
THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Friday, November 29, 1991

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

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, B.Sc., LL.B., (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)

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

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

Hon. 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. 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.

PAPERS

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

1. National Insurance and Social Security (Collection of Contributions) (Amendment) (No. 2) Regulations, 1991.
2. Calculation of Severance Payments (Maximum Basic Pay) Order, 1991.

FIRST READING OF BILLS

On the motion of Hon. P. M. GREAVES, seconded by Hon. B. M. TAITT, the following Bill was read a first time:

The Companies Stabilisation Tax Bill, 1991.

ORDERS OF THE DAY

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

SUSPENSION OF STANDING ORDERS

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

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

Mr. H. deB. FORDE: Mr. Speaker, I wish to speak on the suspension of these Standing Orders for the following reasons. We are about to proceed on the business of the House today but there are several Honourable Members on this side of the House who have not, up to now, received any notice of the matter which is under Government Business as Item No. 1. As I understand, under the Standing Orders, at least in the case of Government Business one clear day's notice...

Aside.

Mr. H. deB. FORDE: I am reading the Standing Order, Sir. Some Members got notice this morning at 9 o'clock. One Member got notice at 10.30 last night. I believe there is one Member whom I am reporting has not received his Papers up to now. As I understand the Standing Orders for sittings of the House, normally there are three clear days' notice except in the case of Government Business of which one clear day's notice must be given. It is my understanding that Members must receive that notice, as I understand the Rule. You can help me on the matter.

If such notice has not been given, it seems to me that the several Standing Orders have therefore not been fully complied with. It is my understanding, at least in the case of one of the Honourable Members who certainly up to 11 o'clock today when he came to the Leader of the Opposition's Office had not received notice of the sitting formally or indeed of the Papers.

Mr. Speaker, I believe Your Honour has a discretion in allowing urgent matters to come to this House's attention. It is totally an unacceptable manner the way in which the Government is doing the public's business that the Government should have been in this House last Tuesday and did not then have knowledge of this Bill and the urgency of it. I will not accept in any respect a statement that the Government did not know until after Tuesday that it wanted to do this Bill as a matter of urgency in this House.

Certainly I believe it is not courteous to the House, and certainly it is absolutely discourteous to the Opposition

the manner in which the House has been resummoned in this way when the Government ought to have been aware of the urgency that it is now insisting it has for public business to do a matter of this sort. Some indication could have been given last Tuesday that the House would have been recalled at short notice.

The Leader of the House spoke to me yesterday just about 3 o'clock or after to say that he would have to ask Your Honour's permission to recall the House because the Government wished to deal with this matter and to lay some other Papers. I indicated to him then that we would protest the manner in which this was being done.

I want to emphasise in the strongest terms that it is absolutely unsatisfactory to organise the public's business in this way. The public's business is not only the Government's business. Each one of us as representatives must have an opportunity to give proper consideration to matters that come before this House if we are to represent the public's interest, including the interest of our own constituents in a proper manner. One would expect that some proper notice and indication would be given of these matters. I cannot understand then that the Government is going to tell me that it has to complete this matter today, or by Monday. The Government must have known this before. I would assume they would have known that there was an urgency about it. There has been no explanation other than an indication that it has to be completed. I submit to the House that it is unsatisfactory that the House, certainly the Members on this side, should be dealt with in this way.

If the House had not met this week and the Government did not have an opportunity to give the House some indication... I will not believe that the Bill was drafted between the time when we left the House Tuesday night and today.
12.30 p.m.

Those are matters that one would expect the Government to at least show some degree of competence on in dealing with these matters. I have to make the point in the strongest terms that we have, in keeping with our high standard of dealing with the public's business, come to the House. But, Sir, it is not a satisfactory way in which this matter is brought before this House today as far as we are concerned, Sir. I would wish that our presence here would not be misunderstood by the Government. I would hope that in future, except in real emergency, that we should not be dealt with in this way. I do not believe that this is an emergency, Sir. If there is an emergency, there is an emergency because the Prime Minister did not deal with it timely. It can only be that emergency.

Aside.

Mr. H. deB. FORDE: He is telling me that it is one from his seat. But it cannot be an emergency in those circumstances. In those circumstances, Sir, I am asking Your Honour to look at the Rules because we feel very strongly on this matter.

Mr. SPEAKER: If I may just make a short intervention. I appreciate the comments made. I think they are comments that one would expect to be made in circumstances such as these especially when the Honourable Member has said that he is not aware of anything. I accept that kind of presentation. But the House also allows that where you have these problems that Members are able to air them and they ought to be used to help guide the House in the future. Unfortunately what usually happens in my own case is that I have to take the Rules as they are and try to interpret them to suit the request of the House at all times.

I am aware of the Standing Order the Honourable Member made reference to. But Standing Order 6(9) would probably be the guiding factor in this particular one in that the Minister made the request and the substance of it is that, if the request is made to me and I consider, and if I am satisfied, that the public interest so requires, and it appears to me from what was presented to me that that was the case, hence the particular meeting today would be quite in order, based on the interpretation of that 6(9). But I must say this – you have these Standing Orders but there is provision made from time to time to review them.

I will take into consideration the comments made and when we shall have to deal with it again probably these could help refine or fine tune some of the Rules we have in order that the presiding officer could make a much more liberal interpretation. It is in the light of Standing Order 6(9) that I gave the permission on that basis of information received.

Dr. R. L. CHELTENHAM: Mr. Speaker, Sir, I rise to appeal to you as custodian of the rights of Members of this House, including the rights of this minority Barbados Labour Party Opposition to ensure that we are given adequate time to study and to reflect on the measure which is before us today.

I was told last evening after 5 o'clock that there will be a meeting of Parliament today by a call from Parliament. No one told me what would be the substance of the meeting, what matters would be dealt with. It was only some time in midmorning today that my Secretary drew my attention to the fact that a Bill had come to the office. I have had no time to read the Bill, to discuss it with my colleagues, to study it, or to offer any opinion to this House, as would be expected of an Honourable Member with respect to that matter.

As I understand it, Sir, this is a matter of the gravest importance. It is, in effect, the third Budget that we are having for the year, intended to extract millions of dollars from the people of Barbados. A matter of that gravity the House ought not to be asked to discuss at such short notice when we have not had the opportunity to study this measure and to offer our best advice to the House on it.

I am submitting, Mr. Speaker, that no one is questioning the right of the Government to conduct its business. But for sure the Opposition and all Honourable Members have to be given reasonable time within which to study the measures before the House, especially when the matter is of public importance. I have no objection to coming back on another occasion. But I feel that to ask us to have less than five hours notice of the substance of these matters is not fair to us, is not fair to the public of Barbados. We cannot claim to be representing the public's interest when we do not have an opportunity to study the implications of these measures.

So that I am appealing to you as custodian of the rights, among other things, of this minority to ensure that our rights are protected and that this matter is discussed only after we have had reasonable notice which you may hold to be 24 hours or 36 hours but certainly not 3 hours as I have had on this occasion.

Hon. P. M. GREAVES: Mr. Speaker at about 2.30 yesterday afternoon – because that is the time I was told that the Honourable Leader of the Opposition would be available because I had called the office...

Asides.

Mr. SPEAKER: Order, please.

Hon. P. M. GREAVES: ...earlier and did not get him. I was told to call back about 2.30. I did call back about 2.30 and notified him at that time about a meeting to be called today. In fact he had even longer notice than some of the Members on our side who did not have that kind of notice.

Asides.

Hon. P. M. GREAVES: I am not arguing. I am not arguing with anyone. Mr. Speaker, representation was made to Your Honour to reconvene this sitting today. The House had earlier been adjourned until Tuesday. It is precisely, Sir, in circumstances like these that this Standing Order was drafted and approved by the House of Assembly. This Standing Order did not drop out of the sky and into these Standing Orders, this document here, suddenly, today. These Standing Orders were the result of Members of this Chamber. The Leader of the Opposition was a member of that Committee, Sir. He helped to draft this. He was a member of the Committee that helped to draft this. This

did not drop in here. The purpose of this was to take care of circumstances as we have before us here today.

We have not used it since 1986 when we became the Government. We have not used it at all. We have not sought to use it. We have sought at all times to make sure the House is convened in the normal way at all times. But, Sir, these are not normal circumstances and because it is not normal circumstances it is for that very reason that we ask now on this occasion to make available to us, to make use of this Standing Order of this House because of that. It is all right to say that one does not believe that the Act was drafted since the House was last adjourned. What one wants to believe is a matter for the person. I cannot help that, Sir. I want to state, Sir, if we had this Bill in our possession last Tuesday, we would either have done it on Tuesday or we would have adjourned the House until today or probably on Wednesday or yesterday afternoon. But that is not the fact. We did not have it on that particular occasion and because we did not have it, we have taken it upon ourselves and sought your leave, Sir, to reconvene the House on this day to deal with this particular matter.
12.40 p.m.

Mr. Speaker, it is a matter which in my opinion should be dealt with today. The Standing Order on which the House has been reconvened states:

"If during an adjournment of the House, it is represented to the Speaker by a Minister that the public interest requires that the House should meet on an earlier day than that to which the House stands adjourned, the Speaker, if he is satisfied that the public interest does so require, may give notice accordingly and the House shall meet at the time stated in such notice. The business set down for that day shall be appointed by the Government and notice thereof shall be circulated not later than the time of the meeting."

Mr. Speaker, Sir, this the Standing Order, helped to be drafted by the Honourable Leader of the Opposition. That is the case for the Government, Sir, and this is a matter of extreme urgent and public importance which we would like to have dealt with today, Sir.

Mr. L. R. TULL: Mr. Speaker, Sir, I am raising a matter that has not been touched on by the Honourable Leader of the House. The question of whether notice has been given or not is not what I am talking about, Sir. I feel almost as if I am crashing a party. I received no invitation to the party. It is not a question of notice when you get here. I received a copy of a Bill with a courtesy stamp from the Clerk of Parliament. I received it about 11 o'clock today. But, I have received no summon to this Session so I am making a completely different point. Nobody invited me, Sir, I am crashing, because I did not get invited.

Now, Sir, I received a telephone call yesterday afternoon about 4 o'clock or 3.30 p.m. from the Leader of the Opposition telling me that he had heard from the Leader of the House that they wanted to convene a Session of Parliament today. I have subsequently heard on the radio that there is a Session. Now when I heard it on the radio I felt like the fishing boat owners who are told that they expect a tropical depression so pull up your boats. That is the way Members of the House are being summoned now. You turn on the radio and you hear about it. So I am not interested at this point in Standing Order 9 which talks about giving notice when the House meets. I am making a different point altogether that I, I don't know about Honourable Members, have not up to this moment received a summons to this House setting out what business there is and I believe in those circumstances that it would be a little bit hard for us to proceed with the business of the House in those circumstances.

Miss B. A. MILLER: Mr. Speaker, Sir, I wish to make another point. I am deeply concerned about all the points made by Members on this side already except that I don't view this as any party. I see that the Prime Minister has come in here dressed up in the national colours but I don't view it as any party. It is not a party, this is serious business. We are in here to levy taxes, hundreds of thousands of dollars, we are in here to levy, millions of dollars – Stabilisation Tax of 5 per cent on companies ...

Mr. SPEAKER: I am having a little difficulty. I allowed the Honourable Members to speak on a point of privilege in respect of this matter, not a debate – that is what I did not allow – so that a Member could cause the Chair to observe a problem that they might have had.

Miss B. A. MILLER: I can't even hear you, nor can you hear me.

Mr. SPEAKER: I am not going to shout.

Miss B. A. MILLER: The point I wish to make, Sir. We are told that we are summoned here this morning because this is a matter of urgent public importance, yet no one has had the courtesy to explain to me, certainly, what is the urgency of this. I remember, Sir, that at the end of September this year we were kept in here until 1.30 in the morning on a supposed matter of urgent public importance and all that was important is that the front bench on that side were going globe trotting. What is so urgent about today, Sir? Is it that your colonial masters ...

Mr. SPEAKER: I am saying, two Honourable Members are on their feet.

Hon. B. M. TAITT: I object most strenuously to any Honourable Member saying that the House was kept in here because the Members of the front bench were going globe trotting. I object. That it is insulting and I ask the

Honourable Member to withdraw it and I ask Your Honour to strike it from the record, Sir. I take umbrage at it. I was not doing any globe trotting, Sir. I was in here. I take umbrage to that, Sir.

Asides.

Mr. SPEAKER: Please, please, please. The Honourable Member has made his point and I have always said that as long as a person rises on a point of order and they object to a statement I think that is enough to clarify what they want to say. So I do not have to make a ruling on that.

Miss B. A. MILLER: I am saying, Sir, that there is no urgency about this matter that has been explained. The House is already summoned to meet on Tuesday next. What is so urgent? Nobody has had the courtesy to tell the House what is so urgent about this matter. Or, is it that the people in Washington have not yet told the people on the other side what is so urgent about this matter – the new colonial masters?

Mr. SPEAKER: I will allow one person to speak and then I will try to ...

Hon. B. M. TAITT: Mr. Speaker, Sir, I received this morning... The person who actually delivered it actually came out in the rain to deliver to me this morning a package which had in it a memorandum:

"FROM: Clerk of Parliament

TO: Members of the House of Assembly

DATE: 28th November, 1991

SUBJECT: SPECIAL MEETING ON FRIDAY

29th November, 1991 at 12 o'clock.

It has been represented to Mr. Speaker by the Leader of the House that the public interest requires that the House should meet on an earlier day than that to which it stands adjourned. Accordingly, Mr. Speaker has directed that a Special Meeting of the House of Assembly be summoned for tomorrow Friday, 29th November, 1991 at 12 o'clock noon to debate in all stages the following item of Government Business:

The Companies Stabilisation Tax Bill, 1991.

Government will also lay the following papers:

The Consumption Tax (Amendment) (No. 2) Order, 1991.

The National Insurance and Social Security (Collection of Contributions) (Amendment) (No. 2) Regulations, 1991.

The Calculation of Severance Pay (Maximum Basic Pay) Order, 1991."

and it is signed by the Clerk of Parliament. •

I wish to submit, Sir, that the fact that this was delivered to my house this morning means that Parliament set out in the usual manner to deliver notices of this meeting. I sympathise ...

Aside.

Hon. B. M. TAITT: Mr. Speaker, where am I? Why do I have to be barked at by a lot of people who sound like dogs yapping.

Aside.

Hon. B. M. TAITT: No, I don't have to withdraw anything. Did you withdraw something? I don't have to withdraw anything about you ever. I will deal with you.

Mr. SPEAKER: My own position is ...

Hon. B. M. TAITT: I apologise, Sir. The point I am making, Sir, is that it is reasonable to assume that any experienced Member of the House who received these measures in a notice would be able, without more, to connect them with certain matters which have been discussed *ad infinitum, ad nauseam*.
12.50 p.m.

I sympathize with the Honourable Member who said that he did not receive a Notice. But the fact that he is here, Sir, lends weight to the import which the Barbados Labour Party must have envisaged when they drafted these regulations. The Honourable Member last night said that the Barbados Labour Party was responsible for drafting these Standing Orders.

Mr. L. R. TULL: On a point of order, Sir. This Honourable Member said no such thing last night nor the night before or anytime, Sir. If the Honourable Member is referring to comments that I made on a programme last night, I said these Standing Orders were drafted during the time that the Barbados Labour Party was in Government. That is all I said.

Hon. B. M. TAITT: Sir, let the records say what he just said and I will leave it at that. Suffice it to say, Sir, that the Honourable Members for Christ Church West and Christ Church South are all Members of the House and are familiar with these Standing Orders, Sir. I am saying,

Sir, that they are familiar with the Standing Order which says that the Notice would be given. Sir, this is the key. They so envisioned that there would be circumstances that would require this kind of notice that the Standing Orders said that the time for the handing of the Papers shall not be later than the time of the meeting. That is due notice.

Sir, the second point that I want to make is this. I am not discussing what the Honourable Member for St. George South said because he said that he did get his and I understand what he said. But the other Honourable Members, Sir, are impliedly questioning the judgment of Your Honour I submit. Because this Standing Order No. 6, Section 9 gives the discretion to the Speaker. It says, "If it is represented to the Speaker." Then it says, "If he is satisfied that the public interest does so require."

I submit that if there has been a summoning of this House it must mean that having had the representation made, Your Honour came to the conclusion that this discretion given to you under these Standing Orders should be exercised. I submit that any other Honourable Member who questions the exercise of that discretion, Sir, is bordering on questioning the judgment of Mr. Speaker.

I wish to submit that this can only be a tactical manoeuvre by those who might not find themselves able not to support these measures bearing in mind the genesis of these measures which were set out in the Notice which I read. Therefore, Sir, because they may not be in a position to take their usual position on these measures, they would go through the procedural tactics. All of this, Sir, is purely Opposition procedural tactics I submit.

Asides.

Mr. SPEAKER: Order, please. I have given Members an opportunity to look at their own decisions. But the truth is that I have studied the particular Order very carefully and made sure that there is no breach on either side in respect of this particular Standing Order. Now I would presume when the Standing Order was being debated the very comments that are being made now might have been the comments that would help to put the Standing Order in the kind of phraseology that it is in and, therefore, I took it that this was a document from the Committee that sent it out. My simple position is that there was only one thing for me to determine – whether the public interest requires it. It was conveyed to me in very strong terms and I accepted it. So that all other matters that are raised now are outside the particular Standing Order and my ruling is that, since the Bill has come within a Standing Order that is relevant to this House and is correct in its interpretation, it shall so proceed.

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

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

ORDER NO. 1 – OF THE COMPANIES STABILISATION TAX BILL, 1991

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise to introduce the Companies Stabilisation Tax Bill, 1991 and to speak on the second reading of this Bill. I shall be fairly brief on this matter, Mr. Speaker because it deals with issues and it is part of the entire programme which all Honourable Members are very familiar with. It is not, Sir, that we are dealing with an entirely new issue. These are matters on which Members particularly on that side have spoken at various times and places and in divers styles, canvassing all aspects of these matters and comprehensively and totally opposing the position of the Government. I expect no other position today, but the public interest demands that we come to a determination in this Honourable Chamber on the entire package of measures in respect of the IMF programme and, Sir, the Standing Orders allow it.
1.00 p.m.

It is well known that after the Letter of Intent had been submitted to the Managing Director of the International Monetary Fund, very strong representation – strident representations – were made for certain modifications to that particular Letter of Intent. The Government has given consideration to those requests for moderation, and in order to facilitate the process of coming to a final conclusion on these matters agreed, subject to the approbation of the International Monetary Fund, that it would make certain modifications. Those modifications relate to the issue of unemployment, the issue of severance and the issue of concessions to the manufacturing sector. The discussions centred around an improvement in the terms relating to those three issues.

In terms of the concessions, Sir, the manufacturers made representations and we have agreed that the concessions would continue until the 31st of December in their entirety and that from the 1st January fifty per cent of the concessions would be withdrawn. Sir, that has a price attached to it. The initial reason why we sought to determine the matter in one way under the Letter of Intent was precisely to make the price as bearable as possible in the society and not too extravagant. The additional concessions or the continuation of the concessions mean that there is a further loss to the revenue. The difference has to be made up.

Similarly, Sir, with the unemployment benefits. Under the Letter of Intent, unemployment benefits were settled at a certain level. There is now an improvement of that

settlement, whereas before it was on the basis of forty per cent, now it is on the basis of sixty per cent for all workers relieved before September 30th and then sixty per cent for the first ten weeks and forty per cent for the remaining sixteen weeks of those who may be unemployed thereafter. That also carries a cost, and the original provisions were on the basis that the cost would have been lower. The modifications therefore call for greater expenditure.

That is true also, Sir, of the severance benefits. That had been determined on the basis of four weeks' pay for the service given. What we have determined through the modifications that we have considered is that the payment should now be on the basis of four weeks' wages for every year of service after the initial two years and up to a maximum of thirty-three years. It is obvious that this modification...

Asides.

Rt. Hon. L. E. SANDIFORD: I am not supposed to hear but I can't prevent my ears from hearing. I don't know why the Honourable Member doesn't behave himself, Sir.

Asides.

Rt. Hon. L. E. SANDIFORD: ... Sir, this modification is more costly than what we had determined or agreed to under the Letter of Intent and therefore additional resources have to be found in order to meet these modifications.

So, there are those three areas, Sir, that relate to the issues that we have been summoned here today to discuss. It is in the public interest, I submit, Sir, that these matters be determined as urgently as possible. I have on each occasion that these matters have been raised indicated that we have certain basic problems to solve in our economy; that we were working with the International Monetary Fund in order to assist in the resolution of those problems; and that if resources were to flow from the Fund for the rebuilding of the international reserves and the restoration of balance in our external sector, that time was of the essence.

1.10 p.m.

Every time that we have a pause, every time that we have discussed, we have been pushing back our timetable. There has been a slippage in this regard. Even now there is a great danger that agreement on the Letter of Intent at the level of the Executive Board might not come in time for the inflow of funds before the end of this year. That is the importance of this measure. That is why we are here in order to get that matter concluded as early as possible so that we can start on the process of doing what we have to do in order to correct the imbalances both domestic and external. What is amazing, Sir, is that members of that side are aware of these matters. They know that these steps

have to be taken and at every stage they seek to frustrate and to obstruct the process of arriving at a final decision on these matters.

Sir, you will recall that on Tuesday last we had a long meeting of this Honourable Chamber. I believe we finished some time after 11 o'clock in the night. It is well known and we made this clear to those with whom we were having discussions, the manufacturers as well as the Coalition of Unions and Staff Associations, that any modification would be with consultation with the Fund and that steps would have to be taken to close the gap.

When I left this Chamber, Sir, I found correspondence responding to the proposals for modification to our suggestions about modification to the Letter of Intent. This was late on Tuesday night. I do not know why the Leader of the Opposition would wish to put the worst construction on our actions. He said, aided and abetted by the Northern Star, Sir, that we would have had these matters before and that the Bill would have been drafted before Tuesday. All of that is totally untrue because we did not have the response to our proposed modifications.

Asides.

Rt. Hon. L. E. SANDIFORD: Sir, we take the same instructions that they took in 1982. You were all very silent on that occasion. The only one who wrote on those matters came from the Northern Star. He took a very balanced position on that occasion but he was writing as an academic then.

Mr. SPEAKER: Order, please. I am just asking Honourable Members. I understand the circumstances. I would like Members to control themselves a bit. I am not going to put you out today. Just let us have an easy session. Continue.

Rt. Hon. L. E. SANDIFORD: I am just explaining the background. They want to know what is the urgency about of this particular matter. The urgency resides in the fact that we are seeking to get these matters through as quickly as possible in the hope and expectation, certainly the hope, that they can come for agreement before the end of this year, before they can reach the Executive Board of the Fund because we need the inflow of funds to rebuild our foreign reserves and to restore balance in the external sector. It is as plain and simple as that.

Sir, they are not going to walk out today. I know that. Let me say this, Sir. I am very glad that they are in here. That is an indication of their public responsibilities. We are not making any apologies for that. That is where they are supposed to be.

Asides.

Rt. Hon. L. E. SANDIFORD: This is not a debate for counter-punching. This is a debate for laying the issues as they are. I am laying the foundation for why we are here because it is important for the restructuring of our economy that we should be here.

Aside.

Rt. Hon. L. E. SANDIFORD: That is the medium term. We want to deal with the short term problems of stabilisation in the economy. We have to reduce those deficits. We have to reform the public sector. We have to take the necessary steps, Sir. I hope I have established the urgency for this matter, We are here because it is necessary to start those inflows. Over US\$40 million under the Letter of Intent are expected to flow into our economy and that is urgently needed. It is not a matter that we can postpone. It is not a matter that we can defer. It is not a matter that we can delay. We are determined, Sir, to correct the situation and to lay the foundation for future growth and development.
1.20 p.m.

Very shortly we will be starting discussions in relation to the productive sectors with the World Bank and other institutions. That also is necessary. But for this specific issue we are seeking to get the concurrence of this Honourable Chamber in this measure. The Companies Stabilisation Tax Act, 1991 seeks to raise revenue in order to meet the additional expenses that Government would have to deal with as a result of the modifications that are being proposed to the Letter of Intent. When the Bill has been passed it will be administered by the Commissioner of Inland Revenue. It will make provision for a charge on the income of every company of a tax out of its income at the rate of 5% of the insurable earnings of the employees of every company. That is for the period December 1, 1991 to March 31, 1992. Both dates inclusive. The tax is to be paid by the company to the Commissioner of Inland Revenue in respect of the total insurable earnings of the employees for each month and it is to be paid not later than the 20th day of the following month. Each company is required to submit a statement of the total insurable earnings of its employees for the preceding month. Assessments under the Act is to be done by the Commissioner of Inland Revenue as to whether or not the statements have been submitted.

The legislation makes provision for interest and a penalty if the company fails to pay the amount that is required; and that penalty is equal to 10% of the amount unpaid and, additionally, an amount as interest of $\frac{1}{2}\%$ per month calculated for each month during which any part of the amount remains unpaid.

Sir, the Bill goes on to indicate that if any amount by way of penalty or interest has been paid or is payable

under this Act, the Minister of Finance may remit, waive or refund such amount or part thereof. Regulations may be made under the Act. There are other aspects of this Bill that is before us but those are the main provisions of the legislation.

Perhaps I should add that provision is also made that any amount paid by a company by way of tax should not be deducted in calculating the assessable income of such company for the purposes of the Income Tax Act.

Sir, I think those represent the main aspects of this Bill. As I have said the issues relating to this whole matter of the Letter of Intent have been widely canvassed and we are seeking to come to a final determination now on these matters. We expect that when this determination will have been made that we would work out and arrive at a supplemental Letter of Intent with the International Monetary Fund. That is not unknown and we will hopefully then have the total approval for the programme that we are entering into. I do not think that it is necessary to go into further details on this matter.

I therefore beg to move that this Bill be now read a second time.

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

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I rise to join this debate but to speak, Sir, under protest. Like other Members of the House, Sir, I received notice of this sitting very late and I have not had a lot of time to study the contents of the Bill. And indeed the manner in which the Minister fumbled and mumbled his way through his presentation, Sir, has not in any respects shed any light on the broader aspects of the Bill. Neither has his presentation to the extent that one could call it a presentation, Sir, allowed one to gauge the degree of urgency surrounding this Bill nor to measure the extent to which it is going to deal with the problem as identified.
1.30 p.m.

I think, Sir, the House can agree that the Prime Minister and Minister of Finance is more and more assuming the aspects of a stealth bomber. This Bill, Sir, is virtually being sneaked into the House in much the same way that the Honourable Member sneaked his carcass back into the country, after the meetings with the World Bank in Bangkok.

This is going to be a very unpleasant debate, and if necessary, Mr. Speaker, I am going to exercise my right to speak as long as possible, because I am not going to accommodate the Government in this matter, given the manner in which it has been handled.

I want to say at the start, Sir, that the Prime Minister is bringing this Bill here after this matter has been on the road for a long time. The Government had more than ample time to have this matter resolved. There is nothing urgent about Government's relationship with the International Monetary Fund, Sir. Let us get that clear at the start of this debate; the Government was supposed to have in place a programme with the International Monetary Fund from July of this year.

Government took a decision, Sir, to go into a programme with the IMF, Sir, at the end of June. This, Sir, is virtually December and we have had the Government stumbling from one position to another position, Sir, as if it does not know what it is about, and these matters have been under discussion, not last week or this week, not since Tuesday, Mr. Speaker, but for a long time.

The case put by the Government in relation to the modification of the IMF programme is not something that was done since Tuesday, Mr. Speaker. This is a substantial piece of legislation which would have been under discussion and drafting for some substantial period. So that there is nothing really urgent about this debate. There really is none. How can Government, Sir, which is supposed to have had a programme in place since July come to the House and tell us if we don't have this passed by Monday that we are going to put in conflict a programme with the IMF?

