this particular presentation. Amortization was shown. The total expenditure was shown and there was shown also...

Mr. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. This is a very serious matter because the Prime Minister has challenged me earlier....

Mr. SPEAKER: Now....

Mr. O. S. ARTHUR: He is misleading the House.

Mr. SPEAKER: ...a point of order must be straight and direct. Make the point.

Mr. O. S. ARTHUR: Mr. Speaker, the Honourable Member is misleading the House. The Laws of Barbados require payment of debt to be treated as an expenditure rather than a financing item as the Prime Minister has alleged. I would read the Law. Section 3 of the Law says that there should be a Consolidated Fund and that the public debt of Barbados shall be a charge against the Consolidated Fund.

Section 12 goes on to say that it is the responsibility of the Prime Minister to present accounts showing charged receipts and payments against the Consolidated Fund. So he is under an obligation by law to show payment of debt as an expense rather than as he has done on page 4 of his Budgetary Presentation. He is misleading the House, Sir.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, that is a charge on the Consolidated Fund. It has always been a charge on the Consolidated Fund. What point of nonsense is that? It has always been a charge on the Consolidated Fund. For all of the years that I know of it, it has always been a

charge on the Consolidated Fund. But I am not going into that any more.

Sir, I think I can let this case rest at this particular point. In due course I will deal with some of the other issues in other places. I have indicated that what we have done this year is in the interest of this country. I am sure that all Barbadians understand the situation and that they will respond. We will continue to give the leadership that is required in this country. I am sure that in due course we will resume growth in this country in the coming years. I am not giving the year. You will wait and see when that will be but if we work together, get our productive sectors together and continue to manage our economy prudently, as a country, we will keep our pride of place among developing countries. Let me say that we are listed as number 2 in the entire Latin American region as far as our credit worthiness is concerned and we have gone up by one place, according to the Institutional Investor.

With those words I commend this Resolution to this Honourable Chamber and I invite full support for that particular resolution.

Thank you.

Applause.

The question that this Resolution do now pass was put and resolved in the affirmative, the House dividing as follows:

The Bell was rung.

AYES: Rt. Hon. L. E. Sandiford, Hon. P. M. Greaves, Hon. B. M. Taitt, Hon. M. A. King, Hon. E. E. Greaves, Hon. W. O. Franklin, Hon. H. A. Blackman, Hon. N. K. Simmons, Hon. W. W. Hall, Hon. C. V. Walker, Hon. D. J. H. Thompson, Mr. L. L. Brathwaite, Mr. C. L. Trotman, Mr. J. O. Tudor, Mr. R. L. Morris, Mr. D. W. Bowen, His Honour T. C. Estwick.

17 – AYES.

NOES: Hon. H. deB. Forde, Mr. D. A. C. Simmons, Mr. O. S. Arthur, Mr. H. B. St. John, Mr. L. R. Tull, Miss B. A. Miller, Mr. DeL. O. Bradshaw, Dr. R. L. Cheltenham, Mr. G. W. Payne and Mr. R. C. Eastmond.

10 – NOES.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, it is the second time in two weeks I have to express my gratitude to the Members of staff, the Clerks, those who work behind the scene, the Reporters, the Police, the Press and everyone.

I should like on this occasion to say that I think we had an excellent debate. I thought the quality of debate was of a very high standard, particularly I should like to offer congratulations to the new Members who I think made a sterling contribution to the debate on this their first occasion, on both sides of the House but particularly on this side. I really would like to congratulate them because I think they need the encouragement, perhaps they do not, because they performed so very well, like veterans. They perhaps need no word of encouragement from me. It only shows, Sir, that the future – and the future on that side is only four years, the future on this side is for a very long time – the future really looks good for this country.

9.05 p.m.

With those few words, Sir, I will merely say that I move that this House now adjourn until Tuesday April 30, 1991 at 12 o'clock noon.

Hon. H. deB. FORDE: Mr. Speaker, speaking on the adjournment, Sir, which I second, let me also thank the staff of Parliament and of course all of the ancillary staff. This House does not normally during a year meet for extended sessions other than at the time of the Budget and at the time of the Estimates and sometimes on unusual occasions but still I believe that when the House is called on, on such occasions the staff do rally to our assistance and in many ways help us, both those who are on the floor of this House as well as those who are within the precincts of the House otherwise, Sir.

Sir, at the time of the Estimates Debate I offered my congratulations to the new Members, particularly those Members on our side who continue to perform so excellently. I believe there is a message for the front bench, Sir, that what is on the back bench is better than what is in the front bench. I think you will recognise, Sir, that as the Deputy Prime Minister said, Sir, the time has probably come for him to recognise that he should hand over, but I am not going to hustle him, not during this Session, Sir.

I want to say, Sir, particularly during my speech I made reference to the outstanding performance of the new Members on our side and it certainly is a pleasure for me, after twenty years in the House to hear on a first occasion such mature contributions. I think the constituents of St. Andrew and St. James North could be well happy with their choices and I do hope, Sir, to see the Honourable Members in the House for a very much longer and extended period making their contribution to Barbados, Sir.

I can tell the country Sir, the country is in secure defence by the leaders on this side, the Leader of the

Opposition and the strengthened opposition, very secure defence, Sir, of the people's right.

We promise the Government, Sir, that as we have been constructive in this debate, it is for them to decide whether they want to accept our advice or not but we will continue to give very constructive but strong and vigorous

opposition throughout our period on this side, Sir, in the hope, Sir, that come next time we will reverse those roles.

The question that the House do now adjourn until Tuesday, April 30, 1991 at 12 o'clock noon was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.
9.10 p.m.

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BLACKMAN, Hon. H. A. (St. Philip South)
BOWEN, Mr. D. W. (St. Michael South Central)
BRADSHAW, Mr. DeL. O. (St. Michael South East)
BRATHWAITE, Mr. L. L. (St. Michael North East)
CHELTENHAM, Dr. R. L. (St. Joseph)
EASTMOND, Mr. R. C. (St. James North)
ESTWICK, His Honour T. C. (Christ Church East)
FORDE, Hon. H. deB. (Christ Church West)
FRANKLIN, Hon. W. O. (St. Philip North)
GREAVES, Hon. E. E. (St. Lucy)
GREAVES, Hon. P. M. (St. Michael North)
HALL, Hon. W. W. (St. Michael West Central)
KING, Hon. M. A. (Christ Church West Central)
MILLER, Miss B. A. (City of Bridgetown)
MORRIS, Mr. R. L. (Christ Church East Central)
PAYNE, Mr. G. W. (St. Andrew)
SANDIFORD, Rt. Hon. L. E. (St. Michael South)
SIMMONS, Mr. D. A. C. (St. Thomas)
SIMMONS, Hon. N. K. (St. James South)
St. JOHN, Mr. H. B. (Christ Church South)
TAITT, Hon. B. M. (St. Michael West)
THOMPSON, Hon. D. J. H. (St. John)
TROTMAN, Mr. C. LeR. (St. Michael Central)
TUDOR, Mr. J. O. (St. Michael East)
TULL, Mr. L. R. (St. George South)
WALKER, Hon. C. V. (St. George North)