I am saying to the House, Sir, that Government has already put in jeopardy its programme with the International Monetary Fund, and it cannot now fall properly to the Government to say that anything we may do on this side – he called us obstructionists – can affect that programme. Government alone has put in jeopardy the programme with the IMF. What Government should say to the House, Sir, is that even after it has modified the Letter of Intent and has drafted what he calls a supplemental Letter of Intent, that it has to be printed and then it has to be circulated to all the members of the International Monetary Fund Executive Directors, and it has to stay with them, unless some extraordinary arrangement could be arranged, for at least three weeks, because the rules of the International Monetary Fund require that members of the Executive Directors of the Fund must have access to a Letter of Intent for at least three weeks before they can consider it.

If the House agrees to this today and if a supplemental letter written by Government and signed by the Minister of Finance, should be sent to the IMF, Sir, then to be printed and circulated among members of the IMF for at least three weeks by which time the IMF would have recessed for Christmas, there is no possibility really, unless some extraordinary concession can be taken in Barbados' favour, for this matter to be brought to the IMF before some time next year.

The reality of the matter, Sir, after the Prime Minister has mumbled and bumbled his way through his presentation, is the Government is in danger of not being able to meet the test as set by the International Monetary Fund. The Government of Barbados, Sir, has set itself a very heroic test for December. Ordinarily, Sir, one does not expect Barbados' reserves to increase in the last quarter of the financial year unless there is the bringing to book of the proceeds from some foreign loan, as has been the case in the past. Ordinarily September to December is the time when the country consumes foreign exchange. But as you should know, Sir, and the House knows, Barbados tends to build reserves in the first half of the year. However the IMF Programme – and I am going to talk about that because I have not been talking a lot in Barbados as you will know, and I will talk about the IMF Programme today and I might talk tomorrow and the day after because I have unlimited time to speak – requires reserves to be built up by \$40 million between September and December.

The reality, Mr. Speaker is really this, that left to itself, Barbados does not build reserves in the last quarter of the year, but the IMF performance test requires the Central Bank of Barbados to increase its holding of foreign exchange reserves by \$40 million between September and the end of December.

It has done so, Sir, in my view to test a theory; to test the theory as to whether or not Barbados' currency is over valued. The argument, Sir, is simply this. If you enter a programme in which the Government takes all of the spending power out of the Barbados economy, then left to itself that substantial reduction in the spending power of Barbados' economy, if your currency is not over valued, should lead to such a drop in the demand for imports that the foreign exchange reserves should increase. That is all there is to that foolishness, Sir. It is unnatural in the context of the Barbados economy for this economy left to itself to build reserves in the last quarter of the financial year unless you sell assets or as has been the case in the past, you draw down a foreign loan. So, Government has a foolish test to pass, an unnatural test to pass in December.

Even if you do not put the programme in place before December or you put it in place afterwards, the IMF will still refer back to what you had agreed as performance targets. And if you come in January for a new programme if you did not pass the test as set in December, the IMF will take it to mean that those tests would have been constructed on the basis of an erroneous assumption and will make us start all over again.

The reality is, Sir, that the Government, having set bad targets now wants to make sure that it has the IMF money brought to book by the end of December so as not to compromise its ability to pass the IMF test.

Now, Sir, the Prime Minister could have said that at the outset. But there is a lot more that has to be said, Sir. I said he is approaching this matter, Sir, as if he is a stealth bomber. He has come to this House and told us this is a matter of urgency that there is need for us to be able to recover revenues that have been lost by the re-grant of concessions to the manufacturers and other people of Barbados.

At no stage, Mr. Speaker, have you heard this Minister of Finance tell you or any Member of this House how much revenue this piece of legislation is intended to raise or how it is going to affect Government's financial position. We are in this House, Mr. Speaker, being called upon to take a sensible decision on this piece of legislation without the Minister advertizing in any one single respect to the state of Government finances. How much this is going to raise, Sir? And is it not true that there are additional measures that form part of this third budget, Mr. Speaker, this pre-Independence budget, including, Sir, a fairly serious change to the consumption taxes that is to be done by Order? That is why I say, Sir, that he is a stealth bomber. We are going to have an increase, Sir, in consumption taxes by Order but he would not spare the time to take this House into his confidence and tell us how much is going to be raised by way of consumption tax. But we are to take a sensible decision on it, Sir, in a hurry, affecting the livelihoods and welfare of so many thousands of Barbadians and driving the business sector to the wall.

And then, Sir, there is the matter of the fundamental change in the National Insurance and Social Security contributions. Again, it forms part of this third budget which will affect people negatively in this country. But the Minister, who wants us to act in the public interest as a matter of urgency, did not have the courtesy to tell us what is involved.

1.40 p.m.

The House is none the wiser, Sir. I want to say that because I want to come back to this issue on the information that the Minister of Finance has so far presented to the country – I am speaking very carefully, Sir, the facts. The real situation might be otherwise. There is no need for the Government to have to raise any new taxation in order to accommodate the request being made by the private sector and the trade unions. I want to repeat that, Mr. Speaker. On the basis of the information presented to the House by the Minister, there is no need for any new taxation. If however, Sir, the situation is not what the Minister has so far presented by way of public utterances, he has to tell this House so that we can have an informed basis of taking decisions.

Why am I saying this, Mr. Speaker? Let me go back through his public utterances. He came in the April Budget and he said before the Budget the projected deficit was to

be \$190 million and that he wanted to reduce the projected deficit. He raised \$68 million but he set out in the April Budget to increase in net terms tax revenue by \$68 million. So that after the April Budget, Sir, the overall deficit would have been \$122 million. Then he comes in the September mini-Budget and said that the IMF has told him that that adjustment in April was not enough and that rather than having an overall deficit of \$122 million for the whole financial year he had to reduce the deficit to one per cent of GDP or \$35.7 million. This means, Sir, that he would have only had to reduce from \$122 million to \$35 million which my arithmetic tells me is \$87 million.

So that if we were to take the Prime Minister at his word, he would have been required to make an adjustment of \$87 million in the September Budget to bring the projected deficit to one per cent of GDP for the year. But as you know, Sir, he came to the House not with an \$87 million package but with a package of \$112 million in expenditure cuts on the one side and \$62 million increases on the other. That is \$174 million.

We are saying that on the evidence presented to this House by the Minister of Finance that he has already made enough adjustments to accommodate anything that is being asked for by the private sector. As I understood him, Mr. Speaker, in September when he spoke, he was saying then that the concessions to the manufacturers were going to cost \$16 million in revenue that he was going to gain. Can the Minister please explain to the House, Sir, why does he now have to come and raise additional taxation to cover the cost of retaining \$16 million of concessions to the House when, on the evidence of the numbers that he has already presented to the House, he ought to have more than enough revenues to cover this?

That is why I am saying, Sir, if the facts are otherwise and if this Minister wants to treat this House with respect, he must give us the facts upon which we can take sensible financial decisions. But I submit, Sir, that the Barbados Labour Party's position in this matter is this. On what we have so far been provided with by way of Government's financial statistics, Government has already more than made enough provision by way of revenue changes and expenditure changes to bring its deficits for the financial year within the limits as set by the programme and that, indeed, there is no reason at all for these additional draconian measures to be raised by our financial dracula, because this now is sucking blood, in order to deal with matters that are already under control. But if the Minister has alternative information and he wants to present it to the House, I am prepared to listen to it. But he cannot come to this House all the time and give us no information and ask us to join him blindly in taking decisions in vacuum and virtually in camera while out there some people are suffering.

Mr. Speaker, Sir, I can therefore begin to understand why his back-benchers are not here with him today, because he congratulated the Barbados Labour Party for being here. We are here, Sir, because we understand. We will not allow the Government of Barbados to railroad into legislation this 5% tax on jobs without the public hearing our position on it. But we are here, Sir, and I have to ask through you whether his back-benchers were treated to the same discourtesy as we were treated, and the reason they are not here is precisely because they did not receive the Order Paper rather than they are not here because they find this unpalatable too. But, Sir, that is a different issue altogether.

Mr. Speaker, Sir, the Minister of Finance has made it very clear that this matter is all bound up in his having to meet the demands for modifications of his Letter of Intent with the International Monetary Fund. It is my view, Mr. Speaker, that the development of a proposed programme between the Government of Barbados and the International Monetary Fund has served only to make the Government of Barbados look like a laughing stock in the eyes of the financial community. It really has. Not only has there been this inordinate delay between deadlines to be met and measures coming to the final determination, Sir, but it really is my submission that the content of this programme when once analyzed would seem to suggest that the people who were involved in taking final decisions about its nature could not determine what is the best interest of Barbados. In the final analysis, I am dealing with the point today in relation to the IMF Programme. I have been waiting to say this in public. The issue is not whether Barbados goes to the IMF or not and, from the Barbados Labour Party's position, I am not going to say in public that the country should not have an IMF Programme either. The Barbados Labour Party knows better than that. The Barbados Labour Party has made recourse to the International Monetary Fund twice, in 1977 and 1982. I am not going to take any position in the country that a Government who is facing balance of payments problems should not go to the International Monetary Fund. I am not going to say that, Sir.

The United States of America in 1963 and 1964 had programmes with the International Monetary Fund. The IMF is the institution in the world that has been deliberately set up for the purpose of making financial assistance available to its member countries when they face balance of payments problems. It has that specialized responsibility among all the institutions in the world. I want to say, Sir, because I have not spoken about this matter in public, that a large part of the problems experienced by so many countries in the world is precisely because they use the private commercial banks in the way in which the IMF was intended to be used by the international community that when they have balance of payments problems, Sir, they go and borrow money from private commercial banks

and keep deferring and deferring to deal with their problems to the point where when they come to the International Monetary Fund, as a last resort, generally the situation is so chronic that neither the commercial banks can help them nor can the IMF policies. That is why in 1982, Mr. Speaker, drawing upon the experience of so many other Caribbean countries and the Third World our position was that the IMF was there to help member countries when they have balance of payments problems, use it for that purpose rather than go year after year and borrow money for balance of payments purposes from banks and then find yourself in a position of having to deal with a situation that is too disgraceful.

1.50 p.m.

Mr. Speaker, Sir, I am saying that in relation to this particular matter, the question is not whether to go to the IMF or not. The question is what is in it for Barbados from the IMF programme? When I analyse this programme, I will deal with it in greater detail. I can assure the House that in 1982 when we went to the International Monetary Fund, we went to get a programme that would help us to relieve our balance of payments problems, to get short term money to help deal with short term cash problems. We also went, Sir, to secure a programme which had as its objective the bringing about of internal and external stability in this country on a sustainable basis. I will come back to it, Sir.

I am saying that on the strength of the evidence those objectives were met. Internal stability in Barbados was guaranteed for seven years after. This economy grew for seven years subsequent to 1982 without interruption. As regards the external position, I will show the numbers which established how clearly the International Monetary Fund programme in 1982 helped Barbados restore itself to external balance of payments stability. For now, let the House know that we went to the Fund in 1982 with our foreign reserves at \$113 million and emerged from a Fund programme with reserves of \$100 million more. Those reserves increased nicely to the point that when we left office there were \$200 million more than when we went to the Fund. Our reserves even reached the level of \$401 million in 1989 before this crisis set in. So there can be no question whatsoever that the objectives met by the IMF programme of 1982 were realised. However, in this particular case, when I read this document and the accompanying tables, this is a programme that does not give the assurance that our external position will be corrected. In point of fact, the targets that are set suggest that we will enter into this programme in a balance of payments crisis and we will emerge from the programme in a balance of payments crisis.

When I analyse this programme it represents also itself as a programme the intent of which is to protect Barbados' creditors first and foremost. The opportunity which has been presented to other developing countries to

use IMF programmes as the framework within which reasonable relationships can be established between the borrowing country and its creditors in the interest of both, that particular matter has not been addressed in this programme at all. I will explain why, Sir.

This programme also has been designed to allow the rest of the world to enjoy an improved position in Barbados' market in relation to the sale, by the rest of the world, of imports to Barbados. This has been designed to protect the interests of people in the rest of the world who want to sell goods to Barbados. It conflicts, Mr. Speaker, with everything that we know about the other CARICOM countries and their relationship to the International Monetary Fund.

I would like the House to understand clearly, even at this early stage, why other Caribbean countries have IMF programmes and they have concessions to their manufacturers similar to those that have become the bone of contention between the Government and the IMF and the manufacturers. In those other Caribbean countries, Sir, their IMF programmes have not required them to withdraw their concessions to their manufacturers, but yet the Minister of Finance tells us it becomes a matter of urgency for us to have this matter resolved to require Barbadian manufacturers to operate under conditions that are worse than other Caribbean manufacturers merely because of pressure from the International Monetary Fund.

I am saying, Sir, that this programme is designed, in my judgment, to undermine the viability of the manufacturing sector in this country as a result of the false assumptions of people who were inexperienced in its negotiations. I feel so very strongly and I will come back, Mr. Speaker, Sir, to some of these basic issues. I want to develop this argument with great clarity, but at the end of the day, I want to say this. Very often this Minister of Finance comes to this House after we have requested information and he gets up at the end of his presentation and issues a lot of mumbo-jumbo, "I will take care of you..." He has now started to call me the "northern star" and I would imagine that he will elaborate on the particular matter that we are obstructionists. I remember I raised issues in April and he allowed himself to be guided by the bureaucratic monstrosity who is writing his speeches to talk about how I was squirming in my seat, rather than deal with the issues that were raised – the bureaucratic monstrosity who confuses psychopathic behaviour with a professional detachment in the performance of that person's role. I have not asked to call anybody's name. However, I am sure, Sir, that what I am hearing from the Member for St. Michael West by way of asides is that he does not have an input into the Prime Minister's speech and it shows. A lot of psychological damage has been done to Barbados and a heavy toll taken on this country; all caused by the misguided nature of the speeches by the Minister of

Finance. It has caused terror in the rest of the people when the Minister of Finance says that he is not responsible for the performance of the economy. It is evidence of the senility of the Minister of Finance that he can remember what happened in 1982 and not 1991. That aspect of senility that he knows about the 1982 programme.

SUSPENSION

Hon. P. M. GREAVES: Mr. Speaker, I move that the sitting be suspended until 3 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 House accordingly.
2.00 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is now resumed.

PAPERS (Resumed)

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I ask that we revert to item "Notices" with the leave of the House.

Mr. SPEAKER: Leave is granted.

Rt. Hon. L. E. SANDIFORD: I am commanded to lay the Consumption Tax (Amendment) (No. 2) Order, 1991.

COMPANIES STABILISATION TAX BILL, 1991 (Cont'd)

Mr. O. S. ARTHUR: Mr. Speaker, in the course of my presentation, I would want to draw a number of specific concerns that the Barbados Labour Party has, relating to the Letter of Intent that Government wishes to enter into with the International Monetary Fund, and I am doing so in good faith. I take Government at its word when it says that it wants to modify and amend the Letter of Intent with the IMF. I accept that Government is saying that Government itself is not satisfied with the Letter of Intent. Neither are we.

There are a number of very specific areas in which the Letter of Intent can be improved. There are four broad areas. First of all we are not satisfied on this side that there is a foreign exchange benefit arising to Barbados from its relationship with the International Monetary Fund. The nature of the programme is such that Barbados is going to enter the programme in a foreign exchange crisis and it is planned that Barbados should emerge in the programme with that foreign crisis still intact, raising the spectre, Mr. Speaker, that the same situation that now confronts Jamaica will obtain in Barbados. The use of the IMF resources are supposed to be temporary but we know of circumstances in our part of the world where countries have been sentenced to indefinite detention under IMF programmes, if I may put it that way. The prospect of additional relationship with

the IMF is a spectre that raises itself in relation to this programme. I want to raise that concern, Sir.

The second concern that this programme is designed to protect the interests of Barbados' creditors has to be raised, and I will discuss what that involves.

The third is that the programme opens Barbados' markets to the rest of the world at the potential of destroying jobs and the manufacturing base of this country.

The fourth broad area of concern is that really this IMF programme emasculates the role of Government in Barbados in a way that is not usual even in IMF programmes. If the Government is modifying, Sir, we believe that there is scope for some of these considerations to be taken into account.

I want to say that there are at least two additional matters relating to the Letter of Intent that need to be tidied up. First of all, Mr. Speaker, we are hearing talk about Government having to clear arrears with the International Monetary Fund even before funds can be drawn down under the International Monetary Fund programme. That is to say, that even if this Parliament was to agree to this legislation and the Letter of Intent was to be modified correspondingly, the Deputy Prime Minister in his own letter to the unions and Coalition has said that Government has committed itself to having to clear outstanding arrears before any funds can be drawn down under the programme of the International Monetary Fund.

I really want the Minister of Finance to be specific in telling this House how much of those arrears have been cleared, and when the arrears were accumulated. Were any of those arrears accumulated in the year 1989/90 when he was parading himself as this champion of fiscal discipline and claiming credit for the lowest possible deficit in the history of Barbados? How long have these arrears been outstanding and to what extent has this legislation been initiated by the insistence of the International Monetary Fund that those arrears be cleared? To what extent has that precondition influenced Government's decision to institute the kind of legislation that it wants this House now to embark upon?

I am saying by implication, Mr. Speaker, that this House must not believe that the only purpose for which Government is seeking to raise revenues, whether by way of this Resolution or by the Consumption Tax Order is merely to satisfy the trade unions or to satisfy the private sector – as the Minister of Finance would want us to believe. We have been asked by the Minister to believe that this is the only financial consideration. The Government is, however, under a commitment to the International Monetary Fund to pay the arrears. It has to raise the funds for that purpose. So the Minister should tell us how much of these funds to be raised here are to meet the demands of

the unions as distinct from clearing the arrears. The argument Government is advancing is that since we support the demands of the unions, we should be able to support the legislation. Before we can do that, we need to be told how much of these new funds are to be raised, Sir, whether by way of this legislation or by the Consumption Tax and others – are to clear the arrears, which have absolutely nothing to do with the concerns that the unions or the private sector have raised, but have everything to do with the financial bedlam and indiscipline that has operated in the Democratic Labour Party since 1986.

This is the first point I want to make, Mr. Speaker. I am also glad that this Letter of Intent is being modified because it suffers from a defect similar to that of the Throne Speech. I am not going to invoke in this debate the name of any office, but you will recall that I had to bring certain caustic and stringent comments to bear on the Throne Speech because it contained up front something that the Government was in a position to know was not true. The situation then was that contained in the Throne Speech was a statement to the effect that, as predicted in the Budgetary Proposals and the presentation of the Financial Statement 1989, the economy declined by 2 per cent. When we checked what was said in the Budget, the exact opposite was said. Up front in the first paragraph of this, there is a statement that "pressure from the decline in tourist earnings on the balance of payments in 1990 was compounded by a sharp increase in amortisation payments resulting from large commercial borrowings in the late 1980's."

Mr. Speaker, Sir, I have been in this House through all this period and I remember that 1990 was precisely the year when Government's debt amortisation fell; that the Minister of Finance himself, Sir, made a presentation in this House drawing reference to the fact that the Government's amortisation was supposed to fall in the course of 1990. If there is any doubt, Mr. Speaker, I would refer you to page 138 of the most recent Central Bank Annual Statistics Digest. This is a public document which shows that whereas in 1989 Government's external amortisation payments were \$124 million, in 1990-1991 Government's amortisation was \$69 million. They fell, Sir, and to that extent, therefore, Government cannot properly say, as the Minister of Finance knows, that an increased amortisation of the external public debt in 1990, that is, repayment of an increased principal in 1990 was any part of our balance of payments pressures in that year. He said so in this House in the Estimates Debate of 1990 – that it was expected that our amortisation payments were scheduled to fall, and the numbers are bearing that out, Mr. Speaker.

In fact, Mr. Speaker, I have come to this House and brought the Government's attention to the fact that the lower debt service in 1990 gave Government the opportunity to show a savings in expenditure. I therefore believe, Sir, that it is offensive for Government to start out

a Letter of Intent saying that our balance of payments pressures in 1990 were compounded by a sharp increase in amortisation payments, when the Minister of Finance himself is in a position to know that amortisation payments in that year were \$60 million less than the previous year. Where was the increase? There was a sharp decline. I must stress this point, Mr. Speaker, because, by implication, this statement is trying, like the Ministers' five speeches, to put the blame for the balance of payments crisis in 1990 on things that happened in the mid 1980's, that is, a sharp increase in commercial borrowing. The only year in which the Government cannot properly show that there was a sharp increase in amortisation payments, Sir, was the financial year 1990-1991. It is documented, Sir. We can't modify the Throne Speech, unfortunately. However, if you are going to send off a Letter of Intent to an international institution and the facts as published by Government, not only in this document, but also in the Economic Report, as laid in the House by the Minister of Finance himself, contradict what is stated in the Letter, it becomes a matter which disgraces Barbados.

Mr. Speaker, Sir, it is not just a question of our playing with numbers. Too much of an effort has been made by the Government – I say the Government meaning the spokesman of the Government who is not a northern star but a fallen star – to obscure the facts surrounding Barbados' real economic situation.
3.15 p.m.

I will not have any public document that we are called upon to support stand so splendidly in opposition to the truth. I am asking that this consideration be taken account of by Government in modifying this particular Letter of Intent.

While I am on this point I will, in this debate, defend the integrity of the Barbados Labour Party in relation to its relationship to the International Monetary Fund. Too much of the Government's present propaganda mission is designed, in my view, to unreasonably discredit a programme that – and I have written about it, Sir, I have given Members on the other side a copy of what I wrote about the 1982 programme – was designed to take timely and effective action to protect Barbados' better interest.

I want to say that it is not true, as some members of the Democratic Labour Party might want to have it appear in public, that the Barbados Labour Party under Tom Adams went to the International Monetary Fund without the matter ever going to Cabinet. I can say personally it is not true if only because I was the public officer in the Ministry of Finance who wrote the two Cabinet Papers in 1982....

Aside.

Mr. O. S. ARTHUR: The Honourable Member for St. John would contradict, if he were to be true, Sir, the Honourable Member for Michael North. I have heard it said within the precincts of these Chambers that Tom Adams did not only streak to the IMF but he did so without even letting his Cabinet know. The Honourable Member for St. Philip South said so in a recent debate. Mr. Speaker, I wrote the two Cabinet Papers. I wrote the Cabinet Paper that resulted from a meeting that was held on June 15, 1982 between four public officers of Barbados and executives of the IMF at which the outlines of the programme were negotiated over lunch. I wrote that Cabinet Paper, Sir. I have a copy of it. I have already made it a document of this House.

I also wrote the Cabinet Paper on which the decision was taken by the Government of the day to go to the IMF. The Minister of Finance has it in his possession, a structural adjustment secret file and the correspondence ensuing therefrom between the Minister of Finance of the day and myself in relation to the change in the limits on the commercial loans from \$35 million to \$50 million. It has to be the proof, if proof is necessary. Not only that the Cabinet of the day...

Aside.

Mr. O. S. ARTHUR: I am speaking about the real, real Minister of Finance. The Minister of Finance is the Honourable Member for St. Philip South.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, the Honourable Member for St. Peter is saying that I have some particular file in my hand and he gave a title of the file? I am saying, Sir, that is untrue. I do not have any such file in my possession.

Mr. SPEAKER: We only have one Minister of Finance in here so we have to be careful.

Mr. O. S. ARTHUR: Mr. Speaker, I regret that there is only one Minister of Finance in here. If it was within my discretion I would certainly make the Honourable Member for St. Philip South that Minister. But he knows because he made an issue of it that not only did the Government of the day adjudicate on that programme but it requested a modification. The Cabinet requested that the limit on the commercial loans...

Rt. Hon. L. E. SANDIFORD: I am indicating that I heard the Honourable Member for St. Peter indicate that the Minister of Finance has some particular file in his possession which he indicated by the title. I am indicating that I have no such file in my possession. He must not mislead the House. He must withdraw the statement.

Mr. O. S. ARTHUR: Mr. Speaker, there is a file in the Ministry of Finance which is at the disposal of the

Minister of Finance which would establish beyond any shadow of any doubt that not only did the 1982 programme go to Cabinet, but that the Cabinet of the day requested a modification in the programme; specifically a change in the limit on the amount that Government could borrow from the private commercial banking system.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise on a point of order. The Honourable Member made a specific statement that I have in my possession as Minister of Finance a particular file. He has not yet clarified that. Not only clarified it but it is misleading the House to say so. The Member should be called upon to withdraw the statement for purposes of accuracy of the record of this House.

Mr. SPEAKER: I think the Honourable Member would accede to the wish. The Honourable Member says he does not. I have to take it that both Members are Honourable Members that they speak what they know to be true. If the Honourable Member makes that point I do not think there is much difficulty in withdrawing it and rephrasing it the way you want to rephrase it.

Mr. O. S. ARTHUR: Mr. Speaker, I would gladly withdraw it. I made a statement that there is within the possession of the Ministry of Finance a file.

Mr. SPEAKER: But that is not what the Honourable Member objected to.

Mr. O. S. ARTHUR: If the Honourable Member wants me to say that he does not now have a file in his possession and he feels happy to say that he does not have a file in his possession, so be it. I want to say that since he is so concerned about accuracy of statement, I would also want him to withdraw the lie that he put in the mouth of the Governor-General of this country in her Throne Speech and the lie that is up front in this Letter of Intent.

Mr. SPEAKER: I understand the Honourable Member but you cannot say that the Honourable Member is lying in that way.

Mr. O. S. ARTHUR: It is a gross untruth, known by the Minister to be a gross untruth when he was writing it and approving it.

Mr. SPEAKER: I heard up to gross untruth. I am not sure I heard the latter part of the statement since somebody is objecting to what you say.

Mr. O. S. ARTHUR: But he is the person who in 1989 presented a Budget to this House in which he made a specific statement.

Mr. SPEAKER: Do not let us get into these sorts of discussions. If you say it is a gross untruth let it stay at

that and finish with that. Do not try to carry it into the other end of the whole statement. I will accept gross untruth.

Mr. O. S. ARTHUR: But it is a statement, Sir, that has absolutely no foundation in truth. I am pleased to withdraw any reference to the fact that the Minister has a file in his possession. If he wants to make a federal case over that statement it is symptomatic of the kind of way in which he wants to fight over pettiness. We have seen it in the past, Sir, his occupying public television to complain about a statement of \$35 million to say it is not \$35 million but it is \$33.5 million. We have become accustomed, Sir, to this Minister of Finance quarrelling about foolish, petty things and bringing this country into a situation of chaos. I can begin to understand how Barbados now finds itself a mess in the economic bedlam that is enmeshing this country given the attitude of this Minister who would rise to make a case in this House as to whether he has a file in his possession or not. It is symptomatic of a state of mind.

I am defending that programme, Sir. I will stand and defend it. In 1983 I wrote a paper at the University of the West Indies which he said I wrote when I was an academic and which he said was a balanced paper. I commended the programme to the public on the grounds that I thought then that it was the kind of programme that would have restored – the words I used were, Sir – "internal and external balance to the Barbados economy", meaning that the IMF programme of 1982 would have served, in my view, as a framework that would have led this country to improve its balance of payments. Mr. Speaker, the Barbados Labour Party can tell this country that in the years following our balance of payments position improved to the point where stability was restored to it. Let me, Mr. Speaker, for the records, and to counter the propaganda being put out by the Democratic Labour Party state what the facts are.

At the end of September 1982 when the Barbados Labour Party entered a programme with the International Monetary Fund the country had \$113.3 million in reserves. By December of that year it had risen to \$188 million. By December of 1983 it had risen to \$231 million and March 1984 when Barbados' programme with the Fund ended, it was \$241 million. There was almost a \$130 million improvement in Barbados' balance of payments position in the holding of reserves as a result over the period when that programme with the Fund was in place. The question that this House will be asked to examine, Sir, is whether any such similar improvement or any improvement at all in Barbados' external position is anticipated under the auspices of this present programme.

3.25 p.m.

Secondly, Mr. Speaker, I commended that programme to the country in 1982 on the grounds that I thought it was

the kind of programme that would set the stage for the country to endure some sacrifice in the short term but would provide the basis for sustained growth over the medium term, Sir. I say to the House that the numbers are in and that this country entered a programme with the IMF in September, 1982 and for each of the seven successive years thereafter output in this country grew in each year. Also the programme spoke in terms of sustained economic growth within the context of moderate prices and that this country had a rate of inflation of 11% to 14% in the early 1980s. If you check after 1983, 1984, Sir, rates of inflation 4% and then it was brought down to 1%, moderate rates of increases in the rate of inflation in this country. The purposes sought by that programme were wonderfully well achieved. The only thing that this Administration has to say about the programme is that Tom Adams streaked to the International Monetary Fund.

Mr. Speaker, I want to tell the Government that there is no way that any country can have a secret programme with the IMF. Because that is also part of the vernacular of the propaganda that is put out in this country. There is no way, Mr. Speaker that any country can have a secret programme with the International Monetary Fund. There is a thing called the IMF Review, Sir, and it is published I think every two weeks. I have a copy – had a copy here which I am searching for. As the programmes are negotiated you have a section called "From The Executive Board" in which the contents of any IMF programme between any country and the IMF are set out in the IMF Review week by week. Every month as a country draws funds from the International Monetary Fund, the Fund gives a chronicle month by month of which countries in the world drew money from the international monetary institution. This thing we have been hearing in Barbados about how they had a secret programme between the Tom Adams Government and the IMF programme is nonsense. It would have appeared in this.

I want to say this, Mr. Speaker, and to conclude on this point. Tom Adams also said once that he, through computers, contributed in 1981 to the same issue. You cannot have a confidential programme with the IMF as the Minister of Finance must know. It must go to the Board of Executive Directors. It is published. All of the member countries of the IMF are entitled to see what your programme contains. What nonsense are we hearing? They now allege that Tom Adams said so in order to give the Barbados Labour Party a bad name.

I want to say this, Sir, that the Democratic Labour Party should be embarrassed to tell anybody in Barbados – and I particularly want the Member for St. Philip South to hear this point – that a Government of the day in 1982 went to the International Monetary Fund and that the

programme was in place for three years without anybody knowing anything about it. That says two things.

Aside.

Mr. O. S. ARTHUR: That we streaked to the Fund and nobody knew anything about it. It says, Mr. Speaker, that you had a lousy Opposition at the time and, to the extent that you had a lousy Opposition then, Sir, I am saying that the public of Barbados should have known that if the DLP in Opposition was a lousy Opposition that a DLP Party in Government would have been a lousy Party. Because if the public interest of Barbados...

Mr. SPEAKER: I am not so sure I like the language.

Mr. O. S. ARTHUR: An incompetent Opposition, Sir.

Mr. SPEAKER: I think you can do a little better.

Mr. O. S. ARTHUR: I am saying, Sir, that everybody in the world who follows relationships between the IMF and any country is in a position to pick up an IMF survey and see what is...

Asides.

Mr. O. S. ARTHUR: I subscribe to them. Mr. Speaker, Sir,...

Mr. SPEAKER: I understand you are speaking to me.

Mr. O. S. ARTHUR: Members of my party will tell you that each and every one of these documents published by the IMF comes to me downstairs in the Leader of the Opposition's office. I would believe that in 1982 that the same interest that I show in these matters as a spokesman in the Opposition was being shown then by the spokesman from the Opposition on the Government side. But the point is that if the public interest of Barbados had required that an Opposition bring to public attention the contents of a programme between the then Government and the IMF surely the then Opposition failed Barbados.

But more to the point, Sir, the reason why that programme was in place and could have been in place for three months and the public did not know about it, Sir, is precisely because it did not involve the kind of change in policies that this programme does. If the Members on the other side are honest and reflect upon it they would accept the validity of that statement. If it had involved a radical change in policies such as this involves, an 8% change in wages, there would be no way that any Tom Adams or anybody else could have brought any programme with the IMF and the public would not know about it.

But in the final analysis, Sir, the DLP should have been embarrassed to tell the world that the programme was in place, that they allowed Tom Adams to enter a programme with the IMF in September and it was only December that the public was told about it by them and that they were a responsible Opposition. I say they failed the public.

But I come on now, Sir, to the present programme. I want to deal with the real concerns that we have with this programme. I have said at the very start that the benefit of an IMF programme to a country should be that it allows the country to resolve a balance of payments problem. A fundamental difficulty with this programme is that at Table 5 which is the bottom line this Table anticipates that the Central Bank of Barbados would at the end of March, 1993 have \$73.8 million in reserves. At the end of the programme, Sir, March 1993 the Central Bank will be holding \$73.8 million in reserves including its holdings of the CMCF. The significance of that, Mr. Speaker is simply this that at the end of March 1991 the Central Bank of Barbados was holding \$77.9 million in reserves. So that it is anticipated, Mr. Speaker, that the Central Bank's holding of reserves under this programme will at the end of March, 1993 be in a worse position than they were at March, 1991. It is for that reason, Mr. Speaker, that I am saying that this programme raises the spectre that Barbados will, like Jamaica and other countries that have had to endure indefinite programmes with the IMF enter this programme in balance of payments crisis and will emerge from this programme still in balance of payments crisis.

3.35 p.m.

Part of the reason, Sir, and I think a university academic has been drawing strong reference to it, is that to the extent that you identify that Central Bank financing of Government's operation was part of the problem, to that extent a programme with the International Monetary Fund ought to involve a change away from dependence on Central Bank financing. But this programme, Sir, implies that between March 1991 and March 1992, Central Bank financing of Government's operations will increase. If I am to put it more accurately, Sir, because I have to be fully accurate, that the net domestic assets of the Central Bank of Barbados, which include not only its lending to Government but also its lending to Commercial Banks is targeted to increase from \$173 million to \$255 million between March 1991 and March 1992. So that it should not be surprising that this programme does not portend a substantial change in Barbados' reserves position because no important change in the role of the Central Bank of Barbados, Sir, is envisaged in this programme, certainly in the first year of its existence.

I am saying to the House that if Central Bank financing of Government's operations caused the balance

of payments problem in the first place, to that extent, Sir, to enter a programme in which there is provision for continued high levels of Central Bank financing of Government's operations, is to be part of a programme which is likely to run into balance of payments difficulties, Sir.

I therefore, Sir, want to challenge the Government to deny that Government's overdraft with the Central Bank of Barbados, Sir, has been over the legal limit for some time now and could well be in the vicinity of between \$200 million to \$205 million. Government's overdraft to the Bank is \$30 million over the limit set by law and on present trend, Mr. Speaker, there is very little likelihood of that overdraft being brought down.

We came to this House in 1990, you will recall, to increase that overdraft limit from 10 per cent of estimated Government revenues to 17½ per cent. I recall, Mr. Speaker, the Honourable Attorney General giving this House the broad assurance that the increase of that overdraft to 17½ per cent of Government's revenue was mainly with a view to allowing Government to validate the existing situation, but that it really was Government's intention, as soon as circumstances allowed, to bring down the overdraft and keep it within the limits set by law. The Honourable Attorney General smiles in acquiescence of the validity of the point that I am making, Sir.

Hon. M. A. KING: The Honourable Member cannot draw any conclusions from anything I have said. I have not said anything. He cannot draw any conclusions from my behaviour.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am raising my basic concern; that if you are going into an IMF programme you have to avoid the situation that has happened to Jamaica happening here. Jamaica has been in an IMF Programme now since 1977. You want to go into an IMF Programme for a short, stated period as it is. You take discipline, you put in place systems, you set your house in order and know that at the end of the day you can look forward to sustained growth thereafter. I am saying that fundamental to this Programme is a set of targets which to me would suggest that when Barbados goes in, it will come out still in balance of payments crisis and that underlying it is Table 3, the net domestic assets of the Central Bank of Barbados which allows the Central Bank to maintain a position as a net lender to Government to a degree that cannot allow our reserves to build. This is such a fundamental flaw in the Programme that it bothers me profoundly. It bothers me equally profoundly, Mr. Speaker, that in pursuit of that enhanced role of the Central Bank as the chief financier to the Government of Barbados, Sir, even now the Central Bank is financing Government operations by cheques that should be bounced.

Mr. Speaker, Sir, I know the Minister of Finance does not like to give us these facts but I want the Government to give the House the assurance that the Governor of the Central Bank is in fact accurate when he is saying that our reserves have been rising. I would like the Minister of Finance to tell us what has been the increase in the reserve position of the Central Bank of late. As I understand it, Mr. Speaker, just as the Ministry of Finance is under obligations to clear its fiscal arrears, that is, it must pay who it owes before it can draw down a penny, I am also of the understanding, Mr. Speaker, that the Central Bank is also under an obligation to clear its foreign exchange arrears. As you know, and the entire House knows, Sir, a lot of authorisations and approval for foreign exchange payments have been given by the Central Bank without the Central Bank, Sir, or any commercial bank in this country being in a position to honour those authorisations. I would want therefore to ask the Minister precisely how can it be that the reserves have been rising in the manner in which the Governor of the Central Bank says, Sir, but he wants to pressure this House to have this money brought in quickly because they are that short of foreign exchange.

I think the reality, Mr. Speaker, Sir, is this, that we have to be very careful in the interpretation that we put on the statements issuing from the leadership of the Central Bank of Barbados. I am not going to attack a public officer, Mr. Speaker. There has been a view put that we need a strong and independent Central Bank. I want to put the alternative position, Sir. We need in Barbados, Sir, strong and independent central bankers.

We also want strong and independent central bankers in this country, Mr. Speaker, who will call a spade a spade, who will not subscribe to the breach of the laws of this country, Sir, who will not allow Governments of any day to issue authorisations for payments that involve the Central Bank having to let Government overdraft to rise to any amount and more so \$30 million in excess of the legal limits.

We need strong and independent central bankers. And it is my submission to the House, Sir, when I review the course of events between 1989 and now that Barbados' economic distress could in many respects have been avoided if we had a strong and independent set of central bankers, Sir, and I don't want to say any more on that point.

I want to make a submission to the House, Sir, that one of the problems that the Barbados Labour Party has with this IMF Programme is that it is too heavily designed to protect the interest of the creditors of Barbados, and I want, Sir, to put that case properly before the House.

It has become, Mr. Speaker, part of the norm that the restructuring and the rescheduling of countries' debts are matters not handled as unilateral actions by the countries

themselves but are matters which are best dealt with under the umbrella of an International Monetary Fund arrangement. Indeed, Sir, if I may elaborate on the point, in 1982 Mexico, in one of its celebrated programmes with the International Monetary Fund, managed to incorporate the restructuring and rescheduling of its external debt as part of an overall programme with the International Monetary Fund. The purposes of that policy, Sir, were to use the rescheduling of the debt as one of the ways on which pressure could be eased on the foreign exchange resources of the country. It has become, Sir, not so much a norm but also something that is widely practised that a country which is experiencing a balance of payments problem which is in some part debt related should look, Mr. Speaker, to the seal of approval of an IMF Programme as the financial framework within which it can proceed to restructure and reschedule its debt to ease part of the pressure on its reserves.

Mr. Speaker, as the Minister has identified, Barbados faces two problems. One problem, quite correctly, was that Government's domestic expenditure had risen too fast and had been translated into too high a demand for imports and, therefore, we needed a programme to reduce domestic expenditure to protect the reserves. Understood, Sir. No problem with that.

3.45 p.m.

Secondly, Mr. Speaker, the Minister has also put the case that Barbados has also reached the stage where debt repayments were also becoming part of our external problem and he is quite correct, Sir. Our problem now on the debt repayment side is that the country has to repay a \$68 million loan on one day and it also has, if my memory serves me correctly, two fairly large loans; one with NatWest and one with Barclays negotiated in 1987, one involving \$30 million amortisation payments in a year and another almost \$20 million that have to be paid. So that our debt repayments, Sir, have started to bulk.

Now Mr. Speaker, Sir, consider what would have been the ease on our foreign exchange earnings if Government could have gone into a programme with the International Monetary Fund where rather than us having to repay that \$100 million, let us say at the end of March, if terms would have been worked out with our creditors like how Mexico did, that you pay \$10 million with the understanding that as a responsible Government, Sir, we would not pay all the debt in one day but would reschedule it over a period of time. What it would have meant, Mr. Speaker, Sir, is that the foreign exchange earnings to which the Government would have access would be available to the country to let the process of rebuilding the economy start sooner. That is the value, Mr. Speaker, of the restructuring and rescheduling of debt programme under the general umbrella of an IMF programme. It allows the country, therefore, to be able to look at its recovery programme sooner without inviting upon itself the image of

an international pariah for undertaking a unilateral repudiation of its debt.

I am saying, Sir, that the Prime Minister has identified two pressures on the reserves. Firstly, it is the increase in domestic Government spending which problem the Government is attempting to address. Secondly, he said that there was a problem in relation to the debt. I am saying that to the extent you have identified two pressures on the reserves then the programme which you have entered into with the IMF could only make sense if it allows you to deal with both, as has been the case in countries like Mexico in 1982. So the question, therefore, is that having identified the problem has this programme been designed to find a solution? I ask you, Sir, to turn to Table 4. Table 4 called "Quarterly Limits On Net Disbursements Of Medium and Long Term External Loans" means that a net disbursement is the difference between the amount of money we take in from external loans and the amount that we will pay on external loans. Our net disbursements of external loans will only be negative if you are repaying more in external loans than you are drawing down from the proceeds of new loans negotiated. Do you understand what I am saying? Barbados' net debt disbursements of medium and long term loans can only be negative if we are repaying more than we are drawing down in foreign loans. This Table 4 says that Barbados has entered an undertaking with the International Monetary Fund to pay the rest of the world by March 1992 up to \$55 million more than we are taking in from the rest of the world.

So that the option that was opened and exercised to the advantage by countries such as Mexico, that is, to incorporate an element of debt restructuring and rescheduling as part of an IMF Programme in pursuit of having resources available to start rebuilding as soon as possible, has completely been ignored in our programme which requires the Government of Barbados to pay the world. Mr. Speaker, I am saying that this is very strange. It not only reflects naivety, but it cannot for the life of me, Mr. Speaker, understand how Government could allow the International Monetary Fund to operate in the Caribbean as if there is one law for the Medes and another for the Persians. Because the Government of Barbados must know that Guyana is now operating under an International Monetary Fund Programme and the IMF can come to Barbados and tell the Government of Barbados that you not only must clear all your arrears, but you must also, over the course of this programme, pay back all the rest of the world. You cannot restructure your loans or debts in such a way as to ease up some of the foreign exchange to help rebuild your sectors, but at the same time we are allowing the IMF to do that in our country. Now they are having a programme in Guyana which, if they were required to pay their arrears, would ease substantially, as the Government must know, that balance that Guyana is holding with the

CMCF which represents money that is payable to Barbados. You have in the same Caribbean, Mr. Speaker, two situations – one in which this Government of Barbados wants to enter a programme with the IMF in which it cannot have arrears and must pay the world and cannot restructure its debt. But Guyana, as far as I am aware, with no evidence to show that Guyana's programme with the International Monetary Fund requires it to clear its arrears with us.

Mr. Speaker, if the Barbados Labour Party was confronted with this situation, and that is what I am saying to the House, that we have drawn from the experience of Mexico and all of the developing countries who have incorporated an act of debt restructuring and rescheduling to the benefit of the country as part of the IMF Programme, Sir. We would have used the leverage of the CMCF to make sure, Sir, that the little amount of foreign exchange that we have is so economically used that they could not be preempted only for the protection and interest of our creditors alone. Mr. Speaker, when this matter was first raised in September of this year, I gave the Government the commitment then that one of the alternatives that Government should have been presenting, speaking on behalf of the Barbados Labour Party, that I was prepared to support any reasonable programme of debt restructuring as part of the IMF Programme to the extent that it can serve in the present context as one of the ways by which we can start the process of rebuilding.

I believe that this programme is offensive. It is truly offensive in the extent to which this Table 4 tells our Minister of Finance that you have to pay the rest of the world when the rest of the world owes Barbados money. I am urging the Government that in the process of its remodifications or whatever else, Mr. Speaker, that this is a consideration we want to see put down for the benefit of this country.

I also said, Mr. Speaker, that in my humble assessment this programme emasculates the role of Government in this country.
3.55 p.m.

In 1967, Errol Barrow, page 475 of Hansard, speaking in the Budget Debate of that year said then, and I quote:

"Any time a member of this House honestly believes that the country should not incur further debt he should have the courage to stand up and be counted amongst those opposed to development rather than to take advantage of the financial innocence of uninformed bystanders when he has slunk away from these legislative buildings."

His successor, Sir, must now stand up and be counted among those opposed to development.

Now, let me put it in context, Sir. Mr. Speaker, you will recall that one of the fundamental issues that has been raised by the Minister of Finance in all this debate was the amount of adjustment that was recommended to him, and the amount that he was going to take and so on. He expressed it, Sir, in terms of the size of the fiscal deficit. In April last year at the start of this whole cycle, he told the House that before the Budget, the deficit was projected to be 6.1% of GDP. He said that he had been advised to bring it down to 2.5% of GDP – remembering all the while that 1% of GDP is about \$35 – \$36 million – but that he had thought that such an adjustment, to reduce that deficit from 6.1% of GDP or \$190 million to 2.5% of GDP, was too draconian an adjustment to make in one year. He therefore rejected the advice given to him and settled upon a deficit of about 4% of GDP for his April Budget.

The International Monetary Fund has come here, Sir, and told him that he must not only disregard what his advisors have told him, but he has also to disregard what he would want to see as a process of adjustment that falls within the bounds of reasonableness. They told him that he must do two things. First, to cut the deficit not just to 2.5% of GDP that he says is too draconian an adjustment, but to cut it to 1% of GDP. More to the point, Sir, paragraph 6 of the Letter of Intent. Having cut it to one per cent of GDP this year, it requires that next year the Government cannot incur any deficit at all.

Let me begin to focus that point, Sir. It was too draconian an effort for the Government, under the influence of government technocrats, to bring the deficit from 6 per cent of GDP in one year to 2.5 per cent. However, he is not only prepared to let the IMF force him to go beyond the advice of his own technocrats, but our Minister of Finance and Economic Affairs is also prepared next year to accept a policy that prevents the Government of Barbados from allowing its revenue to exceed its expenditure in accordance with the way in which the Minister of Finance now defines government expenditure. In short, the Government of Barbados cannot incur loans next year beyond the amount required to repay the foreign debt.

For the first time in the history of this country, a Government of Barbados is committing itself to no further debt. I remind the Minister of the words of Errol Barrow, page 476 of Hansard 1976:

"Anytime any Honourable Member of this House honestly believes that this Government should not incur debt, let him stand up and be counted among those opposed to development."

What this programme tells this Government, Sir, is that even if the opportunities existed to help build this economy by the Government playing a catalytic role in stirring that development, this Government can respond positively. It must limit itself under the programme with the International Monetary Fund to having loans only equivalent to that required to pay the debt outstanding. It is an emasculation of the role of Government of Barbados.

What does it mean? It means that at the time when the Government of this country was writing up this Letter of Intent and agreeing to the target, it was not only agreeing to impose a heavy burden on the people of this country during this financial year. By implication, Mr. Speaker, the reduction of the deficit from one per cent of GDP this year to zero per cent next year means that the Government, at the time of writing this Letter of Intent, was planning to impose \$36 million of additional burden on the people of this country next financial year. That is the implication. To move a deficit of one per cent to zero means that you have to make \$36 million in adjustments. The Government of Barbados has not therefore only committed Barbadians to having increased cuts in this and that, sending home people from the public service, but come the next budget the Government of Barbados has under this programme to show the IMF a budget and a set of estimates in which Government's revenue equals Government's expenditure net of amortisation.

If the Government were to find itself in a position where it realises the target of one per cent as a deficit this year, it means that to reduce the one per cent of GDP deficit this year to zero next year, at least \$36 million in adjustment will have to be made. I would like the Government to tell us what form that adjustment will take. Remember, Sir, that \$26 million in adjustments meant that the public servants' wages had to be cut by eight per cent. So, when you talk about \$36 million in adjustment it could take any number of forms. I speak without any claim to infallibility, but I have tried to check as many IMF programmes as possible. IMF programmes generally require that Government should cut their fiscal deficit, but I have yet to find an IMF programme in which the Government is required to have no deficit at all. That is the point.

Go back to the 1982 programme of the IMF. I commended the deficit of 2.5 per cent, and the words I used then, Sir, were very much the words that the Minister of Finance's advisors would have used this year. I said then, that in 1982 we were looking to bring the deficit to 2.5 per cent of GDP. The Government advisors were telling the Government the same thing this year.

I have checked and I have not been able to find any instance in which any sovereign government in any part of the world has ever agreed to have no deficit at all as part of an IMF programme. When I therefore stated that the

role of Government in this country is emasculated by this programme, I am not saying that for any emotive reason. Let the Minister of Finance tell the Government what would be the beneficial implications if he had agreed to a different deficit. I believe that this country would have found itself over the long term in a better set of circumstances if he had followed the advice of his advisors early this year. Mr. Speaker, I run the risk of being accused of repetition but the problem of IMF programmes is that you can ignore the technical feasibility of these things stated in financial terms. IMF programmes fail precisely because they so alienate the population that the social instability that ensues from their implementation themselves work into the programme and causes loss of productivity, loss of export earnings and a whole range of things which can induce collapse in the country. The trick in an IMF programme is to balance their concerns for efficiency with your concerns for welfare.

In the paper that I wrote in 1982, I said that I could shut my eyes and support the programme because the welfare consideration in the programme protected the interests of the country. The interest of the small man in the country, Sir, was favourably taken into account and balanced and intermeshed with the efficiency considerations. This programme is draconian and indeed it goes beyond draconian as defined by the Minister of Finance. I want to tell the Government that when it is modifying this programme with the IMF that it should tell the IMF that the Opposition of the country says that it would support a government of this country which has the courage to stand and tell the international community that we can manage our debt. We have shown that capacity in the past. We will show that capacity in the future. No government of this country has ever or should so emasculate itself as to agree with anybody that this country should not have a deficit in the public accounts. A manageable deficit, yes. I am for that. All of us in this House want to see a manageable deficit, but no deficit at all means that people in your constituency, Sir, who have already had to carry a large part of this strain will have to carry an additional strain next year.

You can begin to understand the type of social unrest that will arise in Barbados when the Government comes next year and tries to follow through on this undertaking that it must completely abolish deficit in Barbados. It worries me profoundly. I want to say, Sir, for the record that Barbados can deal with a one-percent deficit. Barbados has lived with a three-percent deficit. There are countries in the world that live with a twelve-percent deficit. So, this approach that we should have no deficit at all is not rooted in the experience of any economic society. It is not reflected in any programme with the International Monetary Fund. In my judgment, it could just be the result of a government capitulating under pressure and not knowing what it is doing. It is clear that this Government has not drawn on the experience of other countries in negotiating

the kind of programme that other countries have managed to do.

Mr. Speaker, I am saying that this programme is deficient insofar as it really commits Barbados to continuous balance of payments problems. Secondly, that it is too heavily designed to protect our creditors and thirdly, that the requirement that there be no deficit emasculates the role of government. Fourthly, the International Monetary Fund under its Articles of Association is required to make member countries pursue policies that are not injurious of international prosperity.

Contained in this Letter of Intent, and indeed, one of the matters which is being used by Government as forming part of the pretence for this legislation before the House is the notion that Barbados will reduce all forms of protection to domestic industry. Mr. Speaker, this is a dangerous and highly irrational policy the full implications of which have to be analysed before this country is committed to such a virulent form of economic suicide.

I know of no country or no region in the world, including the so-called free-market, perfect economies, which do not protect their industries. Under the CBI, if you were a garment manufacturer, you would find that despite the United States of America's claim of allowing free trade, if you were to try to sell textiles to the United States of America, you will find that the United States of America has in place restrictions to ensure that no one producer can sell more than X amount to America, because it protects its industries. Under the Lomé Agreement, the Caribbean can sell any amount of rum that you want to sell to Europe, but the only difficulty is you can't sell any because they do not agree as to what constitutes rum. They are protecting their alcoholic beverages industry. If you were watching CNN, the Japanese have in recent months developed the technology for a high precision form of television – high definition television – and the United States Government is so insistent of making sure that Japan does not exercise a monopoly on that kind of product in its market that it has set standards which the Japanese cannot now meet; banning effectively the Japanese from its market.

Mr. Speaker, I am laying a base for the argument that I know of no country in the world which does not provide some form of subsidisation or protection of its industry. Examine the American farming community and how it has fed the world. It has fed the world precisely because a government year after year has subsidised agriculture production. We know about the sugar quota, because American sugar quotas to us mean that you can only sell a certain amount of sugar to America because America has limits on how much sugar you can sell to that country so as to protect its domestic producers. Total quantitative restrictions, standards, specifications, all these things are used by countries of all kinds of complexities to make

sure that their domestic industry does not suffer. Why, Sir? Because we live in an imperfect world. Japan protects its industry. You cannot sell rice to Japan, even if your rice might be cheaper. You would know Sir, of the trade battle that is now taking place between America and Japan in relation to that particular matter.

There is a view, Sir, that the developing world must, in the pursuit of this thing called efficiency, completely collapse its industrial capacity and purchase from the rest of the world goods that can be more efficiently produced at a cheaper price in the rest of the world. What it means is that small economies like Barbados, which have a twenty-five year industrial experience, are being asked or called upon to compete with large continental economies which have sometimes one thousand or at the minimum two hundred years of experience in developing their own industrial sector.

I say, Mr. Speaker, that in the same way countries large and small developed and under-developed, socialist and capitalist, recognise the virtue in maintaining certain lines of industrial activity irrespective as to whether some of those products can be produced more efficiently abroad, similarly Barbados' development strategies have to be based to some extent on the pursuit of that strategy. In the final analysis, Mr. Speaker, there is hardly anything that can be produced in Barbados that cannot be produced elsewhere. If we do not set a certain minimum as what we regard as a critical core of industrial activity that we feel must take place in Barbados to create jobs and to protect the national interests in some other important respects, we are wasting time.

There is a dangerous theory, Sir, and I have heard it articulated by certain members in the Central Bank, that if you make it impossible or unprofitable for people to produce in Barbados goods that can compete with imports, the resources will flow from those activities into production for exports. It is a dangerous and illogical thesis, which has found its way into this IMF programme and which in my view forms the basis of the very proper concerns being expressed by the private sector of this country. You must not believe that there is any automatic transition from producing goods in this country that compete with imports towards producing goods for exports.

4.15 p.m.

Indeed, Sir, the tremendous difficulties that are experienced in producing for exports are such that nobody should ever imagine that the relationship is automatic. But the bottom line is simply this. If you cannot produce goods in Barbados to compete with imports in Barbados, pray, tell me, how are you going to produce goods in Barbados to compete with those goods abroad. What this programme is telling us and the people in the Central Bank are telling us is that we must stop people in Barbados from producing

and selling in Barbados, goods which compete with those produced abroad and if we do so, those persons will produce in Barbados and sell abroad and compete abroad with all the goods that you cannot sell profitably in this country.

Mr. Speaker, my colleague has a term for it that is quite unparliamentary. But it surely must commend itself to you as a strategy that is designed to open this market to foreign interest on the false assumption that there will be some mystical improvement in the national welfare of this country if we can just stop producing so-called high cost goods and produce cheaper goods coming from abroad. In many instances when you import those so-called cheaper goods coming from abroad, those goods are subsidised by their home countries. Sometimes when you buy cement coming from Central America those countries are assisting their domestic manufacturers in dumping the cement by giving them export subsidies. It has to be irrational and not in the interest of Barbados for any Government of the day to enter a programme which commits itself to withdrawing all forms of protection for our domestic industries.

The irrationality of it is simply this that there are countries in the Caribbean that have programmes with the IMF which do not have this insistence that they must remove their concessions to their manufacturers, the tourist industry and agriculture. What form of midsummer's madness could have overtaken the Government of Barbados to agree to a programme with the IMF to something that no other Caribbean Governments, faced with the same circumstances, have ever agreed to?

This Government cannot come to this House and tell us that they now have to raise taxes in order to pay for concessions because all that is required of the Government of Barbados is to stand up for the same precepts and principles that other Caribbean Governments have stood up for. The others have programmes that do not require them to dismantle all of their protection. When the Prime Minister comes and tells us that we have to vote for this because it is his way of financing what the private sector has asked for, we are being asked to be part of a conspiracy, based on the monumental ignorance and incompetence of this administration, in agreeing to a policy that finds no parallel at all in the rest of the world.

Mr. Speaker, I cannot in my heart agree to it. You know that there will be some lines of activity in Barbados in which our cost of production will be higher than other countries. But we have, in determining whether to have that line of production or not, to bear in mind that separate and distinct from the cost differences is the factor of employment. If you decide that you are not going to produce anything in Barbados because it can be produced cheaper elsewhere you will flood this market with cheap

goods but nobody will be employed. That is the problem, Sir. It is the real concern being expressed by such a wide cross section of the Barbadian public.

I want to join in those concerns in this fashion that I believe that many will be called but some will not be chosen. We have to agree that we cannot just support rank inefficiency. I cannot agree that there should be a circumstance in Barbados where people can feel that whether or not you are efficient that you will be protected or subsidised. It cannot be the role of the State to subsidise inefficiency.

What I would like to see, Mr. Speaker, is this matter carefully studied with the Government agreeing on a core of industries that are strategic for their employment creation and the extent to which their products meet basic needs that need will continue to receive public support. I think the Government should also identify a range of products as well which are presently sold mostly on the domestic market but where there is evidence of the "learning by doing" coming through and where, if you were to continue to give further assistance to the industry that it will realise its true potential to move from producing not only for sale in Barbados but also to producing for the wider international community. You have to do that. But to just lump all of the industries together and say we are going to lick up all cannot be in the interest of Barbados at all.

I am therefore saying, Mr. Speaker, that this matter has to be approached with a greater measurement because all this would succeed in doing is ensuring that the affliction that Tacitus wrote of when the Romans invaded Britain afflicts Barbados. Tacitus spoke of the Roman invasion of Britain that "when they had created a wilderness, they called it civilisation". These kinds of programmes will create an economic wilderness in Barbados. At the end of the day the IMF will say that we are being managed by efficiency, that we are purchasing the cheapest goods in the world, but nobody in Barbados would be working. I am therefore begging the Government to let Barbados avoid that Roman affliction that you create a wilderness and call it civilisation.

This part of the programme is one in which we would want the Government to enjoin upon the IMF in the strongest possible terms that the real consensus in Barbados is that we want, within sensible limits too, to protect our industries in the same way as other countries have done with the same beneficial impact on the savings of foreign exchange and jobs and that until such time as the IMF can show us the perfect world in which people are not protecting their industries, we will have to tell them "No". That is my basic position on this programme.

Those four major defects in the programme cause this to be a programme that I could not support. It obviously has not been properly negotiated. I really believe that the tragedy in all this is that the IMF, in fairness to it, set out being conciliatory towards the Government of Barbados. I want to say that, Mr. Speaker, because it is true. Among the international institutions, as compared to the World Bank and the IADB, the IMF was prepared to be more conciliatory to Barbados in terms of the adjustment than it expected the Government of Barbados to make.

It virtually told the Government of Barbados to tell them what they wanted. It started by doing that. The Government said it did not want a devaluation. The IMF said it was no problem with them. You do not have to tell us that because the IMF has now started more and more to go into programmes that do not involve devaluation in any case because experience through the developing world has shown the lack of efficiency and efficacy of devaluation as a solution to these problems. It is no major triumph on the part of Government that there is no devaluation in this programme. The IMF has started to accommodate that issue in many of the developing countries. The tragedy in all this is precisely that the IMF gave the Government a broad framework within which to help the Government of Barbados.
4.25 p.m.

I believe that a part of our problem is this matter and I say this, the Prime Minister would feel it offensive, part of it is his own vanity about his experience in these matters. I have heard him say in this House before that he has more experience in financial and Government affairs than any other previous Minister of Finance. It is not true. I say this to the House that a Minister of Finance who is his own chief adviser is likely to be a loose cannon on deck. The previous Minister in 1982 – I was part and parcel of the negotiations to an IMF programme – and we had then a Minister of Finance who had to be advised. A Government pays people to advise it.

I fear that in this present case, Sir, this Minister of Finance and Planning is too much his own adviser to the country's detriment on the assumption that he knows more about these things than other people. He does not. I have myself to research and take advice on matters pertaining to the International Monetary Fund. But I sense that he is into "I am my best adviser. I am more knowledgeable about these things than anybody else." His approach to this whole business of financial management that he is a counter puncher does not help.

Because in the final analysis I have, as I said – my concern is not that we have a programme with the International Monetary Fund. That is not my problem you know, Sir. In the final analysis the question has to be

asked, what is in it for Barbados? Tell the whole nation. What is in it for this country? Can we agree to a programme that does not allow a Government to have a deficit, or tell the Government of Barbados that it cannot do, in relation to the management of its debt, what Mexico under the IMF programme has done? Or tell us that we cannot do in relation to manufacturing what Jamaica can do? Or that at the end of the day, Mr. Speaker, we will emerge from that programme in a worse foreign exchange position than when we went into it? What is in it for Barbados? That is the issue. And that is the issue that the Prime Minister of this country is running away from, because he cannot show on any of those critical issues that there is anything of substance in it for this country.

We stand against this programme on those grounds, that the public interest of Barbados is not being defended by the character of the programme and the targets that this Government has entered into. I want that to be my final word on this. I hope, having said that, that the Government of Barbados is making preparation to handle the second set of negotiations better than it handled the first. Why am I saying that, Sir? You will recall, Mr. Speaker, that I said in September that one of the things I would like to see that Government of Barbados do is establish a task force immediately to start preparing for the negotiations with the IADB and the World Bank.

In my judgement, Mr. Speaker, the IABD and the World Bank have a more negative attitude towards the economic management of this country than the IMF. They are likely to be more exacting than the IMF has been. The nature of structural adjustment programmes such as the World Bank and the IABD tend to enter into with developing countries is well known. But we also know that there are programmes that involve sectoral adjustments which in and of themselves can make provision for the private sector of the country to make a direct input into the exercise of preparing for negotiations.

My point therefore being this, Sir, that private sector and trade unions inputs into preparation for IABD, World Bank negotiations are more vital than private sector inputs into preparations for the IMF for a good reason. The IMF programme tends to affect the public sector largely, whereas the structural adjustment loans by those two institutions are for the sectors. I believe that Barbados may miss the bus on the second round of negotiations, because Barbados must go into negotiations with the World Bank and the IADB knowing what it wants.

I believe that to the extent that you are talking about sectoral programmes that the need for the mobilization of the private sector input is going to be more critical than in an IMF programme. But at least this time around let us go into negotiations knowing what we want. Because what I

can say is that from the IMF programme is that the basic effect is that the Government did not know what it wanted. Put together a task force, draw upon the best minds of the people of this country and let us, at least when we go to these people, be able to say, look gentlemen these are the critical things that we want.

I want the Government for example to tell the World Bank and the Inter American Development Bank that part of Barbados' problem with exports is not just cost, prices, that in many respects a lot of our export capability was in the area of enclave production in the electronic industry. That has gone. Our problem is not a problem of markets, it is a problem of capacity. And that we now have a problem in this country of having to rebuild and retool an export sector virtually from scratch. And that we want financing to establish an export development fund. We want that as a priority.

We need to be able, in Barbados, if we are talking about export development which is the key for the future to have before us a pool of financing from which people can draw to install new competitive capacity in this country. Because if you would ask me, Mr. Speaker, what can Barbados export? What do we have to export? Very little. We have very little to export precisely because when once the electronic industry went into virtual moth balls and the Government virtually closed down the furniture exporting industry Barbados had virtually nothing to export.

We have to build an export capacity. You must have an export development fund. I do not think that that should be a matter of negotiation at all. You must have the money there. You cannot assume that the capacity exists. Even where capacity exists in Barbados now, the capacity is outdated and part of our export problem is precisely because people are using outmoded technology in this country to compete against other people who are at the frontiers of technological development.

There is no point in my view – and I want to say this – having a programme with the World Bank and the IADB and at the end of the day the people of Barbados cannot be assured that we end up with modern technologically advanced capacity that will allow us to hold our own in the markets of the world in a way that we cannot hold our way now. That has to be a baseline consideration.

There are other ways in which other basic non-negotiable things that we want to see as part of this programme. I strongly believe that technological change and the financing of technological change has to be part of Barbados' future that technology is in the final analysis what makes the difference between countries that make it and countries that did not make it, Sir, and that technology has been the silent factor in our development up to now

that Barbados' development when you understand it carefully in its organic form has been made possible by international trade pacts and trade arrangements and fiscal changes.

We give concessions for tax holidays and so on or we enter double taxation treaties. Or we have LOMÉ and the CBI. Our production capacity in Barbados has to date been stimulated by fiscal incentives or trade pacts and trade arrangements. But for the future Barbados will not make it unless this country becomes technologically dynamic, Sir.

I want to press again upon the House the urgent need for a science and technology fund where we do not assume that entrepreneurship happens by chance but that it has to be financed and that there has to be a place in Barbados where people who want to take risks must know that they can go and have the financing to take risks whether it is agriculture or manufacturing. In my view unless Barbados finances its technological development at this decisive phase in our development there is no point having a programme with these institutions. They will want other conditions from the Government.

I want to say this in all seriousness, I believe that rather than have consensus after the fact – because that is the Minister's style – he creates the impression of consensus and calls you to say, this is what I am agreeing to. That is how I see it – that you would call us to say, this is what I have agreed to, but that you do not want the input up front.

Right now at this decisive period, defend Barbados' best interest by putting together a task force of people who can help us put together the best kind of programme with the IADB and the World Bank. I am very serious, Sir, because I am telling the Government that it has more to fear from the World Bank and IADB than the IMF and if it does not believe me, Sir, it will soon find out. The World Bank and IADB are going to want, for example, the liberalisation of the Foreign Exchange market. They are going to want those things, Sir, but have your programme in place. Have as a minimum the things that you want to do with agriculture, have a meeting of minds between Government and the private sector on that so that when you go the people you can say this is what Barbados wants in terms of agriculture. We have had these studies, we have had extensive discussions, these are what we want. These are what we want for tourism, these are what we want for manufacturing. This is a minimum we can negotiate the rest.

4.35 p.m.

Mr. Speaker, in relation to this legislation before the House, the Government is rushing this legislation and I want to say this as loudly as possible. The Government wants to send this legislation to the House today without

providing any numbers on the grounds that it is necessary in order to meet the demands of the private sector and the unions for changes in the conditions under the IMF programme.

I am saying, Mr. Speaker, Sir, that I do not believe that to be true. That Government also has, Sir, to finance \$30 million in arrears and the \$30 million in arrears that the Government has to finance, Sir, is more than the cost of the concessions and the cost of meeting the severance, Sir. That is a fact. It could be just as well, Sir, that these things are being used to finance arrears than going into the purposes for which they are supposed to be intended. That is my view, Sir. Because the Minister was scrupulously careful in not telling us how much money this is going to raise, Sir.

I don't like the legislation, Sir, and let me preempt the Government side on this matter, Sir. They will tell you that the Barbados Labour Party had an employment levy that was similar in character to this. They are waiting to counter-punch, Sir. The Barbados Labour Party had an employment levy that was not similar in character to this. The point is twofold. They now too also have an employment levy. This Government has reintroduced an employment levy that was supposed to have been temporary in 1986/87 when it was introduced. They introduced it, Sir, on the grounds that it was only intended to be temporary, that they were going to withdraw it. Not only, Sir, have they kept it, they have increased it and they have increased it again. So that this stabilisation tax cannot be compared with the Barbados Labour Party employment levy at all, because the Barbados Labour Party employment levy was designed to be a trigger to the stimulation of employment to the extent that it was refundable in relation to the amount of the jobs that were created. There is no such compassion, nor stimulus nor incentive written into this legislation. So I am not letting anybody counter punch the Barbados Labour Party at all in this battle, Mr. Speaker. This is a clear case. I withdraw the remark I made earlier when I said that he was like financial dracula, Sir, I withdraw that remark, Sir. But this is rough. Sir, this 5 per cent, Sir.

Mr. Speaker, Sir, I spoke this morning to a supermarket operator, a black entrepreneur, a young black Barbadian, Sir. He is a supermarket operator of the kind that the Democratic Labour Party administration shed so much false tears on, when they say that they want to expand opportunities for the small black man and they want the small black man to move into distribution that was formerly monopolised by the white merchant class of Barbados, Sir. He has been robust over the course of the last few years and he has, Sir, a payroll now of about \$120 thousand a month. This tax is not only going to catspraddle him but all of the plans that he had to give people a little

ease at Christmas in terms of employment creation, Sir, have gone. \$6 000 a month could employ six people. Six people, Sir, gone. His desire to give six people a chance at his establishment and pay them, Sir, that has gone.

I know, Sir, there are certain sectors of the society that have been excluded. The manufacturers operating under fiscal incentives, the tourist operators and so on, but, Mr. Speaker, Sir, a 5 per cent stabilisation tax on payroll is a tax on jobs. It signals, Mr. Speaker, that the Government's financial straits are now so desperate that the Government of Barbados is now prepared and willing to destroy any lingering capacity for job creation in this country if the destruction of that job creation means it is going to get a little ease in its finances, Sir. That is what it means, Sir.

I have very serious doubts, Mr. Speaker, as to the ability of the private sector people at whom this is aimed to meet it. I believe, Sir, that many people in Barbados, Sir, who will have to bear this 5 per cent stabilisation tax are already the people who are carrying the burden of the credit crunch. These are the persons who are carrying the credit crunch, Sir. Many of them will now be finding that the interest on their overdraft has reached historic levels, something over 40 per cent if they exceed their overdraft limit, Sir, and these people are in no position to meet their present commitments far less, Sir, something that comes off the top in the form of a tax on their revenue.

It is not a tax on profits. Taxes should properly fall on profits. This is not a tax on profits. This is a tax on what you pay people, whether you are paying people out of earnings or credit or not. You have many people, Sir, and this is what I am trying to impress upon Government, in Barbados who are maintaining employment in Barbados but are not maintaining employment out of revenues, they are employing people out of extended overdrafts. This tax in my judgment, Sir, is going to cause greater peril on an already perilous situation.

I really feel that the people who are intended to be victims of this most oppressive piece of fiscal legislation should show their disgust with it by really refusing to pay it. I really feel so, because this is too onerous, Mr. Speaker.

I, Mr. Speaker, cannot for the life of me, understand and I have not studied it in its fullest as yet, but I do not understand what is the philosophy that causes Government now to tax the payroll. In a different circumstance where there was a capacity – and I am trying to extrapolate and put this in the context of the real world operational circumstance in which it will take effect – and scope for credit expansion and if most operators in Barbados who are subject to this tax knew that they could meet these additional charges in the short run by expanding their

overdraft or by access to credit you might think of something like this, Sir. But you are talking about businesses which are already confronted with a fall in demand for their goods and services and facing a restriction on credit and very often, Mr. Speaker, having to meet existing payroll from recourse to credit and that is a reality, and unable to expand their access to credit at all. If they expand their access to credit, Sir, they are meeting a 40 per cent interest rate and in that context you bring this here. 4.45 p.m.

In 1976, Sir, when there was an Employment Levy which also had aspect of payroll tax, those conditions did not exist. There was no cut in wages nor a 40 per cent interest on overdraft nor anything of this character, Sir. In this context, this might be worse than a devaluation, Mr. Speaker. This is absolutely worse than a devaluation and it has nothing really to commend it. I doubt the Government is going to get any revenue. I want to see what Government is proposing by way of change to the consumption tax, because again I am not an expert but I know enough about the consumption tax to know that you cannot raise consumption tax in December and hope that you are going to have any measure of impact on revenue flows within 60 days. Sir, this is the practicality of this. If you change the consumption tax today, do not at all believe that you are going to get any consumption tax within 60 days particularly if times are tight.

So if you bring a Consumption Tax Order now to the House, all you are doing is giving the Government a bad name because you are increasing the rate of tax in the economy in general without any realistic sense or possibility of getting that tax at all. I am, therefore, inquiring of Government how much these things are intended to raise and to what extent, Sir, has the forecasting of the revenue realised taken account of the existing business conditions including the existing restrictive conditions and access to credit at the punitive rates of interest on an overdraft and the extent to which these things will be negated.

Mr. Speaker, the essential point I want to make is this. Government planning in these matters has to be based on realism and I have my considerable doubts as to whether Government is doing what makes sense in the circumstances. You cannot in the short term, over a four month period, look for a change in the consumption tax to substantially ease your revenue and whoever can advise the Government to do that, Sir, has to be mad.

If I were Minister of Finance, Sir, I would have rejected the advice categorically. If you tell me that I am to raise revenue over a continuous extending for two

years or more, yes perhaps change the consumption tax. But if you want to raise revenue in a short term, you cannot depend upon a tax in which there is a grace. That is a contradiction, Sir. It must be a contradiction, Sir. But the business relations in Barbados now do not lend itself to these measures and I am looking forward to the Prime Minister in his winding up doing what he has not been accustomed to doing.

I spoke to the Prime Minister's presentation because in too many instances the Minister in my judgment is confectious to this House. This House is a decision-making body. I am proud to be in it, Sir, in the capacity of one of 28 people in this country who must take decisions about Barbados. I am proud for that reason, Sir. What the social partners cannot do we in this House are supposed to be able to do, although the Minister very often would prefer to deal with the social partners than to deal with the House. But this House, Sir, too often is required to take serious decisions upon the basis of incomplete information and in this case no information at all. The time has come for the Minister of Finance to speak in a very forthcoming way. He hints that there is a crisis, Sir. He speaks in terms of a sense of urgency surrounding the need for us to have these measures in place but not an iota of information that would allow us to exercise the judgment as regards to the urgency and crisis at hand, Sir.

I am saying, Mr. Speaker, and still repeating but this is the BLP's position in the matter and articulated, that the only information about public finances that we have had so far, and I am closing at this point, are those that the Minister gave in his speeches in April, September, and his various speeches which told us what the projected deficit was and how much the adjustments in revenue and expenditure were intended to change Government's financial position. We are of the view, Sir, that upon the basis of what we have been provided for that Government is going to be over-taxing by over \$60 million this year and that so far as it has set out to overtax by more than \$60 million it can more than accommodate the modifications being sought by the trade unions and the private sector without having to change a tax in this country, Sir. In the absence of any information to the House, Sir, we have to go on what is before us. We cannot under any circumstances support this legislation because no case has been put in support of it. The legislation in our view, Sir, is also a bad tax on employment and, in the context of the prevailing credit and business conditions in this country, this is the kind of tax legislation which is likely to be counter-productive.

I am obliged to you, Sir.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise to reply to this...

Hon. H. B. St. JOHN: You are not rising to reply. I thought that the Honourable Prime Minister was rising to have the courtesy that he was asked for to extend to this House and tell us in the course of his intervention what was the cost of these measures.

Mr. SPEAKER: May I just inquire. Is the Honourable Member starting his speech or risen on a point of order.

Hon. H. B. St. JOHN: I am speaking, Sir, because I have never seen in all of my years around here a more discourteous presentation than the presentation of the Honourable Prime Minister. I am sure, Mr. Speaker, that in all of your years you have never heard a Minister of Finance get up and introduce measures which have the effect of raising revenue on the face of them and not telling the House what is the projected amount of revenue to be raised. It's absolute contempt for the House. The Honourable Prime Minister would have had a brief. He has a brief. However, it is the kind of conduct that we in this House are now accustomed to. This is a matter of principle. This Honourable Prime Minister circulated a speech that had in words, and when it came to reading it, the Right Honourable Member left out, deliberately, pieces of it. That is a very serious thing, that we have come to that sorry state where intellectual honesty is not part and parcel of our criteria any more. That's a very serious thing. I think that we should really take stock of ourselves, because that kind of conduct is sending a very serious signal to all the young people in this country that to be a cheat, to be a liar, to be intellectually dishonest, is the correct thing to be. That is a very serious thing, Sir. I think that we must reflect on these matters. We raise these matters, not because we want to raise matters, not because of any partisan thing, but because of a serious concern for standards that are being set in this country.
4.55 p.m.

Sir, the figures that have been disclosed by my friend indicate quite clearly that the people of Barbados are being called upon once again to bear additional taxes, the amount of which is not known. These taxes arise because of the so-called programme that is being negotiated with the International Monetary Fund. I am not going to repeat the ground which has been so eloquently trod upon by the Honourable Member for St. Peter, but I just want to point out to you in relation to the principle contained in this programme by way of enlargement on the very serious points made by the Honourable Member. There is absolutely no doubt about it, Sir, that Barbadians are not being warned at an early stage about the devastating impact that this so-called Letter of Intent, if approved by the IMF and its sister institutions, will have in Barbados.

Now, Sir, there is a document that the Honourable Member for St. Peter referred to. It is the IMF Survey,

29 July, 1991. I am going to make it a document of the House because Honourable Members should not allow themselves to be misled, either by what is said by the Minister of Finance, or what is said by other people from the Central Bank. Today, many countries have programmes with the International Monetary Fund Stabilisation Programme and with the World Bank Structural Adjustment Programmes, and it is not true to say that Government is prevented from playing a leading role in helping the private sector in a country to improve their position. I want to draw attention in particular to pages 230-231 of that document. There they set out that in the domestic economy – the second paragraph on page 231 of the Report of July 29, 1991. The report stresses, and they are talking about the World Development Report, "the need to develop a climate for enterprise. This requires above all appropriate market incentives to spur competition". The Report notes that: "The systems of industrial licensing, barriers to entry and exit, price control, confinement policies which give only specific firms the right to buy and sell certain goods and administratively regulated allocation of key resources, all of which abound in many developing countries, weaken competition and hold back technological change and productivity growth". Barbados has nothing to fear from that.

The only thing it has to fear from that is the programmes introduced by the Democratic Labour Party in the last five years. I am sorry the Honourable Member for St. Lucy is not in here because it was he who reintroduced a number of these undesirable practices in Government. So, we don't have anything to fear from that.

We go further, Sir, this is what it says: "But market incentives are not enough on their own. An efficient domestic economy also needs the right institutions and the right supporting investments. These include most fundamentally a legal and conceptual framework to ensure competition and investment in infrastructure and other public goods" – something that we have been preaching in this country for years, that the private sector in these small countries needs help from Government to provide infrastructural development.

The Honourable Member for St. Peter at one stage in this House used to talk all the time about infrastructure to such an extent that he used to be called Mr. Infrastructure. Whenever he got up in Fairchild Street Market – in those days it was a stomping ground – he used to say that it was the duty of the Government to provide infrastructure for development in this country. So, we have now a new breed of theorists who have been able to capture the Democratic Labour Party, and they are going to say that in these small developing countries the role of Government must be drastically reduced.

Mr. Speaker, Sir, I am shocked that this Minister of Finance has presided over a Government that has come in here this year and raised, so far as we know, \$130 million – and we don't know yet how much this Bill is going to raise – and at the same time, was able to relieve one of the largest multinationals in the whole world of \$5 million in taxation in the form of the Duties, Taxes and Other Payments (Exemption) (No. 9) Order, 1991. That shocks me that the poor people of this country must face duties, levies and taxes, and the Honourable Minister of Finance can give a gift of \$5 million to one of the largest multinationals around.

Asides.

Hon. H. B. St. JOHN: I am not worried about that. Character, unfortunately, is not something that the electorate always takes into account. The position is that we must face up to the fact that in this country we can afford to give a gift of \$5 million to a large multinational corporation and we must raise money to pay our own workers severance pay, something that we have been doing for the last twenty years and before that. Severance payment was negotiated first, as far as I can recall when the Deep Water Harbour came into operation, and it was regarded as a matter of obligation. The Honourable Prime Minister and Minister of Finance was the first to have the gall to come in here and try to break that fundamental concept that was established in this country. They call themselves a government for the people and of the people and that's what they do, and that is what we are dealing with here today.

By approving of this Letter of Intent, we are doing something in here today that is going to have a tremendous ricochet effect. What really worries me, Sir, as the Honourable Member has said, is that we find it difficult to follow the treatment that it is alleged we are to have from these multilateral institutions in Barbados. Why is it so different from what is happening in Dominica, Trinidad & Tobago, Jamaica and Guyana? The ramifications of this are very serious. I heard something on the radio or read in a newspaper report that there are other people who have congratulated the Honourable Member on the stand he is taking. Of course, if I were the Prime Minister of another country which was in an economic union with this country and the Prime Minister of that other country was doing something that was deliberate and very advantageous to my own economy, why, I would congratulate him in full.

I got so annoyed when I heard that I had to intervene in the debate over the radio programme and point out that it is foolishness. It is real folly because Trinidad & Tobago manufacturers, Guyanese manufacturers and Jamaican manufacturers and the manufacturers of the other country – the Honourable Member's country, St. Lucia – those

have an advantage over us to start with. They borrow and their wage cost is considerably lower than ours. As far as Trinidad & Tobago is concerned, they have indirect subsidies in relation to fuel which have a very pervasive effect in the total cost of electricity and fuel. That is a fact that everybody knows. Their cost of production together with the advantage of the dollar makes them very competitive in relation to us. Are we going to be so asinine, Mr. Speaker, so foolish as to give them another advantage? That's the height of economic lunacy. You must not allow it to happen. The people must not allow it to happen. It is totally and absolutely foolish to do it in this stage of our development. We cannot afford the unemployment that is going to arise. We cannot afford the dislocation that is going to arise because with a government itself that is laying off people, our only hope is to believe and to think that private enterprise will be able to increase employment opportunities in Barbados.

What has happened here is that every avenue that would be opened for development in that area is being choked off by the policies of this Government. I do not believe, I cannot believe, that the World Bank has insisted on this. I don't believe that the IMF insisted on it. I believe this is sheer, utter folly on the part of the designers of the Letter of Intent.

Another fundamental point. When I hear this talk about the 1982 Letter of Intent and this Letter of Intent, the first point I want to make is that this House is entitled to an explanation of the fundamental difference in the calculation of the public deficit between the 1982 Letter of Intent and this Letter of Intent. This Letter of Intent ignores completely surpluses and National Insurance in the document. In 1982, the IMF agreed that in calculating the deficit of Barbados Central Government and the overall surplus of National Insurance funds would be taken as revenue. On this occasion, there is no account taken of National Insurance surplus. What makes it even more confusing is that the Honourable Minister of Finance comes in here and says that he has to increase the National Insurance contributions and the unemployment contributions because the Letter of Intent is predicated upon a reduction in the value of those benefits.

Now, Sir, if we are taking them into account for the purpose of revenue expenditure, why are we not taking the surpluses into account for the purpose of revenue? This is a very serious point. We, on this side, cannot fathom how it is that the Unemployment Insurance Fund which is contributed to by both workers and employers – the Government does not contribute to it except in the capacity of an employer... It is the workers' money and the employers' money. How dare you tell me that I have to take that into account insofar as expenditure and benefits are concerned? When I say that the totality of National Insurance receipts and the totality of the expenditure serve as a surplus and you do not take it into account as was

done in 1982? Why? It must be the quality of the negotiators.

It is a very serious thing that we are dealing with here because the effect of that... According to my understanding, the surplus is somewhere in the vicinity of \$20 million, about three-quarters of one per cent of the deficit. These are the reasons we say that there is another \$20 million in there that you should take into account when you are calculating this so-called deficit. People do not understand when the Barbados Labour Party says that we challenge the content of this Letter of Intent. It is not that we are saying that you didn't run yourself into a position where you spent so much money last year, and you took so much strength from the Central Bank that you ran yourselves into a balance of payments difficulty, and despite the credit rating, nobody will lend you the money.

You have to go there. When you go there, you must go there with your eyes, your ears and your senses, and don't go there and sell out the country. You sell out the country, you sell out the people, because you don't know what you are doing. These are serious charges but they have to be made. The facts are there to support the charges. Don't try to confuse anybody in here by saying that this is the same thing that happened in 1982. That is an abominable lie. In 1982, the basis of the Government's programme was a deficit of 2.5 per cent. In 1982, the cornerstone of the Government's programme was to reduce the deficit calculated to include central government and National Insurance surplus to 2.5 per cent. You are reducing it from 6.8 per cent to 2.5 per cent and we are here now trying to bring it to 1 per cent and, as the Honourable Member says, we are tying up ourselves to a position that we are going to one per cent and then we are going to have a surplus.

5.15 p.m.

Do not let us fool ourselves. This is a document of the House. We must not play around with this thing. What we are saying is that all of this helps to support our contention that the measures that have been introduced in this programme are going to be so devastating that we are going to push the private sector, the other productive sectors and the Government sectors as well into a great deal of trouble. When you look at this taxation matter, you just do not look at it in isolation. You must look at it in conjunction with the monetary policies and the high interest rates.

Now, Sir, only two days ago a local Barbadian rang me and told me that he worked in the tourist industry. He had received a concession on the West Coast of Barbados to run a water ski operation. He had brought in a second hand boat from Florida. The duties and taxes, including the surcharge, was 108%. The duties, stamp duties, con-

sumption taxes and the surcharge that was introduced earlier this year came to 108%.

I have also been told by a fish importer and a fish producer in Barbados that out of season when you import fish other than from CARICOM into Barbados that the duties and the taxes are 105%. That is what they say. These are essential inputs in the tourist industry. It is no wonder that the Jamaicans and the St. Lucians are laughing when they are saying that Barbadians must have gone mad because what they are doing to the input in their productive sector no one dares to do. That is something that we have gained. So it is not only manufacturing. It is tourism now.

Sir, I want to underscore this point, as I have said in here before that the concessions that have been granted to manufacturers and to the tourist industry are not concessions that have been pulled out of the hat. Those concessions have been worked out over a period of years as a result of elaborate studies.

Sir, I also want to point out this. I recall during my time as a Minister in Barbados going to CARICOM that there was an attempt by the World Bank to force down the throats of Ministers of Trade a report which attempted to suggest that the level of incentives that were granted in CARICOM were too generous. It was unanimously decided as a result of an independent study by all of the Ministers of Trade in CARICOM that that theory which was put forward was not a theory that had much validity in CARICOM. I recall this, at the Heads of Government in Port-of-Spain in 1983, in Nassau in 1984, in Barbados in 1985 and in 1986. All of these meetings dealt with restructuring. It was agreed that we should have a harmonised system of incentives, a reduction in our overall level of protection that was found in the Common External Tariff. Here we are, notwithstanding all of that combined effort, the Minister of Finance and Prime Minister of Barbados is going to go and accept a theory that nobody follows. That is where we find ourselves now. I want to underscore these points.

The last point I want to make, Sir, because I know I am nearing the end of my time is I must appeal to the Prime Minister to throw away this Letter of Intent. It is a waste of time. Throw it away and start from scratch.

Mr. Speaker, Sir, already they have sold shares in Cable and Wireless. I am not even going to deal with that because this Minister of Finance sold the people's heritage without even getting an independent advice from a merchant bank or a valuation committee as to what is its value. Do not tell me that you sold it at a stock exchange price because stock exchange prices in these small semi-monopolistic stock markets that you have here do not reflect the true value. Even in competitive stock exchanges when you are selling a majority interest you get a premium

above the stock exchange like when you are selling a minority interest you get a discount. These things are fundamental now. The Caribbean people have reached a level of sophistication and understanding of these things. Nobody can fool you with these things now. We have been exposed to this. People read about privatisation.

I remember when the Honourable Members on that side were talking about privatisation in here in 1986. I had to warn them then that Mrs. Thatcher and President Reagan had fooled a lot of people about the virtues of privatisation. President Reagan and Mrs. Thatcher in the end had to increase taxes. Up to now in the United Kingdom they have not carried out all the privatisation. Barbados really has a very small public sector.

Sir, I would like the Honourable Prime Minister to give us the assurance that this other piece of Barbadian heritage, the Insurance Corporation of Barbados, something that I feel very strongly about – I am very glad that we got the documents in here today – that had a gross premium income in 1989 of \$26 932 000, a net premium of \$14 million, that he does not give this away too. This is the second largest insurance company in Barbados. Black people ought to be proud of this. Do not mind that we created it. I do not want to hear that you give this away too. You are not that broke. You are not that flat on your back economically that you are going to give this away too. I do not want to hear that.

Sir, I remind this Honourable House that in 1986...

Mr. SPEAKER: One minute more.

Hon. H. B. St. JOHN: I am going to talk about this because it shows you how misguided a policy can frustrate a lot of good programmes. When the Democratic Labour Party was talking about privatisation, I said, let us tread carefully in Barbados. We created a special monitoring unit in the Ministry of Finance to monitor all of the State corporations so that we would know what was going on in there so that the Ministry of Finance at an early stage would be able to monitor it. The first thing the wreckers did when they got in power was to dismantle and abolish it. They abolished an institution that was designed to prevent the State corporations in Barbados from being an unnecessary drain on the country. They have abolished an institution that would have today had a fund of information about the true value of these things. Mr. Speaker, Sir, the damage that has been done to this country by the Prime Minister and his cohorts has been devastating. Lord have mercy upon us.
5.25 p.m.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, I rise to join in the debate not to deal with the IMF....

Aside.

Mr. D. A. C. SIMMONS: They are going to have to speak when I am finished though because a lot of things have been hidden from the public here today.

Let us start straight with the Consumption Tax. Less than 15 minutes ago I asked the Clerk to produce for me the Consumption Tax (No. 2) Order that was laid in here today. As Members of Parliament we have not even been granted sight of this before this debate. Since the debate one copy has been made available at the Clerk's Table. Barbadians must know tonight that there is a new 5% Sales Tax introduced in Barbados in addition to the Stabilisation Tax today. This document here delivered to me by the Clerk shows quite clearly that virtually all goods have gone up by 5%. Every one of them over there in the Cabinet supported it. Do not tell me. I have got it here.

Let me tell you some of the things that have gone up. I have only got to page 33. I have not gone through the whole thing. It is a massive document of...

Aside.

Mr. D. A. C. SIMMONS: How do you mean what is that? You are the Deputy Prime Minister and asking me what is that. It is the Consumption Tax (No. 2) Order. You sat down next to him and foisted this on the public of Barbados and ask me what is that. It is the Consumption Tax (No. 2) Order. It has in one hundred and something pages, 117 plus the Schedule. I got to page 33.

The Prime Minister of Barbados today without warning has increased the cost of goods here by five percentage points. Some were at 12%, they have now gone to 17%. Some were at 20%, they have now gone to 25%. Some were at 30%, they have now gone to 35%. Let me tell you what they have done. The Honourable Member for Christ Church East is over there laughing. I hope all of your constituents descend on you for Christmas and carry away every cent you have. This is what the people have to pay only up to page 33, Sir. And you too, Sir. Dog food and cat food up 5%. Barbadian fruit juices up five percent. Gas, I mean petrol, diesel, all kinds of fuel, natural gas, bottle gas, the lot. He from the 1st of December increased by 5 percentage points. This is getting on to Christmas, paints, varnishes. You are trying to fix up your house for Christmas five percentage points gone up on that too. Hair products, detergents, pipes, hoses, electrical conduit, toilets, baths, bottles, office supplies, school supplies, bolts, washers, tyres, even screws too. All have gone up. Shirts, pants, blouses; from head to toe including shoes. That is what the Prime Minister of this country sneaked in here today, refuse to even say he was carrying up the prices by as much as he has.

Asides.

Mr. D. A. C. SIMMONS: No, no. Walk out? No, no, no, no. No walkout.

Aside.

Mr. D. A. C. SIMMONS: Blankets, felt hats. A riffle. These are the kinds of burdens that the public is going to be asked to bear from Sunday.

Aside.

Mr. D. A. C. SIMMONS: He always likes to hit umbrellas and walking sticks. From 1987 Richie Haynes hit them and he is only following in his tradition. This is devastating.

On top of this we have an increase in interest rates. The interest rates are going up. Have you gone for good? If you have gone for good, Lord be praised. Sir, we cannot take him any more. I am dramatizing this to make you all understand the magnitude of what the Right Honourable Prime Minister has done. This is a serious thing for Bajans. I thought that we were going to ease off public meetings now but it looks like we better keep one Sunday night or Monday. This is a terrible thing.

And on top of that for companies now there is the additional Stabilization Tax that was brought in today. I want to say when I heard of this last night, as a person who is Chairman of three companies, I called some of my people and said to them they have to work out the impact of this Stabilization Tax on companies for me today. Because of other commitments in Court I have not even got it yet.

Asides.

Mr. D. A. C. SIMMONS: But what was clear, Sir, is that the effect of this new tax, this 5% – I am not talking about the Consumption Tax. I am talking about the other tax that came in today in this Bill – on companies payroll and turnover is going to cause a number of companies to lay off workers.

Asides.

Mr. SPEAKER: No, no. You cannot interrupt the Honourable Member like that.

Mr. D. A. C. SIMMONS: No, Sir, it is alright with me.

Mr. SPEAKER: But it is not alright with me.

Mr. D. A. C. SIMMONS: My side is trying to get some sense into his head, Sir. It is alright with me.

Sir, the effect of the Companies Stabilisation Tax Act is going to reduce opportunities for expansion of employment and it is going to mean that companies will have to lay off or send home workers. If they keep them on until the end of December, I can promise you that by January they will be massive layoffs in the private sector as a result of this legislation, Sir. I hope that some companies will have compassion and a sense of charity and stick it out until the end of December so that people can have a reasonable Christmas. But I fear and I am going to predict from my own experience with Gem Travel Group of Companies and Worthing Court that from January – Worthing Court is not in this because that is a hotel, that is exempt – companies are going to have to send home people on a large scale.

Asides.

Mr. D. A. C. SIMMONS: Three months? The Unemployment Levy came in as a temporary measure too and we still have it with increases in the rate. Sir, my friends are asking if three months?

Asides.

Mr. SPEAKER: Order, please. Order.

Mr. D. A. C. SIMMONS: Three months may seem a short time, it is true. But if Honourable Members on the other side are honest with themselves, they know that the majority of companies including some of the biggest in Barbados cannot operate in the absence of an overdraft facility. We have a situation in Barbados now, Sir, that the banks have sent out notices to their customers that if you exceed your overdraft limit, the excess above the overdraft will be charged at something like 36 per cent. So that a company which has an overdraft of \$50 000 as soon as it goes beyond the \$50 000, if the bank does not bounce the cheque, the excess over the \$50 000 will be charged at the rate of 36 per cent. You cannot sustain that, even for one month, so don't tell me about three months. That is the problem because you don't have the access to credit and elasticity in your internal financing to allow you any flexibility to keep on people, and you are going to have to cut back on your staff and wages. This is like 1986 all over again. When we showed them they taxed green peas and okra and cucumber, they said no but the Prime Minister himself, got up and said, oh no, that was a printer's error. There is no printer's error now, you knew what you were doing. You thought you would have sneaked past us tonight and gone on holiday for Christmas or something, no Sir.

5.35 p.m.

Aside.

Mr. D. A. C. SIMMONS: It wrong? Well you see that is the problem of not giving the information up front.

The Honourable Member for St. Peter and the Honourable former Prime Minister, the representative for Christ Church South, has made the point that this debate from that side has been characterised by a lack of information. If we were given the information today, if the Prime Minister had come with a properly prepared statement saying what he was doing about the consumption taxes and what he was doing about the stabilisation companies tax he could not have run into that problem, if he says it is a problem now. There is no problem. It is all written down in that book. I have not misrepresented anything. You don't compare count with count, each page in the No. 1 Order matches the page in the No. 2 Order. That is how we did it and it says 5 per cent. Go and explain it to the public tomorrow or tonight on television. That is the law now, because you got it laid in here today. If it is a mistake, I am sorry, but you know the old boy would flush you out and expose you.

Now, Sir, I am concerned. Mr. Speaker, Sir, it says where the amount paid by a company as tax is in excess of the amount due or was paid in error and that company applies to the Commissioner, in writing, for a refund of the excess or the amount paid in error the Commissioner shall apply the excess or the amount paid in error, as the case may be, against any outstanding liability of that company under the Income Tax Act and if there is a balance it should be paid to the company. I would like to know within what time the Income Tax Commissioner is being required to pay any excess.

Aside.

Mr. D. A. C. SIMMONS: You read it? It shows 5 per cent? Well that is all right.

Mr. Speaker, Sir, it says that if you pay an amount to the Commissioner that was paid in error or is in excess of what you should pay, then it can be applied against anything that you owe by way of outstanding liability or repayment to the company. I feel there should be a time limit in this law for the Commissioner to repay you your excess within two months. I do not feel that the Government should be allowed to keep your money in these hard times because you will not get it back. Government must be mandated by law to repay the taxpayer within two months. If they don't you can go to Court and get an Order. I have not had a chance to look at sections 63, 67 and 71 of the Income Tax Act. But I would like to ask the Minister whether refunds are payable, with interest, back to the taxpayer.

I want also to say, Sir, because the Honourable Member for St. Peter anticipated the argument of the other side that they would submit that this is a kind of employment levy and that the Labour Party had an

employment levy. Yes, we had an employment levy but the difference was that there was a ceiling. If you employed so many people, up to a certain number, then you were given the tax benefit for the fact of the creation of employment. In this new legislation there is more, as far as I can see, Sir, and I speak as one who glanced at this Act fairly quickly today after Court. Clause 11 makes it clear, in my view, that you cannot as a Company claim any deductions from the ...

Aside.

Mr. D. A. C. SIMMONS: "... shall not be deducted in calculating the assessable income of such company." You cannot claim it. Now that was the difference and is the difference between this legislation and the employment levy legislation that we introduced and certainly one of the main differences that there is no deductibility in this legislation whereas that was a feature of our legislation. Presumably that is why the Honourable Member for St. Peter has deemed this a tax on a tax.

The penalties on interest provided for in Clause 8 are very high. I really find myself in total agreement with the Honourable Member for St. Peter. The time has come now, with all the imposts that have been levied against people in Barbados, including this new consumption tax, including this new company stabilisation tax, including the increase in the interest rates for the people of Barbados to decide once and for all with this Government that it is the end, we have to shut down Barbados, and I am calling on the people of Barbados to shut it down. Stop working, don't pay this tax, let us have some civil disobedience to mark down our disapproval of what this Government has been doing in a cold and heartless way. I say that with all the sincerity I own. The time has come for us to cry halt. We cannot put up with it any more and we can't be expected to put up with it when the people's Prime Minister comes in here today and says that he is bringing a new tax and for the first time in the history of Parliament a Minister of Finance fails, neglects and refuses to tell the people how much money he expects to raise from this tax. That is unfair. It has been categorized as intellectually dishonest. I am told that they are speaking of a two per cent consumption tax which will yield \$20 million.
5.45 p.m.

Mr. SPEAKER: Now if the Honourable Member is saying that he has misled the House in that particular way and in order to get the record straight and information straight, will the Honourable Member be willing to withdraw that so that we will not have an incorrect statement?

Mr. D. A. C. SIMMONS: Withdraw what, Sir?

Mr. SPEAKER: I am saying that if you said that you have misled the House with the statement before.

Mr. D. A. C. SIMMONS: Sir, you did not understand what I am saying. I said for the sake of a calculation two per cent yields \$20 million.

Mr. SPEAKER: That is not what I am saying.

Mr. D. A. C. SIMMONS: I said earlier that what is in the new Consumption Tax Order is a 5 per cent increase and I want you to look at the book. Send back in there and get the Clerk to go and bring the two copies that we had here.

Mr. SPEAKER: I am not disputing that. What I am trying to make straight is that, if you are saying that an error has been made in respect of the 5 per cent position you are taking in regards to the two per cent, then it is misleading the House in my view.

Mr. D. A. C. SIMMONS: No, I am not saying that any error was made. I heard them on that side trying to say that there is an error.

Mr. SPEAKER: I am just asking.

Mr. D. A. C. SIMMONS: Oh, no! You just wanted clarification. I see that things have gone from 5 to 10, 15 to 20, and from 30 to 35. I beg you to send and check for yourself, Sir. I said that that is a five per cent increase. I am being told strictly that it is a 5 per cent increase. When I pointed it out to the House, the Prime Minister and the Deputy Prime Minister were trying to say no it should be two and a half. But the difference between 25 and 30 and 12 and 17 could no way be two and a half. That is five. If there is a problem, they must come and explain it. The two books show clearly a five percentage point increase.

The point I was making, Sir, is that it is not necessary to do all of this to the people of Barbados. Because if it was as low as 2 1/2 percentage point increase, it would yield \$20 million. That is the point I am making. I am also advised that if the yield was \$20 million that would more than cover the severance and concessions to the manufacturing sector. So why is it necessary to come with a Company's Stabilisation Tax when at the same time you are bringing a Consumption Tax Order which on its face shows an increase by 5 per cent, but we are being told something different and they have gone to check. I hope that we will hear the truth later on.

That is why I said, Sir, it is unfortunate that all of this should happen. But it has happened because the Prime Minister has not treated the House with the kind of openness, frankness and candor that today's sitting demands. He must know what the Company's Stabilisation Tax is going to yield. He must know from historical experience and data what the Consumption Tax is going to yield. Then tell us how much it is going to yield. But he

is asking us to vote "yes" to this Stabilisation Tax when we do not know what the impact is going to be on the average Barbadian. I cannot be so stupid. We are voting "no" for the reasons that this is a wicked piece of legislation that is aimed and calculated at crippling the people of this country, particularly the workers because the companies will not be able to sustain it given the shortage of credit and their inability to have flexibility in the monetary system of Barbados.

In particular, we feel that the Prime Minister is treating us with less than respect in bringing to Parliament for the first time, as any Prime Minister has done, a piece of legislation raising money and he does not condescend even to tell us how much money will be raised as a result of this legislation. I want to see if some of those over there know how much it is going to raise, or if they are prepared also to vote for the imposition of a tax which will have the effect of sending home workers not knowing how much that tax is going yield. I want to see if they are going to say "yes". I mean on the backbench. The Cabinet will know. They should have discussed this yesterday before they called this meeting for today. I want to see what kind of intellects we have over there who can come in here and make decisions that will impact on people's pockets and do not ask the question of how much we are raising, how much we are sucking out of the system? Let me see how you will vote. I will be able to tell the people something about you all for Christmas.

Sir, the Honourable Member for St. Peter has dealt with the Letter of Intent at length. There is a Bill still to be debated about the IMF and some alterations to the articles. At that time, I think we will have to deal with the Governor of the Central Bank who was a co-signatory for that Letter of Intent. I will ask him to come down to the real world free from the traumas imposed on his mind by transcendental meditation and other such follies. I want to say, Mr. Speaker, that there has been a subtle attempt in this country spearheaded by the Prime Minister to stifle information, suppress information, and only to give limited information to the public. I say that is well exemplified by the way this Company's Stabilisation Tax has been dealt with today, but it follows a pattern.

Last year in the middle of December the Central Bank Report was to go out and we never got it until after the elections sometime around January 28th. I mean the official copy. That was a suppression of information which could have helped the public make up their mind about the election process on January 22nd. Today we see the same thing except it is done to the people's representatives. The Prime Minister does not tell us what are the implications of revenue raising in this Stabilisation Bill but asks twenty-eight of us or how many of us are in here today to come and vote and say "yes" for it to help out the country. We cannot do it. That is an affront to the dignity of this

House and it is an affront to the intelligence of the Members of this House. The Prime Minister ought to be ashamed. But he does not have any shame. So they closed down *Gutterperk*. They would not let people call in on *CBC*. We could not get the mini-Budget broadcast in September. Only two persons were to be allowed to be seen. When we tried last week, you know the problem, Sir. 5.55 p.m.

Mr. SPEAKER: You have one minute.

Mr. D. A. C. SIMMONS: I am not even going to talk about the Prime Minister's failure to extend *VOB*'s licence for 10 years as he must in law. I am not going to talk about that because he and I are going to tangle in Court in January, Barbados Rediffusion Service Limited – plaintiff, Erskine Sandiford, Minister responsible for Information – defendant. I want him, on the witness stand. I will get him. If he does not do what he has to do by December 6, I am going to get him next year. Then he would be exposed.

Aside.

Mr. D. A. C. SIMMONS: I am going to find him. He cannot hide. He has a green card but I will find him even in New York and bring him back.

The people in this country demand to have information. It is their right. They want to know about a whole series of things. The Government is behaving as though information which is of a public nature must remain in the private repositories of the Government.

Mr. SPEAKER: Your time is up.

Hon. P. M. GREAVES: Mr. Speaker, I think that the speeches of the Honourable Members of this House should be characterised by sobriety, and intellectual honesty, if I may so put it. I regret to say that I cannot...

Mr. SPEAKER: I am not so sure of what you said. Please repeat.

Hon. P. M. GREAVES: I said that speeches should be characterised by certain virtues and qualities. That is my belief. Mr. Speaker, in the hands of the Honourable Member for St. Thomas who just completed his speech were two documents at some point towards the end of his speech. They relate to the Consumption Tax Orders. The Honourable Member not only up front did he say that we were on this occasion raising consumption taxes by 5% but he came back subsequently when it was pointed out to him that it, in fact, was not being raised on this occasion by 5% and he could get away with it because the documents he had in his hands were a Consumption Tax Order made

by the Minister of Finance on August 6, 1991. The second document he had in hand was a document made by the Minister of Finance on November 29, 1991.

The Honourable Member well knows – he knows better than I would know because I was not in this place at that time, that in September at the time of what is being referred to as the mini-Budget that this House imposed an increase on the consumption tax over and above what was shown on August 6, 1991. He would have to know this. I could be excused from knowing it because I was not attending the House in September. I was excused from attending the House in September. The Honourable Member would have to know that the Order he had in his hand was made on August 6 and that since August 6 to wit, to use the language, in September the consumption taxes were increased. I understand it was by 5%.

Aside.

Hon. P. M. GREAVES: I am not any Sandi. I am the Honourable Member for St. Michael North. That is who I am. Sir, it was increased by 3% then. If it shows 5% in the two documents, the one made to date over and above what was made in the document in August, it is clear then for those who were in this House in September knowing very well that the increase was 3% that it could not therefore be a 5% increase now. It is a bare 2%. What has happened, Sir, is that, unfortunately, the document like the one the Honourable Member had in his hand, apparently was not printed, because it is possible that somewhere in between those two dates, that is, August 6 and now, we might be able to unearth a document that had been laid. I do not know.

Aside.

Hon. P. M. GREAVES: I understand from the Honourable Member that it has not been laid. I accept that it was not laid but that does not gainsay the point that I made that there was an increase in September, an increase today, but it was not a 5% made over September.

Aside.

Hon. P. M. GREAVES: You were here when the Budget speech was made. I do not know. An order has to be made according to the law.

Mr. D. A. C. SIMMONS: On a point of order, Sir. The two documents I had – one was Consumption Tax Order No 1, and the one today is Consumption Tax Order No. 2. The Honourable Member is suggesting that there were three authorities for the imposition.

Aside.

Mr. D. A. C. SIMMONS: There were two. I am saying that as between Consumption Tax No. 1 and No. 2 there is a 5% difference.

Hon. P. M. GREAVES: I accept that, that is why I was talking about the intellectual honesty because there is a 5% between what was shown in August and what was shown in November but in between there was an increase in September. That is the point. I do not know what they are raising. I honestly do not know.

Asides.

Mr. SPEAKER: Just one moment. I can understand some kind of cross dialogue or intervention but not to a point that I cannot hear what the Honourable Member is saying.

Hon. P. M. GREAVES: Let us now, Sir, get to the Stabilisation Tax. Now we have got rid of that.

Aside.

Hon. P. M. GREAVES: You can carry it on. I have got rid of it.

Mr. Speaker, this member who led the discussion with the Unions and with the private sector – when we met the private sector I was the person who chaired the meetings with the Coalition of Trade Unions and Associations and the private sector. It was those Honourable Members, along with the private sector, who joined the Coalition of Trade Unions and marched for modifications of what arrangements had been entered into for Government employees, knowing full well that any such modifications would mean an increase in costs which would have to be recovered. There is only one way that Government can recover these costs.

Every year I am hearing that Government is over-compensating, not necessarily from the Honourable Member for St. Peter, who said it today, but there is another person from his profession, a fellow traveller I suppose, with himself...
6.05 p.m.

He is looking at me, Sir. I am sorry. I apologize to the Honourable Member for St. Peter. For the past 4 years there is this professional person of the same profession as the Honourable Member for St. Peter who claims that we are overtaxing people and we are collecting too much taxes in relation to what we are intending to spend. Every year he has been proved wrong. I do not know why the Honourable Member for St. Peter now chooses to join with that gentleman. I do not think it is worthy of the Honourable Member for St. Peter to do this..

Mr. Speaker, in my discussion with Coalition of Trade Unions I made it clear to them – the Honourable Member for Christ Church East Central was present and sat at most of those meetings – that if we were to modify in any way to meet in whole or in part some of the demands of the trade unions that it would have to be made by increase in taxation.

I have here in my hand two letters which I intend to make documents of this House. But I am going to read them. One letter I wrote to the Secretary of the Coalition of Trade Unions and it is dated 17th November, 1991. Note carefully the date, Sir, because it was a Sunday. I spent my Sunday with my secretary and I wrote this letter to the Secretary on that particular day. It is the Letterhead of my Ministry dated 17th November, 1991, addressed to:

"Mr. Patrick Frost,
Secretary,
Coalition of Trade Unions and Associations
Featherbed Lane,
ST. JOHN.

Dear Sir,

On Thursday 14th November, 1991, I spoke to you and to Mr. Joseph Goddard, General Secretary of the National Union of Public Workers and appraised you of the information I had that day received about the presentation of the Letter of Intent to the Directors of the International Monetary Fund. Specifically I informed you:

(1) that the staff of the Fund had communicated with the Minister of Finance to the effect that the Letter of Intent must reach the Directors very early next week – that is, week beginning 18th November – if at all it was to receive the consideration of the Board at its next meeting;

(2) that now that you were in receipt of the list of names of persons laid off before October 1 and after that date as you had requested, I hope a meeting over the weekend could lead to an agreement on the two outstanding issues. I reminded you as I do now once more of the alternatives for your consideration in respect of the unemployment benefit issue which are:

- (i) compensation at the rate of 60% for the first 10 weeks and at 40% thereafter for the succeeding 16 weeks; and
- (ii) compensation in accordance with the existing law that is 60% for the full 26 weeks for those laid off on or before the 30th September and at the rate of 40% for 16 weeks for those laid off after October 1st. At our last meeting you were informed that the IMF stipulated the manner in which any expenditure resulting from additional

payments was to be recovered. As a reminder it was an additional levy of .75% on employees and payments must be made during the period 1st December, 1991 and 31st March, 1992."

Then I went on, Sir, to speak about other matters how time is fast running out, how we had spoken with the Clergy and other prominent citizens like Mr. John Stanley Goddard whose good offices we sought to assist us in reaching an immediate resolution to the issue, et cetera, et cetera.

On the following day the 18th which is the day on which matters were to be sent to the Fund, following a telephone call that I got from the Acting Chairman of the Coalition, Mr. Keith Yearwood as well as a letter I received on that day from Mr. Patrick Frost, the Secretary of the Coalition, I addressed a letter to him again on that particular day. I again stated quite unequivocally and the penultimate paragraph states:

"I cannot too often state that the modifications in the rates of payment will entail extra cost which will have to be recovered by an additional levy on the employees."

Mr. Speaker, Sir, on the 8th November at a meeting I held then with the Coalition of Trade Unions, I set out the position of the Government. I said, Sir, that according to law up to the end of September compensation for unemployment will be at the rate of 60% of the last wage. I also stated that from the 30th September the law was changed to 40%. I then went on to state some various scenarios that had been worked out by the Fund. Assuming that 1 400 casuals were laid off using benefits at the rate of 40%, it was \$4.076 million. Assuming the rate of 60/40% ratio, it would be \$4.886 million. Assuming it is 60% compensation for the full 26 weeks, it would be \$6.065 million. In addition 400 temporaries making a total of about 1 800 employees. At the rate of 40% it would be \$2.116 million. At the rate of 60% for 10 weeks and 40% for 16 weeks \$2.556 million at the rate of 60% throughout \$3.174 million. The total for Government employees would be for those 1 800 persons at 40%, it would be \$6.15 million. At the 60/40% ratio, it would be \$7.443 million and at 60% it would be \$9 million. This is money we have had to look for additionally.

Assuming that say 300 employees of statutory corporations had been laid off at the 60%, 40% ratio which we have informed the Fund of \$1.024 million. But in fact to date what has happened is that about approximately 1 800 persons have been laid off from the Government service.

6.15 p.m.

Aside.

Hon. P. M. GREAVES: No, not after September, approximately from the Government service, Sir, 1 800 persons have been laid off since about July, Sir. From the time of the stabilisation ... period began, Sir, and about 600 persons from Statutory Corporations.

In fact, Sir, the Government would have to look to pay unemployment benefits alone of about nearly, roughly, \$10 million. This has, absolutely nothing to do, Sir, with unemployment benefits.

Sir, the point that I am trying to make is this. I could have stated here as well that I informed the coalition. Sir, I was asked a question by Mr. Frost. In answer to Mr. Frost it was stated that the extra cost would have to be raised through additional taxes. In other words, Sir, all the time we were negotiating with the Trade Unions, it was known to them, it was known to the clergy who were present that there would have to be additional taxes.

What is more, Sir, in our negotiations with the private sector, when the manufacturers put forward what they considered to be a special case for themselves, we did not reject it at all. They recommended, Sir, that the additional amount of money that Government would lose if the concessions had been restored to them which would be \$16 million, as I understand it to be, that they themselves, the private sector, recommended it could be recovered by a 3 per cent surcharge on Corporation Tax. In other words, Sir, the private sector, themselves, acknowledged the fact that the modifications to the programme would involve themselves in additional taxation and they offered it, Mr. Speaker. It is not that we suggested it to them. They offered a 3 per cent surcharge on Corporation Tax. This is what they offered, Sir.

Now, this particular piece of legislation, Sir, is recommending a payroll tax for four months only. The Members on the other side speak as though it is a payroll tax for all time.

Asides.

Hon. P. M. GREAVES: And the surcharge came off precisely when it was said it was coming off. To the very day, Mr. Speaker, it came off. It was on for one year, Mr. Speaker, and it came off at the end of that one year and not a moment later.

This Stabilisation Tax Act provides, Sir, for an imposition of 5 per cent, I believe it is, on the payroll of companies, Mr. Speaker. That imposition on companies is intended to cover a period of December 1991, January 1992, February 1992 and March 1992 and what is more, Sir, the Bill itself states that.

This Bill that is before this House that we are now considering says quite clearly that it ceases to have effect

after March 31, 1992. This Bill that Honourable Members have in their hands over there, that is what is stated. So Members are speaking as though this is the greatest catastrophe to befall this country, it will cause massive layoffs. A four months programme will cause massive layoffs, will cause great unemployment, great suffering in this country, when in fact, Mr. Speaker, it is a very limited programme intended to cover those very increases in cost that they marched for. Members of the Barbados Labour Party marched for them.

Aside.

Hon. P. M. GREAVES: Well march again, and if there is additional cost it will have to be met again by additional taxation. It is as simple as that. I told the private sector, Mr. speaker, I said, yes, you will have to understand that additional taxes will have to be imposed. You marched for it with the Unions and you will have to understand that this will involve you in other taxation. This has been understood by the private sector from the beginning.

This now, Sir, is no new imposition. This is nothing new to them. It is nothing new to the workers because we have been telling their representatives that. I have been telling them that on every turn. I told them at the meeting of the 8th November it would involve greater costs and therefore taxation, I told them by letter here on the 17th November that in fact if you do get the increases you will have to pay for them and I told them that by letter on the following day because I did not want them to get away with anything. I did not want them getting away with it, it was important for them to understand this.

There seems to be some belief in this country that you can increase costs to the Government but the Government must not be able to recover it. How else is Government to run, Sir? There have been great freenesses in this country. I think this is one of our problems. I could go back, Sir ... The point is that they have been imposed and if you were to take them away it would mean there would be a loss of revenue of \$16 million to the Treasury. That is the point. It is not a matter of having it originally.

Mr. H. deB. FORDE: The Honourable Member is misleading the House. The concessions were valued at \$16 million. The Government imposed \$16 million in tax and took away the concessions and the Government is now saying, and that is what the Honourable must address, that they are to give back the concessions they will put the tax somewhere else. That is what you are saying.

Hon. P. M. GREAVES: It is clear that is the case, because there would be a shortfall of \$16 million. It would not now be a shortfall of \$16 million because there would

be a difference because of the modification of the arrangements for the manufacturers, but there is substantial modification just the same, Sir.

The point is this, if a concession is removed from a sector and that concession means that the Treasury would have an additional \$16 million in that Treasury, if that concession is given up in whole or in part it means that the amount that is given up has to be found somewhere else and the only place the Government has to find taxes is from taxation. Government has no investments in that way. Government has no know-all where to find the money and that is through taxation. And, Sir, that is the point of this legislation and I have no difficulty with this legislation whatsoever. None at all, because if so, we feel and everybody feels that the workers have had a just claim, and everybody feels that the manufacturers had a claim and we are trying to meet the representations made on behalf of those sectors, then in fact the only way we can meet is by taxation and this in our opinion is probably the best and fairest way of meeting it. I thank you, Sir.

Miss B. A. MILLER: Mr. Speaker, Sir, we are about to celebrate our twenty-fifth year of Independence. The Silver Jubilee. Silver Jubilee is a significant anniversary at any time, in any language, Sir and for Barbados, particularly, especially since we are now in the final decade of this century, this Twenty-fifth anniversary has added significance.
6.25 p.m.

As we find ourselves, Sir, almost at the beginning of December, there was a god – I suppose the classicists will tell me – called Janus, after whom the month of January is named, who looks backward and forward at the same time and that is what we tend to do with anniversaries. If we look back very briefly over the past twenty-five years of Barbados, we have done well. Some people think remarkably well. We have been leaders in this Caribbean region and well-respected both at home and in the Caribbean and outside of it. We have not been apologetic about our sound investments made in the socio-economic development of this "little rock" as we like to call it. In education, we say that we are second to none. In health, we think that we are model for not only other developing countries but some developed as well. Housing and roads, airport and seaport facilities we feel are second to none. We have had as what are sometimes described, Mr. Speaker, as charismatic founder leaders, men who were humble and wise before the people that they governed, who were not afraid of the people that they were governing and so were not afraid to govern. They understood and respected their people. They never underestimated ordinary men and women, Mr. Speaker. We are talking about founder leaders who were committed totally and at personal cost, too, to serve the public good.

In fact, Mr. Speaker, I think it is true to say that they were prepared to die for it and, indeed, did die on the job in this cause. Their sacrifice was great for generations of Barbadians to come and we would hope particularly on an Independence Day like tomorrow we would remember them and be deeply grateful for their contribution.

Mr. Speaker, Sir, we have a goodly heritage as they say. But when the time comes now to look forward into the 21st century, because that is where we are at – putting it at the lowest factor as the calypsonian has said, "All is not well. This country is not well." – I think everybody knows – and even the people on the other side must agree that the delicate balance of the Barbados economy has been upset. This happened in July 1986 and they do not know how to put it right again. That is what brought us where we are at today. Not unlike several other Caribbean and Latin American countries, we have balance of payments problems. We have balance of trade problems. Mismanagement has brought us to where we are.

The Prime Minister and Honourable Minister of Finance does not like the reference to the mismanagement. The Prime Minister has demanded an apology from the World Bank for words to do with or suggesting that the state of the economy of Barbados today had something to do with pre-election spending. If the Prime Minister is so adamant, Mr. Speaker, that the World Bank was wrong, rude, and improper, how is it that he has not demanded an apology from the Inter-American Development Bank as well? Because this is not only the judgment of the World Bank. It is the judgment of the IADB as well. The IADB is very plain, Mr. Speaker. I am quoting and I am prepared to make this a document of the House from the IADB Report:

"As the economy slipped into recession in 1990, Barbadian public finances also deteriorated sharply. The fiscal deficit which the Government had been able to reduce to 0.8 per cent of GDP at market prices in 1989 soared to 7.6 per cent in 1990 basically as a result of Government revenue contraction on the one hand and sharp increases in Government salaries and investment spending on the other. The fall in Government revenues was attributable primarily to the downturn in economic activity while derived in official spending was partially related to the anticipation of national elections which were, in fact, held in January 1991."

The IADB Report went on to say:

"The key to economic policy in Barbados in 1990 was the impending election."

It went on to say:

"The economic outlook for 1991 is not promising."

If that kind of language when it came from the World Bank was rude and improper and a demand was made for an apology, how is it that the Prime Minister and Minister of Finance has not seen fit to ask for an apology also from the Inter-American Development Bank? The truth is, Mr. Speaker, that the Minister of Finance and Prime Minister cannot expect to ask the majority of people who live in Barbados for an apology who say that and who agree with what the World Bank has said. He cannot ask all of the international lending agencies and other international agencies to apologize for what they say or what they think because this is a universally held opinion.

We have built our independence, Mr. Speaker, on a good foundation. That is what we thought. There was one man, the late Sir Grantley Adams, who I believe had a dream that was larger than the vision of this entire Caribbean vision. Perhaps, Sir, if we had listened to him and we had gone into independence as a bloc rather than as individuals, so many of us in this region would not be in the unhappy embrace of the IMF tonight. Sometimes, and being a child of that era, I wonder how truly serious we are about the integration movement.

If we had done that way back in the sixties, Mr. Speaker, today we would have been ahead of all the other groupings. We would have been ahead of Europe 1992. We would have been ahead of the US/Canada Trade Pact. We would even have been ahead of the Pacific Group. That is if we would have had the will and energy. We could have offered the world a Caribbean style. We could have offered a Caribbean product or a Caribbean model, if you want to put it that way, Mr. Speaker. But instead, we chose to go it alone each of us doing the best that we could do at the time. We went along with old colonial and some of them positively Victorian structures and systems. We did not tailor those structures and systems, Sir, including the parliamentary system, if I may say so, Mr. Speaker. We did not tailor them to our own peculiar way of doing things. Even when the people who originated these systems are now abandoning them, we continue to cling to them.

Aside.

Mr. SPEAKER: May I have some order please?

Miss B. A. MILLER: Mr. Speaker, Sir, all of what I have said has been overtaken by the new technologies that we now have like the facsimiles, computers, microfiche, and new directions. You know in this little Barbados if we want we can remain a quaint little back water with a remembrance of glories passed. We are very good at doing that and we tend to do it a lot at Independence. If we want, Mr. Speaker, we can continue if we want to command and

to be the leading edge of what is progressive, decent, and beautiful in the Caribbean but that is if we wish.
6.35 p.m.

I think, Mr. Speaker, on reflection at this time it is interesting that the political party which brought Barbados to the moment of decolonisation that 25 years later almost to the day should be the same political party, that is now going to bring it to the moment of recolonisation. That is not without significance. Economic recolonisation will lead to all the others as well. We will get back to where we were.

Now in respect of this piece of legislation before us, Mr. Speaker, I am deeply concerned that we are regressing in the way we think about these matters. The Government's divestment policy is under question everywhere. There are Barbadians outside of Barbados who want to know why is it that shares in some of those entities could not have been offered to them, if they are now going to be third and fourth class Barbadians simply because they do not live and earn here. There are people asking why our shares in BARTEL, BET, the Flour Mill, the Arawak Cement Plant and Heywoods are not being offered to them first. Why is it that in 1991 expatriates are now coming into Barbados to take up middle and top management level posts? How is it that black Barbadians who have risen in the corporate world to the middle and top management levels and who have predicated their futures and the future of their children and grandchildren of this fact, and who have invested everything in that should wake up now and find that people from overseas, non-Barbadians, have taken their jobs?

One man has already calculated that today's measures, this matter that we are debating, has the possibility to put between 10 000 to 15 000 persons out of work. This is going to be viewed in the private sector as a notice of a closure for a lot of small and some not so small companies. Mr. Speaker, it is a hard thing.

I listened to the Deputy Prime Minister and I have come reluctantly to the conclusion that sometimes even when the Government is doing the right thing it is doing it in the wrong way. Time and time again in the last few weeks we have seen this happened. It happened last Tuesday and it is happening again today. I cannot believe that the Deputy Prime Minister was at such pains just now to point out to us that having taken from people what was constitutionally theirs and they having on bended knees begged them to give it back to them that they must now pay to have it back. I find it hard to accept, to use the words of the Deputy Prime Minister, that the Government can find no other way to raise this money. But that is what is expected of a government. It is not our fault that the Government is not ingenious enough, it is not creative enough or energetic enough.

Aside.

Miss B. A. MILLER: You cannot offer anybody any challenges. You have now demoted yourself to the back bench without any help from the Prime Minister.

Mr. SPEAKER: I have not heard anything.

Miss B. A. MILLER: Mr. Speaker, I am addressing you. I should not allow myself to be distracted by mere hecklers.

Again, this has been described, in my view quite rightly, as the third Budget that we are having in 1991. Again, Members on this side have to ask how long does the Government think it can continue to operate on this piecemeal basis of information coming out in bits and pieces, Budgets coming out in bits and pieces? We have to ask where is the Government's overall programme? The least we might be expected to have is an overview of the Government's policy, if there is a policy. But the impression coming to us and to Barbadians out there who are waiting to hear what is happening – they hear that a Letter of Intent has gone somewhere. They have not heard about an answer coming back. They want to know what is going on.

It is only fair that Barbadians should be asking what exactly is this new development strategy that is being formulated for us. I think Barbadians understand now that it is a strategy being formulated not at Spry Street at the Central Bank, or in Bay Street at Government Headquarters but rather in Washington at the Headquarters of the International Monetary Fund, I think Barbadians understand that now. Whether they accept it is something else.

Mr. Speaker, Barbadians are very deeply concerned. This piecemeal, ad hoc, day-to-day, I do not know what next, ill-thought out approach is not a formula for success. I think by this time the Government should have learned its lesson. This will become law whether we support it or not because of the Government's majority and its determination not to take what we consider on this side to be the best advice. We are concerned about what is the future going to be because this is a measure for the corporate world. This is a measure for the companies excepting hotels and restaurants. I have not come to that yet.

I see the Minister of Tourism doing a lot of smiling over there and wearing his bracelet. I looked in the newspaper this morning and I saw ...

Aside.

Miss B. A. MILLER: Mr. Speaker, but for you in your robes upholding the dignity of this House I would begin to wonder what would become of us all.

Now, Mr. Speaker, we are concerned for the future. We looked in the newspaper this morning and we say that

when compared to last year the October tourism figures are down again. It is a very depressing thing to be happening at what is supposed to be the take-off.

Aside.

Miss B. A. MILLER: He had the money for promotion when the former Minister of Health was there who has run out of here now. He carried it to New York and gave it to Van Brunt and we have not seen it come back. Somehow the Government has not been able to get a marketing strategy going since then. Everywhere else in the Caribbean arrivals are up. Barbados continues on this downward trend. We cannot go on blaming the Gulf War forever. Barbados was on a downward spiral even before the Gulf War.

We are concerned. We want to know when, if ever, the local Tourist Board or the Tourism Ministry or both together will put together a marketing strategy for Barbados. We want to know when that is going to happen so that Barbados can again become competitive. We want to know what is the plan for the provision of airline seats. There has been a lot of disquieting news lately, even as recently as today, as to what is going to happen. They have divided up and separated the civil aviation business from tourism. The left hand does not know what the right hand is doing. The Minister of Civil Aviation is sitting here smiling like a Cheshire cat but what all of that may mean is that he has licked up all the cream but not that he has anything to say on this matter.

Aside.

Miss B. A. MILLER: Now, all of you are getting blows. You came here expecting blows and I do not intend to disappoint you.

Mr. Speaker, I am deeply concerned not only about the content of the package which has come to this House today but the way in which it is done. We were here Tuesday last. We are going to be here, God willing, Tuesday coming. It is untidy and I am being generous in my language when I say "untidy" to say the least. 6.45 p.m.

It is difficult for me to accept that if the Government were doing its business in a proper manner, if the Government were minding its business, if the Government knew what its business was that we would not be railroaded in here today with these measures as we now find ourselves. I am deeply concerned about that. I am deeply concerned about the way in which this debate is taking place. I am not reflecting upon the way in which you are presiding over it. What I am reflecting upon is the way in which the Government has brought it to us. This is a deeply important matter. This is no slight last minute

thing to make up a package for the IMF. As the Honourable Member for St. Peter has made the point very strenuously earlier today, this is something that the Government has been playing about with, mucking about with, playing up with, playing up in, however you want to put it since July.

I must tell you, Mr. Speaker, Sir, that I have lost all confidence in anything that the Government has to say about deadlines which it may or may not have to meet. The Government failed to meet a very important deadline in July of this year, the end of July. It failed to meet another important deadline at the end of August. The Government kept us in here until after 1.00 o'clock in the morning at the end of September allegedly because there was a deadline to meet with the IMF and it was important. It turned out that that was not so, Mr. Speaker, Sir. It turned out that various Members of the Government had appointments to keep overseas, at the taxpayers' expense and that that is why we were rushed. Now we are rushed in here tonight, the night before Independence – and Independence where the Government cannot even afford to give people a holiday – and we are told that this is so important.

I do not believe it, I do not believe that....

Aside.

Miss B. A. MILLER: The people wanted a Monday Bank Holiday. You well know that too.

Aside.

Miss B. A. MILLER: Do you think that was a holiday for the people? You all are making a lot of sport. Well you go out there and tell the Coalition that it was a holiday for them when they were out there marching to preserve their rights. And I marched with them to preserve my rights and my freedom which are being threatened by this Democratic Labour Party Government.

Mr. Speaker, Sir, I am deeply concerned about the way in which the Government is handling its business and particularly this business to do with the IMF. There is a very strong impression coming that the Government has lost control and that things are happening on a very ad hoc day to day basis and that anything could happen at any time in Barbados, business is paralyzed in Barbados, people do not know what to do. This has driven many people to their doctors, it has driven people into deep depression, this whole climate of uncertainty, not knowing where we are going and particularly as a new year is approaching. It is a bad time. It is a sad time. In fact, in my view, it is not a time for celebrating anything including the 25th Anniversary of our Independence. There is no confidence in the Government.

The Government can hide as much as it likes from a motion of No-Confidence brought in here but there is no confidence in the Government on the street out there. There is no confidence in the Government in business Bridgetown out there. There is no confidence in the Government as far as the banking system is concerned both at home and outside. There is no confidence in the Government if you read the World Bank Report. There is no confidence in the Government if you read the Inter-American Development Bank Report. The only people who think that there is any confidence to be reposed on them has to be the Government itself. Something has to be wrong, Mr. Speaker, Sir, if everybody else has to be wrong and only the Minister of Finance and the Prime Minister can be right.

We even hear dissenting judgements on the whole issue coming from Members of the Backbench who are careful not to be here today. Democracy is not at work when you take people's salaries away from them and you take people's jobs away from them. I am sorry. That is what I marched for. Because the next thing now you will come for is the few remaining freedoms that we have left. You will want to take the freedom of speech away from us. Even now the Government is settling the freedom of information, the freedom of the media. The news is being managed. All of this is what we are living with.

Mr. Speaker, I go to Guyana and I see that. I am not afraid to say that. What obtains in Guyana is public knowledge. It is universally known and you must know that it is frightening for Barbadians when Guyanese people come here and tell you this is how it began in Guyana. That is not designed to inspire confidence in people.

Mr. Speaker, Sir, I would want to use this opportunity to call upon the Prime Minister and the Minister of Finance since he is disposed not to resign to lay before this Parliament and indeed the people of this country the whole truth about this IMF programme, to tell us what is truly going on, to tell us in detail what are these modifications that he is talking about – I believe that word modification is a euphemism – to tell us what indeed is being planned. I looked at my copy of the Letter of Intent and I see a lot of broad general statements which do not speak to me about the truth of what is happening. Every line by line, every page by page.

At paragraph 13 they talk about tax reform:

"Over the next two years the Government plans to undertake a tax reform programme aimed at broadening the tax base, removing disincentives to exports, and simplifying the tax system."

Even now while this new tax is coming on to us, this additional tax, these further taxes, I see this at page 4 of

the Letter of Intent. The people need to be told what the implications of this are. The people need to be told what the details are. As the people's representatives we have a right to be told.

At paragraph 14 the Letter of Intent goes on to talk about divestment. This is not a letter written by the people outside. This is our letter. This is the letter the Prime Minister is writing, Sir, giving away the whole patrimony of Barbados.

Aside.

Miss B. A. MILLER: I hear the Honourable Member for Christ Church South appealing, please do not sell ICB.

One of the reasons why the Government's divestment policy is in question is because people begin to wonder where the line is going to be drawn, if we are going to give away everything that is profit making and be left with everything that is not profit making and that is in fact profit losing. We need to know. In the end a divestment policy cannot lead to a complete divestment of the entire patrimony of this country. The Government needs to come straight with us about that as well.

I believe, Mr. Speaker, Sir, that the Prime Minister labours under the mistaken belief that if he can wedge this wicked -- if I could find the language -- burdensome....

Aside.

Miss B. A. MILLER: no, this crippling so-called IMF programme on us in a certain time frame that somehow he can win an election that is to come in the future. I am glad that the Right Honourable Prime Minister has resumed his seat. When the next election comes whenever it comes and it has to come the people of this country are not going to forget that you doubled bus fares. They are not going to forget that you pushed up the house rents in the National Housing Corporation to a point where people will be put at the side of the road and we are going to have homeless people in a way that we see them in other countries and are not accustomed to seeing it in Barbados. They are not going to forget the cruel taxation that you visited them with year after year, after year. They are not going to forget 1991. They are not going to remember it was the year of the twenty-fifth Anniversary of Independence. They are going to remember it as the year of the three budgets. All of those things they are going to remember. They are going to remember the jobs lost. They are going to remember the salary taken from them. They are going to remember the increase in levies. All of that they are going to remember. So, perhaps the Prime Minister -- even though we know he is not disposed to take advice, we continue to offer it ...
6.55 p.m.

Mr. SPEAKER: One minute to go.

Miss B. A. MILLER: ... might recognise, Sir, that wherever we are at there is no coming back in here for him and rather than put partisan political interest first, that surely at this late hour, it still cannot be too late for him to put the interest of Barbados and Barbadians, first. I am making this plea, Sir, on the eve of our twenty-fifth Anniversary of Independence.

I am asking the Prime Minister, even before this year is out, because we do not know what mischief awaits us. We know that he has to go to Miami next week for the Miami Conference, only heaven knows what he is going to say there. I went to Morocco on business that it was felt I could handle. I left you here with business that you can't handle. Mr. Speaker, Sir, I thank you for your indulgence.

Rt. Hon. L. E. SANDIFORD: I am not replying to the debate but I rise, Sir, just to clarify a few issues because I was accused of all kinds ...

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

Rt. Hon. L. E. SANDIFORD: All right, I will hold back. If you don't wish it, Sir, all right.

SUSPENSION

Hon. P. M. GREAVES: Mr. Speaker, I would like to suspend the sitting, Sir, but I can't even hear myself.

Mr. Speaker, I move that this sitting be suspended until 8.00 p.m. this evening.

Hon. D. J. H. THOMPSON: I beg to second that, Sir.

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

RESUMPTION

Mr. SPEAKER: This sitting is now resumed.

Dr. R. L. CHELTENHAM: Mr. Speaker, Sir, the economic, social and political issues raised by the structural adjustment programme in Barbados and the sharp reaction of the people, a reaction of anxiety and of a sense of betrayal, of disquiet, have all served to make this a period without parallel in our modern political issues. This debate today, which will be just one of several important debates over the period had led me to a sense of unease with respect to what is going on on the Government benches.

I say this without any sense of mischief, Mr. Speaker, but I get the feel that there has been no effective joinder

of issues in this debate thus far. We have spoken, and except for the Leader of the House no one has spoken or seemed interested in speaking on the Government side.

Now it seems to me that the reason is fundamental and it has got to do with the fact that there are not mechanisms in place, on the part of the Government, whereby economic and financial decisions, the whole process of decision making with respect to financial and economic issues is no longer shared between the Prime Minister and two or three Members responsible for portfolios touching on these issues as was the case in the Barbados Labour Party, certainly in the period 1981 to 1986. There were at least three committees of great importance in existence on which the Prime Minister, the Minister of Trade and Industry, the Minister of Agriculture sat and together with the assistance of some senior public servants we arrived at certain decisions.

The Prime Minister and Minister of Finance had the benefit of using the Committee as a sounding board. We served to refine his own judgment to provide an alternative view point, and then that decision was in turn checked by the Cabinet. So that at any stage there were three or four people who were responsible for making the decisions with respect to economic and financial affairs and then we got the formal approval, preceded by a discussion in the Cabinet. And that was very important in involving at least one third of the Cabinet in the whole decision making process in economic and financial matters.

I get the feel that that is not now happening and the Right Honourable Prime Minister will find, if indeed he has not already found, that it is in as many respects harder to manage the economy of Barbados than the economy of the United States. The margin for error is so small in Barbados that you are always essentially walking a tight rope and you need the most mature and refined judgment and no one man can provide it.

The late Tom Adams, able as he was, never pretended that his judgment alone could satisfy the demands of the situation. I would very much hope that if those mechanisms are not in place, and I am lead to believe that they do not now exist, that they be revived because they have an important role to play in refining the judgment of the Minister of Finance, giving him alternative view points, acting as a sounding board for his own views and as a result making him a much better Minister of Finance than he has been thus far.

Now, Mr. Speaker, I must join too with my colleagues in protesting the manner in which this debate has been introduced with this measure before us by the Minister of Finance. I think it is really an insult to the intelligence of the people of Barbados and indeed to their representatives in this House that he has introduced the

measure and he has not told us what is the quantum of revenue that it is intended to raise.

I think that that is so basic and fundamental that there can be no excuse on the part of the Minister of Finance for introducing the measure and not giving us among other details, information with respect to how much it is intended to raise over the life of this measure.

I think that we are right to protest, Mr. Speaker, that that is not the way in which the House should be treated and that is not the way in which serious public issues should be handled.

I can think of no Minister of Finance in the last 25 years and before who has ever treated the Parliament in this country in that way. We ought to have been given all the information with respect to the measure. In fact since we are in the last quarter of the financial year he could have gone even further and given us the information he has with respect to the performance of the economy and the extent to which it has contracted and so on.

It gives the impression, Mr. Speaker, that Government's policy, its strategy and tactics, with respect to the problems at hand, they have neither been properly conceived nor satisfactorily negotiated with the International Monetary Fund. That is the impression which is coming across very clearly indeed and, if I may say so, Mr. Speaker, it is sending a wrong signal, a signal of uncertainty and a signal of confusion. It is leading to anxiety amidst the population of Barbados because of the lack of certainty and clarity on the part of the Government with respect to its programme.

8.05 p.m.

The measure before us has been rationalized on the ground, Mr. Speaker, that because of the modifications made to the Letter of Intent with respect to severance, concessions to the manufacturing sector, and the payment in relation to the Unemployment Benefits that it has become necessary to raise additional revenue. My first point is this, Mr. Speaker. If the Letter of Intent was properly conceived from the outset and satisfactorily negotiated, there would have been no need for these particular amendments. Any sensitive and caring Government would have sought to provide the very modifications which are now being argued for. There can be no doubt about that.

That is clear and unmistakable evidence of the fact that the Government does not know what it is about and, as it sets about its programme, it closes its eyes to the concerns and welfare of the masses including the workers of Barbados. If they were put in the forefront of their consideration, it would never have been necessary to modify the programme in the way in which the protest of the people demanded that the programme be modified. But

in all of this, Mr. Speaker, a fundamental truth has been withheld from this House and from this country. I say this without any fear of serious and truthful contradiction. There is a tendency in this Parliament for people to make statements not concerned as to whether they are true or not. But it is a matter of fact, Mr. Speaker, that the International Monetary Fund has made it clear in relation to this measure before the House that it is a pre-condition of their input in the Letter of Intent before the Executive of the Fund.

In short, the International Monetary Fund dictated the necessity for the measure before the House today. They made it clear that it was a pre-condition, Mr. Speaker, of the Letter of Intent being placed before the Executive. Now this is not the first time in this phase in which we find ourselves that the International Monetary Fund has been dictating to the Government as to what must be done and what cannot be done. Now that we have found ourselves in that position, it is a reflection of the fact that we have gone to the Fund far too late and that the Government has no negotiating skill on its side. But it is also a reflection of the fact, Mr. Speaker, that on the eve of our 25th Anniversary as an independent country we have gone a full circle. The process of decolonization that was started in a formal way on November 30, 1966 has been closed and we are back to the point where we are now recolonized.

Important decisions in respect to the welfare and the well-being of the people of Barbados are being made in Washington and the Government is so helpless, this present Democratic Labour Party Administration, that they cannot resist the dictates of Washington. Now that is a very serious thing indeed, Mr. Speaker, but sadly that is the point where we have reached after 25 years of independence.

There is an enduring myth out there or so it would appear that the Democratic Labour Party brought independence to Barbados. They just happened to be in office when independence came. But that was part of a process of decolonization that was going on apace throughout the Commonwealth. The wind of change, as MacMillan said at the time, was blowing not only across Africa but all across the colonized world. After the negotiations with the little eight, it was clear that Barbados had no choice but to go independent. It was there for the asking. Jamaica and Trinidad and Tobago had already gone through in 1962, Guyana had gone through in 1964, and it was just left for us to take it when we wanted it. But it is sad, indeed, that we have not more effectively used the management of our own affairs. As it turned out, we have spoiled the 25 years because as we celebrate the anniversary we find ourselves unable to make our own decisions as we are being dictated to from abroad.

Mr. Speaker, it is very important that in this third Budgetary measure something like \$200 million cumulative

will be extracted from the Barbados economy this year by way of taxation. We know for sure how much has been extracted thus far in the major Budgetary package in April and in September. We have not been provided with the figures in respect to the measures today. But it seems to me working on "guesstimates" with respect to the impact of these measures here today that all total upwards to \$200 million will be taken out of this economy this year. My point is that this Barbadian economy cannot afford the loss of \$200 million by way of taxation in one year. The package is far too draconian. It was important that I appreciate that, Mr. Speaker. In order to correct the imbalances both at the domestic level of the deficits and the external imbalance of the balance of payments difficulties, it would have been necessary to dampen demand in Barbados. We appreciate that. It would call for a very delicate judgment as to how far you should go in dampening that demand.

It is now my view, Mr. Speaker, and I submit that what has happened today is a colossal error of judgment and that the impact is bound to be recessionary, and what the Prime Minister and Minister of Finance will succeed in doing is plunging this economy in a deep and severe depression. That will have serious adverse consequences not only on the social product of this country but more importantly on the economy itself and the target of revenue which the Government expects to raise will not be raised. It will have a counter-productive effect. That is a very serious situation indeed and it is all because we have not been in a position to bargain with any strength and to fight off the dictates of the International Monetary Fund.

8.15 p.m.

Now, Mr. Speaker, the Democratic Labour Party Administration likes to compare the present situation with the situation in 1982 when the Barbados Labour Party Government went to the International Monetary Fund. I think enough has been said about the contrasts in the situation to make it clear beyond that the two situations have not been comparable either in terms of the backgrounds of going to the Fund or in terms of the consequences and the package which was put in place.

I just want to make one important point which has been overlooked. It has to do with the protection which the Barbados Labour Party Administration secured for the productive sector in terms of insulating them from the high interest rates obtaining at the time through what was called the Industrial Credit Fund. A fund was established, managed by the Central Bank of Barbados whereby the productive sectors had the interest over and above, say 11% — I could be in error with respect to the particular percentage point — at which the Fund came to the assistance of the productive sectors in terms of subsidising the interest.

Now, interest rates can be a very burdensome component of operating costs. If they go too far out of line they can become an absolute burden to the productive sectors, manufacturing, the hotel industry and also agriculture. So it is important if you are to give way to the International Monetary Fund on their insistence that interest rates, which are the price of money, should be dictated by supply and demand factors, that in this situation of scarce money, that we should have some protection in interest rates being charged to the productive sector. In this proposed Letter of Intent there is no protection by way of subsidy or control of interest rates to the productive sectors. I fear that as a result of that they will find the burden of high interest rates such that it will have the effect of reducing economic activity rather than expanding it at the level of the productive sectors.

One of the reasons why this package will not solve the problems which are currently existing with respect to the imbalance in the external sector is because no serious attention has been paid to the productive sectors. At the end of the day we have to earn our way out of this crisis. Do not mind the short-term provision of foreign exchange by the International Monetary Fund or by any other agency. At the end of the day, unless it is supported by a vigorous and carefully thought-out programme of assistance to the productive sectors we will be back in the same hole in which we find ourselves. For two or three years the Minister of Finance told this Parliament and this country that he was doing nothing to the productive sectors by way of giving them stimulation because he was waiting on studies. Those studies have been completed, recommendations have been made and consistent with the dithering approach of the Minister of Finance and the Democratic Labour Party Administration nothing has been done.

In a response to a *sotto voce* comment today the Prime Minister tells us that the attention to the productive sectors is part of the medium term programme down the road. Right now he is concerned with getting the foreign exchange through the IMF programme. That is a totally mistaken approach to this problem.

Simultaneous with the securing of foreign exchange on a short-term problem to correct the situation of imbalance on the external account there should have been a vigorous programme of support and incentives to the productive sectors so as to ensure that we earn our way out of this crisis. The productive sectors, for the most part, will not respond immediately to any programme. It means, therefore, that if you start in the middle of next year or at the end of next year there is a minimum of two to three years before the impact is felt. So the longer you delay in the putting in place of a proper and sensible programme for the productive sectors, the longer the delay of the beneficial impact which is likely to result.

Now, Mr. Speaker, the manufacturers' situation deserves a special comment. We ought not to find ourselves in the situation where it will still be necessary and where, indeed, it still is necessary, to give the manufacturing sector special protection and incentives. The late Tom Adams rightly took the view that we ought to have been phasing out, and that was his policy, protection for the manufacturing sector because he felt that the sector would stand tall when it stood on its own feet. The Barbados Labour Party Administration was concerned to give special incentives for exports but to gradually withdraw, as indeed we had done, special protection by way of licences for the manufacturing sector.

Those who have studied the performance of the manufacturing sectors in this region have said that was the most successful policy as was reflected in the performance of the manufacturing sector in Barbados *vis-a-vis* the performance of the sector in other islands across the Caribbean. But as soon as the Democratic Labour Party Administration came back to office the same thing that was done by the now Minister of Health when he was Minister of Trade, the return of this whole system of licences responding to the pressures of particular groups and particular individuals, the re-establishment of the system of protection. We now find ourselves in a position where once again we have to provide them with these special measures because they are not able to stand on their own feet and withstand the competition from other regions and other countries in the area.

I can see, Mr. Speaker, that there has been a devaluation in many of the other islands and that in some cases there is a subsidy to the cost of their production. Certainly that is the situation in Trinidad and Tobago resulting from the presence of oil and gas in large quantities. That apart, we should have been so far ahead that little or no protection beyond the support to export should now be necessary but we have suffered a setback because of the mistaken and misguided policies of the Democratic Labour Party Administration.

As far as manufacturing is concerned, I wish to say more, Mr. Speaker. Barbados has lost its way in manufacturing at the end of the decade of the 1970s. In the early 1980s we had become no longer a low-cost manufacturing location.

8.25 p.m.

Just about 1980 or the early eighties perhaps is more accurate, Mr. Speaker, we had become no longer a low cost manufacturing location. The standard of living in Barbados was such that a large range of products that used to be manufactured in Barbados in the sixties and the seventies could no longer be manufactured with profit in Barbados. That included for the most part, garments. Unless

we were aiming for the upper reaches of the market you could no longer manufacture certain products in Barbados.

I am afraid to say, Mr. Speaker, that some of the agencies of state that have been set up and specifically charged with the responsibility of going out there and attracting internationally mobile capital to support the industries and the manufacturing facilities that were suited to the Barbadian environment, those agencies have failed us. I do not think that beyond the mid eighties or the early eighties, the Industrial Development Corporation has played its role in Barbados as it should have. We now have to define a new strategy with respect to manufacturing for the future recognizing once and for all that we are no longer a cheap location and that there are only certain classes of manufacturing activity that we are suited for.

But there are countries that are more expensive than Barbados, that have in many respects less to offer the potential industrialists than we in Barbados and they have succeeded in attracting a large amount of internationally mobile capital. There is no reason why we cannot do much better than we are doing but it calls for a new injection of energy, it calls for a new tactic and a new strategy, it calls for a new policy. That is the challenge facing us in Barbados with respect to getting manufacturing moving again.

I think it is wrong to approach it that we have to dismantle our severance payments benefits and we have to do other things to reduce costs. Yes, we must be concerned to keep our costs within limits but at the same time we have to recognize that there are only certain types of manufacturing activities that are suited for Barbados in 1991 and beyond. I think it is wrong to approach it from the point of view that it is necessary to reduce the benefits which the workers get in order to accommodate likely investors because of reduced cost of operation. I think that that is to approach it from the wrong end.

Mr. Speaker, I am concerned about one or two aspects of this programme of structural adjustments and the Letter of Intent. It has got to do with the privatization programme, as has been touched upon by one or two other Honourable Members who spoke before me. The Government is in many respects like the woman who is married to a man who is on both drugs and drink and gradually she has found that the married ring is missing. Two weeks after the engagement ring that she has left on the bureau that too is gone and all of a sudden she has found out that all the good leather bags which her children sent from overseas have been pawned and that her finest dresses have also been pawned. And they have not been pawned at any reasonable price.

We are in danger of selling off the assets of Barbados at a loss and without knowing what we have done with the money because we are no different from the man who is a

compulsive drinker and addict and who is as a result selling the family silver and selling the jewellery of his wife.

I say, Mr. Speaker, that we need to give very careful consideration to how we sell and what we sell and that a committee should be set up to make sure that we get the best price for what we sell and that we only sell what is necessary.

Mr. Speaker, in every crisis and I will conclude on this point some people fare better and most fare worse. If we are not careful in Barbados at the end of this period of structural adjustment three sets of people in Barbados will be much stronger and better off as a class. The so-called Shipping and Trading big 6 group because of their ready capital would have strengthened their asset base. Mutual would have bought up not only BCCI but whatever else is available and the Indians as a class of people would have bought up much more real estate than they already have. We, the masses of Barbadians and black Barbadians will be much poorer than we are now. We must avoid that. But it can only be avoided if we are intelligent and sensible in what we do.

The Barbados Labour Party has recommended a large number of alternative measures which this Government could have taken and I leave them with this idea. If, Mr. Speaker, we had brought the right financial Bill to Parliament the friends of Barbados abroad and Barbadians abroad in Canada, the United Kingdom and America would have helped us to raise \$100 million denominated in US currency within a matter of weeks. They still stand ready to do that. We would have been able to repay them on terms which are far less rigid and more generous than anything indicated here so far. But that calls for resourcefulness and ingenuity and that is what I fear is lacking on the part of the Democratic Labour Party Administration.

Hon. W. W. HALL: Mr. Speaker, I shall not attempt to join the plutocrats in an argument on this Bill, Sir. What I propose to do is to speak very simply as the people in Black Rock would understand it on these measures.

Aside.

Hon. W. W. HALL: Sir, I live in Black Rock and go to Black Rock any time of the day or night. What is more I can go to the City.

I just need to say that we have heard very long discussions today on this Bill. I think that what we need to do is to put it in its proper perspective and recognize that this country is sort of in crisis. There is no doubt about that, Sir. We have a problem. Therefore it seems to me that we must not do like the 11+ Exam where everybody

knows there is a problem but nobody knows the solution. We need to look at it objectively and see exactly what we can do to rectify the situation.

We have had a Letter of Intent which was signed and sent off to Washington and since then we have had marches which shut down the country. The Member for the City said that she marched. I am quite sure that the unions marched for legitimate reasons. They had 9 points of contention. Then they had negotiations with the Government and they sort of bridged, they closed the negotiable gap. Only a week ago there were only 2 points of contention. There were, Sir,...

Aside.

Hon. W. W. HALL: Not the 8%. That was not a point of contention simply because they felt they could get that in court. There were two points of contention and those were the severance payments and the unemployment. That is as far as I understand it, Sir.

But there were all sorts of people marching. Some marched legitimately, some marched to piggy back on the frustrations of the workers and some marched for other reasons. Indeed they marched in a manner somewhat like when I was at primary school and in a book there was this poem called "Tooksbury Road" and it went like this:

"It is good to be on the road going no one knows not where
Going through meadow and valley one knows not whither nor why"

Sir, that epitomizes exactly how some people who were piggy backing as I said on the frustrations of the workers what they did. Those people who said that they marched legitimately, I will accept that. Some people would have marched as a fad. Some people became march prone. There were times when people were going to march against the marches. That is the position, Sir. But they shut the country down. That is a fact. Having shut the country down, the Government was in a position, Sir, where they had to negotiate on one side with the unions, they were negotiating with the manufacturers and at the same time they were seeking to satisfy the IMF, so they were between a rock and a hard place. It was as simple as that, Sir.
8.35 p.m.

They then had to modify the Letter of Intent, Sir, so as to pay the workers the money that they said they wanted and so as to revert to the position with the manufacturers where there were no concessions taken away. Sir, if you march then, I see how you can have double standards. If I march, Sir, and I got the money I would be satisfied, but there are other people who would have marched with the express reason of bringing down the Government. There is no doubt in my mind about that. Therefore if those people

have marched and still got the money and are still quarrelling, Sir, there is nothing that I can do about that. I am just saying, Sir, that I wish that the people of Barbados would recognise that we are all in this together.

If, Sir, the Members of the Barbados Labour Party and indeed some Barbadians decide that they are not going to go with these arrangements in the structural adjustment programme, because they are diametrically opposed to the Government, it means that if any other party became the Government and the Members of the Democratic Labour Party in these hard times decided not to go on with them, Sir, we are back to square one.

My position is, Sir, that all Barbadians should try at this point in time, Sir, and do their utmost to make these adjustments work. I feel, Sir, that if this does not happen it is a straight case that we will have to devalue. This is something, Sir, that the Democratic Labour Party has said for a long time that they would not do. This is something, Sir, that the Barbados Labour Party has said for a long time that we would do and it seems to me, Sir, that if there is the rumour that there will be devaluation of the dollar certain things happen. There is panic in the banking system and you see a flight of the foreign capital. That is what happens, Sir, and as a consequence, Sir, it means that people get nervous and the whole situation is upside down.

I wish to say just a few things, Sir, that because of the fact that we were not devaluing the dollar and we said that up front. Indeed we have to remember that some other countries when they go to negotiate with the IMF, the IMF tells them you have to devalue. History is replete with that, Sir. We look through the Caribbean, in Jamaica, in Guyana and in Trinidad, our neighbours, Sir, they have all devalued so we were not devalued and we said we were not devalued and we had very austere measures put in place.

My view is, and this is my view, if we were able at any point in time to go to the people with even the 8 per cent cut, an increase in bus fares, house rents, the IDC rents and even the layoffs, if it was done in a package, austere as they were, you would find that Barbadians would all put their hands to the plough and say, okay if this is the position, we are in it with you.

Unfortunately, Sir, because you are negotiating on one hand with the unions and the manufacturers and on the other hand with the IMF people, Sir, and because you could not tell people before you imposed taxes that you are going to impose them, in other words, Sir, if you are going to impose taxes I don't think while you are negotiating you will go and say, well I think next week I will put on taxes. I don't think you would do that, Sir, I think you would come straight out and you would tell people exactly what the position is. And so, Sir, it seems to me that that was really the problem.

First of all the unions have suggested bonds. But it seemed to me, Sir, that the more attractive the bonds were that the least acceptable they would be to the IMF and therefore the Prime Minister opted for the 8 per cent cut. That was the problem. Seventy-five per cent of the people said that they would accept an 8 per cent cut. Now it was said that the expenditure in the public sector was too high and hence the reason for the cut.

Now, Sir, I feel that the time has come, when in Barbados we have to stop 'pooh sharking' and speaking, Sir, for our own self-aggrandisement and for our own political reasons or otherwise and decide what is the position. Sir, we are all Barbadians and we have to get into it and get out of it, it is as simple as that. I do not believe that any fairy godmother is going to come down here, Sir. We are not going to be led by a cloud in the day and fire by night, but in the gathering storm clouds of life – that is biblical. Obviously one of the things that is important, of all the political speeches I have heard I am yet to hear anybody thinking in terms of God. Nobody thinks that we can get in this thing together, have faith in God. Some people believe that every drop of rain that falls a flower grows, but they don't seem to believe in God.

I believe, Sir, that we can lick this problem if all Barbadians pull together. Unfortunately we are not doing this at the moment and because of that you will find that we are getting further and further apart. I have not heard any great solutions coming from the other side until today when I heard the Member for St. Peter saying that we need a task force and he said that we need a pool of the finances so that the people can draw on it. He was thinking in terms of export. He thought that we should have an export development fund and the use of outmoded technology to compete with people who had advanced technology seemed to be rather futile and he said that we must become technologically dynamic. Sir, this is what the Member for St. Peter said.

I believe, Sir, if you are going to criticise the Government you should come up with some alternatives. Although it is true that a Government sets the agenda and the Opposition responds to it, I understand that. I also know, Sir, that in Governments there are good and bad times and prudent Government dictates that you can have your good times near elections and your bad times in the middle of it. Anyone who does not believe that, is not really sensible. I think that all Governments have done that. You try to have your good times as near as possible to election time. I tell you, it is simple. All honest people will admit it. Dishonest people will not admit that, Sir, so I do not know what is the position. I think that is the position. There is no mystery.

Mr. H. deB. FORDE: Is the Minister insinuating that the Right Honourable Member for St. Michael South is not

an honest person, because he refused to admit that he was having the good times at election time – in election spending and asked the World Bank to apologise.

Hon. W. W. HALL: No such thing, Sir. Let me tell the shadow Prime Minister, Sir, I am not into that. I am not saying anything to the Member for St. Michael South, I said in a broad open statement that that is the position everywhere in the world. There is no mystery about the situation, Sir, there is no criminality. Sir, there is no peculiarity either.

I will talk about tourism at length. There is no doubt about that. Tourism is something that is second nature to me. Sir, I need to talk about the global situation to show you that there is no peculiarity in this situation. If you take Russia, mighty Russia, Sir, the economic reform, Sir, has been a failure. There is a scarcity of food, Sir, but there is no scarcity of frustration, Sir, as we go right through, you can go to England with the poll tax, the interest rates and only last week there were 85 000 houses repossessed and by 1992 a further 115 000 houses will be repossessed, making it 200 000 houses that will be repossessed. I want to say, you cannot heckle me, you are too junior and too immature. The Member for St. Andrew should keep quiet. I was saying, Sir, that...

8.45 p.m.

Mr. SPEAKER: Even so, no one can heckle.

Hon. W. W. HALL: I am sorry, Sir. I had to put him in his place, Sir. He is older than me. He looks it but he certainly has not grown, Sir. That is a fact.

I was saying, Sir, if you go to England with all of these repossessions and bankruptcies, Sir, and people out of work, it is obvious that there is some recession. In the United States of America, Sir, the President's popularity rating has gone as low as about 36 per cent. It has gone from a 96 per cent after the Gulf crisis.

Aside.

Hon. W. W. HALL: I am talking about George Bush. Okay. I am saying, Sir, bankruptcies there are in real recession or economic slow-down, if you want to call it that.

Aside.

Hon. W. W. HALL: I will get to the Member for the City. I am so glad to see her. She knows how it is with me and her. I will talk about tourism. The scent of your perfume rockets me into orbit. I am glad you have come back.

Sir, I wish to say that in Australia...

Aside.

Hon. W. W. HALL: It does not matter. I will meet you in Morocco. Sir, in Australia, 872,000 people are out of work. This is a country, Sir, that has told all and sundry come to Australia and work. There are 872,000 people out of work and we are talking about 10 per cent of the population.

Sir, if you go to France...

Mr. H. deB. FORDE: On a point of order, Sir. If the Minister will help the Committee, Sir, since he is so versed with the figures of Australia, will the Minister give us the numbers who are out of work in Barbados?

Mr. SPEAKER: I probably will allow the first one to pass because I did not expect it to be repeated. But the Honourable Member knows very well what is a point of order. I am sure he knows that.

Hon. W. W. HALL: Sir, I know that you will let me have the extra time. I always cause ripples when I get to speak. I do not know what is the attraction. Sir, I was speaking that in developed countries we have problems and they are not calling for the Government to resign, not one of them. In fact, they have had mini coup. They had one in Russia and they had a medium coup in Trinidad and nobody has called for the Government to resign or to have a no-confidence vote in the Prime Minister.

I am only saying, Sir, that in these countries even in France they are saying it is a virulent melee and demonstrations are going on everyday in Paris. That is a fact.

Aside.

Hon. W. W. HALL: Sir, I am only giving you a helicopter view. I am just spreading my wings. Sir, this is the *Time Magazine*. I cannot quote from it. I may not be able to quote from it, Sir.

Aside.

Hon. W. W. HALL: This is the *Time Magazine*.

Mr. SPEAKER: You can memorize something from it I guess.

Miss B. A. MILLER: On a point of order, Sir. The Honourable Member is not advised. The cover story of this week's *Time* is stolen. It is the fine art of thievery. There are people who are saying that this Government has larceny in the heart. Do not quote from it.

Hon. W. W. HALL: Sir, I treat that as disdainfully as I should. It has no merit whatsoever.

Aside.

Hon. W. W. HALL: Do not quote from what? Well, I quote from *TIME* and you quote from *Playboy*. Give me a chance. Do not mess with me.

Aside.

Hon. W. W. HALL: Sir, my position is that we have had myriad problems. Yes, we have had problems and what I have been trying to do is to show quite easily that the problems we are having here in Barbados that the people are having them all over the world. Some say so everyday but they cannot tell you what really is happening. I need not go to Brazil where the President for the first time democratically elected in 30 years who was very popular and now in a matter of 18 months he is in disgrace. That is what has happened, Sir.

I just wish to say, Sir, that all Barbadians should try and co-operate. That is all I was trying to say, Sir. I really believe that this Government has had it real hard from the beginning even during the times that you said were good and even during the times when we were accused of spending money. Because I remember the President of the BAS - Barbados Agricultural Society, President of the Barbados Hotel Association, and the President of the BMA just before the election met to say that they had no confidence in this Government. With all the money you said that we were spending, the opposition forces were out there. There was also a meeting at Divi Hotel in St. Lawrence where they met up there and they said that they were not going to pay any taxes at all and bring the Government to its knees. They also said that they had no confidence in the Police and that was the sort of thing they have done, Sir.

Sir, we have had situations where some people from the private sector have called on the Prime Minister to resign. Sir, we have seen BS&T Group do a U-turn with a big advertisement in the newspapers saying that the severance payments were too generous, perhaps the most generous in the world, and they were not going to march. Then the next morning, when they saw the mammoth crowd and the threats of boycotts of their products and things like that, they too joined. They had a board meeting, Sir, and piggy-backed on the frustrations of the workers and they went and joined. People marched to get fit.

Sir, I am saying those were the same people who congregated in a boardroom January 22nd and, when the results of my friend for St. Michael South East came through, the champagne bottles knocked out holes in the ceiling and they were ecstatic. It meant the demise of the Democratic Labour Party. Hard luck. Good luck you won but bad luck. Those were the people who have always

been against the Democratic Labour Party. Not now in bad times but during the time when they said that we were spending a lot of money.

Aside.

Hon. W. W. HALL: What do you mean by original Dem?

Mr. SPEAKER: Just one minute. You do not have to get involved. I am just trying to restrain some of the Members from creating an uneasy situation for me, because I need to hear what the Honourable gentleman is saying. So just tone them down a bit.

Hon. W. W. HALL: Thank you very much for your protection, Sir. All I was saying, Sir, was that we have not been in magnificent isolation, Sir. We are not in good company. I must admit, Sir, but a lot of people are in the same position. We do not like the company that we are keeping now, but I tell you something, we are trying to get out of it.

Sir, they are saying all sorts of things. They are saying that when the most Revered and Right Honourable Errol Walton Barrow ruled everything was great. But great Prime Minister as he was, he had his problems. We will get to Adams too. I say, "Render unto Caesar the things that are Caesar's and unto God the things that are God's." 8.55 p.m.

If you see the 25th Anniversary enactment of the Independence debate you would notice that those things have happened. He had great opposition to his ideas about Independence. He had some intelligent young men in a group called the Under 40's. He had the underprivileged. He had the under, underprivileged. Sir, he had many problems, great leader as he was. He had to fight against the plantocracy with the full work week, all sorts of things that happened. He, great man as he was, had great pressures and he died in office.

We had another Prime Minister and leader of the Barbados Labour Party. He had his problems. He had his pressures too, Sir. I do not usually talk about the IMF in 1981 and 1982. I do not go back to that. But he was Prime Minister then and he had his problems too and he died too, Sir.

Then we had the Honourable Member for Christ Church South. He was a Prime Minister too. He inherited a lot of problems and he looked like he would die. If you look now at him today, now he sits resplendent in the comfort of the Opposition where he should be. I am only just showing you, Sir, what happens. There are problems.

Asides.

Hon. W. W. HALL: Sandi believes in the true and living God. Blessed is the nation whose God is the Lord.

Mr. SPEAKER: Could you tell me where Sandi is?

Hon. W. W. HALL: I do not know, Sir, who is Sandi.

The Right Honourable Prime Minister of Barbados' God is the Lord as far as he is concerned. Some people's God is drugs. Some people's God is greed. Some people's God is power. The Right Honourable Prime Minister of Barbados' God is the Lord. Hallelujah. It is as simple as that.

Sir, in times of stress, in times of great strain, a country would look to its productive sectors to do an economic U-turn. You would need to resuscitate these sectors. In Barbados it would seem to me that tourism, agriculture, manufacturing and the offshore sectors, these are the sectors that, obviously, be the ones to bring back some needed cash to this country. Tourism is a dynamic process, vulnerable to and, indeed, responsive to the changing fortunes of world travel.

Therefore, Sir, I will tell you only last year I brought a 19 point plan in tourism in here and not one person in this country has spoken against it. Indeed, the editorial in the "Nation" newspaper said it was a good plan, the only thing that we would need was to have the money to execute it. Of course we would need to have the money. The Honourable Member for the City wanted to know what we would do.

Aside.

Hon. W. W. HALL: The Speaker has not told me yet that I have 10 more minutes. I have 10 minutes.

Mr. SPEAKER: No. Only one minute more.

Hon. W. W. HALL: Sir, suffice it to say that today the Honourable Member for the City was talking about tourism in October. In November all the hotels in Barbados are full. If we go all over the world and we get half a million people to come to Barbados, if the people are harassed, if there is crime and if you march another day they will never come again. It is as simple as that, so you have to know what you are going to do. You will upset the entire apple cart. We will look at it, Sir. We will go to the break through of the non-traditional areas. We will look at our product development and our product enhancement programme. We will make sure that we look at cultural tourism and ecological tourism. We will do all that is necessary.

Certain remarks made by Hon. W. W. HALL were ordered by Mr. SPEAKER to be expunged from the records.

Hon. W. W. HALL: Sir, it is very difficult when they interfere with you without reason not part of the time, but all of the time.

In conclusion, Sir, I was saying that we need to look very seriously at health tourism, youth travel markets, the ethnic markets, the cultural health and ecological tourism.

I also wish to say, Sir, that we have to accentuate our sports tourism. In so doing we will continue to make sure that the infrastructure is in place. We also have to look at the airlift problems. The Honourable Member for the City asked what we will do. We will continue to try and get charter programmes coming out of Continental Europe, the United States of America and Canada. We will also continue to have discussions with the scheduled airline people. But it needs money.

Aside.

Hon. W. W. HALL: The bottom line is important. People are not going to come to Barbados just to come and see you.

Aside.

Mr. SPEAKER: I am very sorry but the Honourable Member for the City...

Hon. W. W. HALL: She is rude, Sir.

In conclusion, Sir, we will have to look very seriously at collecting all of our foreign exchange. With those few comments, I am much obliged for your tolerance with the behaviour of the Honourable Member for the City.

Mr. DeL. O. BRADSHAW: Mr. Speaker, first of all, I have listened to the Honourable Member who just sat down and heard him trotting out figures in relation to unemployment in several countries. He did mention Australia. As a former Minister of Labour, and the Honourable Member who just sat down was also a former Minister of Labour he should know that the unemployment rate in Australia is indeed, 10%. The 10% is of the labour force and not of the population. I just say that so that the Honourable Member would know.
9.05 p.m.

Hon. W. W. HALL: Sir, on a point of elucidation. It is normal to have the rates of the labour force and not the population. It is unnecessary to say that. The population of Australia is 16 million and the unemployment is 862 000. So it could not be of the population.

Mr. DeL. O. BRADSHAW: All I would point out, Mr. Speaker, is that I could have got up when the Honourable Member was speaking on a point of order and correct that. But all I am saying for the record is that it is really 10% of the labour force.

I also heard the Honourable Member say that there has been some agreement between the union and Government, giving that impression. I want to let the Honourable Member know that there has not been any agreement to date between the Government and the trade union movement on the question of severance and unemployment benefit. What is known is that the Government met and put forward proposals which the unions were supposed to have responded to. That is as far as the matter is concerned. That leads me on to another point.

The Letter of Intent was signed. I have heard Members from that side claiming that as a result of the representations and the concessions made by Government to the trade union movement and the private sector, Government had to refine or amend the Letter of Intent. It is only fair that one points out that the Letter of Intent was signed and in the Letter of Intent there was a commitment. What we have seen here is that the Chamber was asked to approve the Letter of Intent and those proposals were put just recently to the Coalition of Trade Union members.

Asides.

Mr. DeL. O. BRADSHAW: I am quoting from a copy of a document that was submitted and signed by L. Erskine Sandiford to Mr. Camdessus. Mr. Speaker, in this Letter at paragraph 34 I shall read. This is what it says:

"We believe that the policies and measures described in this letter are adequate to achieve the objectives of the Government's programme, but will take any further measures that may become appropriate for this purpose, and will consult with the Fund on the adoption of any measures that may be appropriate in accordance with the Fund's policies on such consultations."

What I am saying is that when this Letter was signed it set out to say that the measures which were part and parcel of the Letter were adequate to achieve the objectives of Government. What I am saying is that that statement has proven now not to be absolutely correct since there have to be amendments. Because in the same Letter of Intent...

Aside.

Mr. DeL. O. BRADSHAW: Absolutely correct. And you know what that means. What I am saying is that in this same Letter it was suggested that there should be the laying off of some 2 000 temporary and casual employees in

the Civil Service. Everybody knows and I can say this without any fear of contradiction that some 3 500 persons within the public service were laid off. Those are the statistics that were sent to the National Union of Public Workers. There were 1 200 from MTW and 600 from NCC.

Asides.

Mr. DeL. O. BRADSHAW: Mr. Speaker, anyone who wants to challenge me they are free to do so. But the figures I am giving to this Honourable Chamber are accurate figures.

I am aware also that some persons were taken back on. Like in the case of NCC where some 50 people who were laid off of the 578 were taken back on, but 150 went home. So Honourable Members must not challenge me. I have information.

Hon. W. O. FRANKLIN: Mr. Speaker, Sir, on a point of order. At NCC the first set of persons laid off were 398, then we reinstated – as our policy due to hardship – some 58 persons and then the second set was 158. If you do the arithmetic on those you would not get 600 persons.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I did say that those were the statistics. The Honourable Minister must take issue with the National Union of Public Workers and his Ministry or the Government for supplying those statistics. Not me. I know that those statistics are not accurate. I am not taking them, as accurate at all. The Honourable Minister knows why I am saying that. I would hope that the Government does not push me into another area because I am sure the Government stands to be embarrassed if I say why NCC workers should not have been laid off. More people will have to be laid off because when the block vote is burst, when you resolve the matter with the pebbles and find you have to pay 250 000 you will find out how many people could have been kept on at the NCC. Do not push me on that. Because that is going to be a big one. It is a big, hot potato. Do not push any figures on me.

I have to be concerned with this because when we hear about people being laid off we have to understand the money – I know the block vote that is given at NCC and when they have to pay it out for some unauthorized work which the Government cannot now resolve they are in some real hot water with this one. How are they going to resolve it? Because the matter would have to come to this Honourable Chamber for a supplementary.

The Right Honourable Prime Minister is listening. He must understand these are the things that run his Government in serious trouble for which he is taking the blame. I want him to be a little more careful and watchful

to see that taxpayers' money is not spent in that manner and cause further embarrassment to this Government and to the people of Barbados. That is all I am saying. I am just sending a signal and a warning. I hope that those persons to whom it concerns will listen because we are going to have to come here for supplementaries. The Government cannot afford the supplementaries. But we are going to have to come. How else are you going to pay that money. You cannot sneak around and pay it. It has to be paid before the 31st March, a crucial time for this measure before us, that 31st March. And when that supplementary comes in I will hope to hear all the facts relating to it. I am not going to say anymore. I will leave that for the Honourable Members to ponder.

With the Letter of Intent there have been changes. I am trying to point out the inconsistencies about the Letter. I can understand why there have to be changes. I can sympathize with the Government trying to find the best method or ways and means of resolving some of these thorny problems. But they must not think on the one hand that because the Opposition gets up and points out these things that the Opposition is anti-Barbados. It worries me when I hear these sorts of things coming from Honourable Members when they know it is not true. We are concerned. What we are aiming at is a system of Government that has some credibility. We are seeing a lot of loopholes.

Aside.

Mr. DeL. O. BRADSHAW: And integrity. We are saying that. If you are saying one set of people is to be laid off we would want to know. Why did you tell the IMF in a Letter that you are going to lay off 2 000? If you are saying there are 1 700 people gone, well it means you are going to have to find 2 000. You can tell me why you have not laid off the 2 000. Well, if you are saying that 1 700 people have gone you don't have to find 2 000 and you can tell me why you have not laid off the two thousand, but as I said I know better than that.

9.15 p.m.

The other thing is this, we have to look at the bus fares because bus fares have been increased and according to the Letter of Intent it was supposed to go up another 25 cents. That is what the Letter of Intent says. So, what I am saying is that it is going to have a cost and I will only ask Government to let people know up front what is happening. Let people know what to expect. When people are taken by complete surprise is when people are questioning the integrity of the Government, and for that matter all politicians.

If these things were said, I know sometimes it is a common thing for people, because of a situation, elections around, they say things and they promise things. But at the nearest opportunity we should seek to set the record

straight so that people would understand. If things are dragged on they leave a lot of suspicion in the minds of people. What I am saying is this, yes bus fares will go up. We need to let people know that because a budget has come people must not feel – and some Barbadians are beginning to feel – that this is all that the Letter of Intent and the measures by the Government today and over the past few weeks is all, that is not all. We know budgets have to come and the Government will have to raise revenue for the next financial year and fiscal year.

We know that and we know that if the tourism sector is to have money for promotion, and it must have money for promotion, we know that money has to come, because all of the studies that we are talking about, the World Bank and the IADB funds, to help promote the private sector, without a comparison with the sort of money coming, the Government will complement those funds, because there has to be some input from Government.

We must not fool ourselves. The World Bank and IADB is not going to lend us money ... and it is not customary for them to lend us 100 per cent. We have to put up counterpart funds and therefore that would mean that Government would have to come here from time to time and raise additional revenue. I can understand that, so we have to set the tone. If we want to move forward we have to reach a point in time when we accept the fact that criticism could be constructive.

Let us move off 1982. As far as I am concerned that debate is foolish because we are now in 1991. Let us chart a future for my children and your children and the future children of Barbados. That is what we have to get serious about and look at. Every time we come in here on a debate you hear about 1982. 1982 has gone and is past and we came out of that and there was sufficient money from 1982 up to 1986 given away to people and what I am saying is, if I can be assured that we are going to have some money in the next ten years to give back to the people then we can say that and make that a point, but right now people cannot see that. They cannot be convinced that this will happen and we have got to do a very serious education programme. We need to educate our people to this.

I have been asking the Minister responsible for training courses to set about putting some money there because everybody knows they must train during these times. No opposition will quarrel with that because that is a policy so when I hear people say that the Opposition does not put forward any alternative policies that gets me a kind of mad, Mr. Speaker, it is not true. What else can you do when you are offering constructive criticism to them and they know that these are things – if they implement them then the Opposition feels well because it is all in the interest of the country.

So, we are saying that there are some other measures which come out of this Letter of Intent. As I said, we know that there should be a cost done. I said I regret not hearing – not only what this measure would raise in terms of revenue, but it is a question which I want answered. How much money is it going to cost the Government for severing those persons, those three thousand or whatever number of persons that have been laid off? I want to know that.

There must be by now statistics in the Ministry of Finance stating how much money it is going to cost the Government. I want to hear that so that I would not hear the kind of debate along the lines that Severance Payment Fund is broke. We won't have to put money in the Consolidated Fund or in the National Insurance in order to prop up that. How much would it cost. We know it will be broke from time to time. I want to know how much the 3 000 people is costing Government. Is Government not prepared to tell us? They will come next time and you will hear the same argument. The Government can get up now and say it. Now is the time. Lay it on now and let everybody hear before Christmas what it is going to cost Government because if you are going to raise this money in the two measures you have to tell me if it is going to be \$20 million or \$40 million. Let me know what it would cost if it is \$8 million to the private sector and how much it is to the people, so that I will know if it is adequate money for the Treasury or if the Minister and Minister of Finance will have to come back.

I have to understand what is going on in this country. This is simple economics. As you will see there has been a piecemeal approach to things. The Honourable Prime Minister has enunciated the policy of consensus government. Okay, I find no fault with that concept but what I am saying is that some of these things leave a lot to be desired because we can see that not all opinions ...

As a matter of fact it is only a matter of time, and I think we need to fine tune the negotiating or the consulting machinery so that we can arrive at that so called consensus, so that when we go with a Letter of Intent, a document like this, that we have everything fine tuned.

We need to involve some of the public servants more and take the private sector into confidence and do not be always thinking in terms of skepticism, doubtful about them, thinking that they have something to hide. That is what has happened to us in Barbados. It happens to us in our private lives. We have a suspicion of the other social partners. I am asking the Government to consider the other social partners, the workers representatives as well as the employers. That is important and if this was done, never mind what they say, as I said, some people are worried and they will say anything. This is going to happen with a BLP Government or whatever Government is in power but

you have to set out clearly in clear terms what exactly you are hoping to achieve. Set the agenda.

What is happening in Barbados? You know what I found out, people are saying we have not had the information; they don't even understand what is in the Letter of Intent. Nobody took time out. Even the economists never took time out to explain to Barbadians what the Letter of Intent is. They said the Letter of Intent was the programme of the IMF. That is it. They never explained it and I think we have to take time to get programmes on television and radio to educate our people. We are on the false assumption that because we have got a high literacy rate that everybody can read and understand. Everybody did not go to the university and even those who went to university cannot understand, they have not done economics and we have to make it simple to Barbadians because they are interested in what is going on.

Never before in the history of Barbados have Barbadians been so keen and interested in the economic situation of the country. Maybe that is why 1991 is different from 1982 because people were not following. They were not as keen on this economic thing. The language they could not understand. How many people in the Honourable Chamber participated in economic debates. Read the debates and you will see. One or two persons were regarded as the economic gurus and other people did not participate. I am saying that all of us are reading much more now and we are involved because we understand these are different times.

Mr. Speaker, these are things I would want to hear coming out in this debate. The Government knows all is not well. What about the tourism sector and the private sector? I know there are unfinished houses out there. What about the joint project between Venezuela and the Barbados Government? Go across Cane Garden and you will see. You think there are little problems in this country? I know the Government would like to house Barbadians, but that had to come to a stand-still because of financial problems. You know what it means, it will have a cost to us because the houses will cost more. The Minister of Housing over there understands what I am talking about, or should.

9.25 p.m.

Let us address that. Yet people are still requesting houses. They want to have mortgages. But there are lots of complications. It is very complicated. Loss of work. Then there is the question of those who have mortgages not being able to take up the mortgages. The banks have no money nor do the mortgages companies have any money. If you do not know, I can tell you.

People would like to buy a piece of land even from the National Housing Corporation. They have a policy to sell off land to help the Corporation to carry on its work

and people do not have the money. There is not a window for people to get money and we have to look at those things, Mr. Speaker. Look at them. At the same time you are addressing the IMF please address the social problems and see what we are having in this country.

I am worried about that. People cannot get mortgages. Even for the private sector, my understanding is that people who are operating on overdrafts because of the Central Bank's policy, business people who were getting unlimited overdrafts have to pay as much as 36 per cent. If they exceed, they go over the limit of their overdraft. Do you know what that means? Some business people must go out of business since they are operating on overdraft. It means that if you are operating a business now, Mr. Speaker, and you are required to pay the Stabilisation Tax and you are paying it on the gross wages, what in fact you have got to do is increase your overdraft. This is not something palatable.

Let me show you what is going on. There are a number of factors and we tend to carry on this debate and talk about this economic thing. We are not looking at the factors of how they impact on the people and this is what this is all about. Until we recognise this, we are going to continue to have problems and the Government will have problems and any other Government will continue to have problems. I would say that the time has come to use the media to educate people more and more. We are taking too many things for granted.

Mr. Speaker, I want to say this. We for too long have been fooling ourselves. We have to be careful as politicians and even the Government. People take what the Government says more so than what the Opposition says. A word to the wise is enough. When Ministers talk about living above their means, people take offence to that. It is not a question of living above their means. Government has caused that. Look, that is the standard. Why do we not sit down and ask ourselves how are the people thinking and reacting to a Government which has promised them free education, free school books, free school meals, and now in these times the Government has to make certain adjustments?

Now have we set about a programme to explain to people why these things are happening? No, the Government prefers to lock into a debate responding to people. I would say to the Government that you had better take time and get out and have programmes to educate the people. You have a lot of people out there who cannot work and will never get another job again. You have a duty to make sure that they are involved.

I am going to suggest to the Government that you have contracts. Rather than look for the big people and big companies to give contracts to, give some of the small people some contracts. Let them paint the houses in the

housing areas and give them opportunity to build houses and in that way you will be able to help this community. That is what I am saying because a lot of them can do it.

I am saying this. The Minister of Tourism spoke just now about tourism. Well, do you see what is happening? NCC laid off people. We used to boast last year about the magnificent work that the NCC was doing. Do you understand what has happened? There is a cut-back. Grass is all about the place. The beautification programme has gone through the eddoes and do not forget that so called Task Force. Let us understand what is happening. You had better sit down now and seriously get our heads down and start planning constructively for a future Barbados and stop talking about the Opposition do not like this.

I am saying this. We had a Task Force after 1986 and that Task Force recommended taking on people at the NCC. Now do you see what you can do with studies? That is why I said that Pelikanos can go back from where he came. I said that. Some people do not understand the relevance of a situation because the Task Force recommended in 1986 the taking on of people at NCC to beautify. But what has happened? It has run us into some real serious trouble you know, because we did not recognise that was the short-term recommendations.

I am going to say this. The Prime Minister and Minister of Finance should have within his Ministry people who can sit down and advise on these things and look at the feasibility on a continual basis not *ad hoc*, not today or tomorrow. That should be their responsibility to advise him. I think what has happened sometimes from the sloppy *ad hoc* planning why some of these decisions come out is because people only respond when Government say that we have already heard this and we do not want to implement this. But they should be making ongoing reports bringing the Government up to date. What I would say is there are a lot of things we have to do.

I am saying also that we have now arrived at 25 years of independence and we have got to look at that. We are talking about things. I, too, would like to see, Mr. Speaker, the completion of the thing at Sherbourne. I have been critical of it yes, but it can be put to use. I know that we will have to look for money. The Minister of Finance will have to find money to complete that. I know that he will have to devise ways and means within these Budgetary measures to have money provided to complete that project. Not only is he required to pay off the bills that Government owes, but he has to think of alternate projects like the one, as I said, in Jackson and Cane Garden. I am saying this is not all.

I have heard the Central Bank Governor with a pretty speech talking about he is restricting the flow. I want him to understand you can restrict the flow and still plan for

something to keep flowing and we have got to think in terms of that. We should not have a one track mind, attitude or approach to these things. I am worried when somebody is going to tell me they are going to send somebody to advise us. Am I proud when I can hear people telling me that Guyana is better than Barbados? Have we come to that? I do not want to hear that kind of debate and we are about here with this white and black foolishness. Is that what we have come to? Are we going to divert our attention from it? We are doing danger to our own black people in Barbados. I am saying that. This is why I have very little respect for the fellows from Cave Hill who talk race all of the time. They think that is all right. I have heard them say that the Prime Minister believes in psychology. I give you credit for that. Some of these fellows who one time they praise you and then they curse the Prime Minister when he is out of the country. You hear all kinds of things about him and I want him to understand these are things that are being said and I am saying them in here today. That is what has got this country this way because some of them have contributed and undermined the Government of the day.

Well, they cannot get in here and sit down all the time. That is why I am calling them to get up and speak out. You either run the Government or do not run the Government. Let the Government stand united and face the challenges. Accept the Opposition because we are Barbadians too and put your case forcibly if you have one.

Aside.

Mr. DeL. O. BRADSHAW: Well, if you do not have any, back out. But I am saying that it is important and healthy but we are going to waste time going back to 1982 when there is a lot of unfinished business out there. I am only saying, Mr. Prime Minister, take stock of what I am saying. Some people are in this power thing. It is not the Opposition. We are not looking to out-power anybody. 9.35 p.m.

He is no fool. He stopped the whole thing. There would have been a coup. I heard the Honourable Minister of Tourism talking about coups. There would have been a palace coup if the Prime Minister did not come back. I think he is aware. I would hope that he would know that all is not well. He has to look over his shoulder. I think that if the undermining was to stop within his party we would get the country moving. That is the problem. I have identified the problem. I would hope that the Government, especially the Right Honourable Prime Minister understands what I am saying on this occasion.

Mr. R. C. EASTMOND: Mr. Speaker, prior to this day we have encountered a number of measures introduced either in April or September or even today. Some of these measures were fiscal in nature and some monetary. We

have seen an ongoing regime of increases in consumption taxes. We have also seen on the monetary side efforts by the Government to restrict credit to increase interest rates and also to withdraw considerable amounts of money from the banking system through the policy of increasing the liquidity reserve ratio which commercial banks are required to deposit with the Central Bank.

The effect of these measures as anticipated by the Government of Barbados was, in effect, to be achieved for the purpose of restricting consumer demand, building up Government revenue and protecting foreign reserves. These were the stated objectives of the Government. Where we on this side have difference with the Government is that as much as we are aware that because of the fragile and sensitive position of our foreign reserves some action would be necessary to protect them, we have always indicted the Government for introducing lock, stock and barrel measures across the board which have not sought to discriminate between productivity, activity and pure consumption.

Sir, I will use this as the theme which informs my contribution here tonight. The Government has proceeded on the assumption that some 70¢ in every dollar spent in Barbados always leaks out of the economy. The Government, therefore, by its measures, would have been introducing policies to ensure that less money was spent on imports so as to ensure that there would be no negative impact on the foreign reserves. But as our scientific approach has been introduced on this score for the reason that of that 70¢ which allegedly leaks it may very well be that some 20¢ to 25¢ may still be relevant to some economic activity in this country.

For example, Sir, of the 70¢ going out, some of it could have been going out for raw materials, an important factor for inputs. Some of it may have been going out to acquire goods and services for economic activities within Barbados. If that economic activity were not made to contract, then it could have healthy implications for employment, income, output and even for Government revenue.

We on this side are raising our voices in objection to the policies of the Government, not because we are actuated by considerations of malice or ill-will against the Government, but we are hoping that as Barbadians our argument that the Government should always be extremely cautious in relation to how it may introduce measures that could impact negatively on the productive factors, could very well do to the sectors exactly what the Government does not intend. We are maintaining that where policies can act as disincentives to business, especially businesses that export, it would mean that we would not have taken the opportunity to maximise the total amount of foreign reserves that we could earn.

My interpretation of Government's policies to date has been that the Government has been like a boxer with his fists before his face defending himself up against the ropes and not going down as such, but at the end of 12 rounds he does not score any points that way. If you jab, hit and show some signs of aggression at least you get an opportunity to score some points.

Aside.

Mr. R. C. EASTMOND: The punchers known to that side do not necessarily counter-punch in boxing. They may counter-punch in other fields of endeavour which they might not want us to reveal and make public at this hour of the night.

The point is that the Barbados Labour Party has been maintaining that ever since 1989 our productive sectors have not been earning foreign exchange in the way that would allow our reserves to build up. Our contention has been that if the Government had made particular decisions as far back as 1989 then, perhaps, the pain, agony and the austerity measures that have been inflicted on us today could have been avoided. At the same time, measures taken earlier would have given the economy a chance to be resuscitated. Even if we want to argue that 1989 was not the opportune time to introduce measures to resuscitate the economy, certainly, nothing that the Government has done in 1991 has gone towards boosting productive activity in this country. It is in that light that we must look at this 5% in the Companies Stabilisation Tax Bill.

This Companies Stabilisation Tax Bill which is imposing a tax of 5% is designed to raise revenue out of corporations. But the Government should be advised that there is no stereotyped corporate animal called a corporation across the board like that. There could be as many as 6 000 companies in Barbados. Many of them engage themselves in various forms of economic activity. Even though hotels and restaurants have been exempted from the measures, as I noticed, Sir, the fact remains that some of these companies that exist in Barbados not only produce for export and will therefore be affected negatively by the imposition of this tax, but there are also some companies that render ancillary services to tourism itself which if they are made to experience this disincentive will not be able to achieve their linkages with tourism and earn for tourism the way that we on this side would anticipate.

Apart from that, Sir, along the range and gamut of corporate enterprises in Barbados there are agricultural businesses which, at a time when agriculture is suffering and which now has to pay out more in taxes, will find themselves hamstrung to such a degree that some of them might very well have to lay off workers in circumstances where, as we know from Tuesday, workers laid off

from December 1, will certainly earn less in severance than they would have before. So that it is from this particular perspective that Honourable Members on this side have been opposing the measure for the reason that we can perceive the adverse prospect which can confront Barbados in consequence of these measures. But, Sir, whilst thinking about companies in this country there have been lots of companies formed by local people, many of them small companies which up to this date have not been doing spectacularly well.
9.45 p.m.

Indeed before the debate a reasonably small business man called me and told me that he did not think that his particular business could endure a tax of anything more than three percent, not because he is unwilling to make his contribution as a loyal Barbadian to the public purse but because the reality of the situation is this: that with escalating operating cost, with severe competition and with the requirement now of having to pay out more towards the public purse, he will find his profit margins contracting to such an extent that he may be faced with the prospect of closure. And so, Sir, my contention is that for those businesses which are small and which are already operating on the margins of the economy, this particular measure can very well be severe in its impact and can act as a discouragement to businesses of that small size as they seek to operate.

Sir, during the debate some reference was made to the question of dealings with the IMF. It is clear to me that we have been proved right, that you go to the IMF when you are in a position where you have more bargaining power than when you have less bargaining power. Our contention is that if you can get there in time some of the bitterness which comes from going too late can be avoided.

It seems as though the IMF has been suspicious of the type of economic discipline that small countries practise. So that whenever the IMF gets an opportunity to inflict austerity and discipline on small, fragile economies, the IMF will do so by suggesting policies which are favourable to the IMF and which may very well work in international economies but which do nothing for these small economies.

It is clear that the IMF believes in right wing philosophies like Government not subsidizing businesses and Government not spending willy nilly and Government not spending largely on social services and Government not offering direct assistance to business and things like that, Sir. A result of all this, Sir, is that the whole concept of privatization has come about precisely because the IMF would certainly be more inclined to support policies

favouring privatization than policies supporting state run enterprises. Not that we are saying that our position is that we should either have all state run businesses or that we feel that state run businesses *per se* are the answer, but what we are suggesting and the Honourable Member for Christ Church South had come close to mentioning it is that situations which lend themselves to privatization could very well see a Government on the defensive, in that those out there in the private sector who are going to jump at the prospect of seeing a Government divest and privatize will want to buy these businesses on their own terms.

So that when the Honourable Member for Christ Church South said that we should do our best to avoid privatizing the Insurance Corporation of Barbados the message that he was conveying was that it is highly probable that in a situation where private sector businesses perceive a chance to buy a state run business they will likely go for those state run businesses that are more lucrative, more viable and still the society would be left with the problem of state run businesses which might very well be perhaps be a wastage. So we must at this time see that prospect.

At the same time it is interesting to note that a Party which under Errol Walton Barrow forever spoke about its commitment to democratic socialism has now found itself driven against the wall where privatization normally associated with conservative policies is becoming a policy or is becoming a policy force on an Administration.

I am suggesting, Sir, that the Democratic Labour Party is in a quandary where I do not think that for some time to come the Democratic Labour Party will be able to indicate with any degree of conviction that it is still democratic socialist. Its ideological moorings are shifting, Sir. I believe that Honourable Members on the other side who either through their orientation or their professions or such like who are inclined to the view of democratic socialism would not readily want to see a policy of doctrinaire privatization in Barbados. Certainly, Sir, in this whole scenario Barbados, even if an element of privatization is going to be introduced cannot succumb to doctrinaire privatization. The Government should not be so driven up against the wall as to have certain people who feel they are astute but who are really uncaring and want to bargain tough with the Government to acquire Government assets on their own terms.

This is one of our concerns on this side. I know that the Honourable Member for St. Michael West is not particularly in disagreement on this score. By his actions he is suggesting his approval even though he has not spoken.

One other concern here too, Sir, is that we as the Honourable Member for St. Michael South East was saying.... It seems that in a situation where the Government comes to Parliament in April with a set of measures and the stated objective then was to achieve particular stabilisation of the economy and then have to come back in September to further stabilise the economy and then have to come back today with fresh measures, Sir, this seems to smack of somewhat of ad hocism and a type of planning which we would rather avoid.

Aside.

Mr. R. C. EASTMOND: "Ad hocism." If you want to call it ad hocism, call it so.

But, Sir, what we are suggesting is this, that we are not seeing the Government proceed as it ought and that in a situation where the Government seems either to be vacillating or unsure of itself, the signal being sent out would be this: If a Government is coming to Parliament in a fiscal year and coming again, and coming again with measures supposedly designed to achieve a particular objective, and if the Government is so doing in a situation where it is bargaining with an international entity as powerful as the IMF my submission is that signals would be sent out to the international community where the Government seems to be dilatory, fairly unsure of itself, operating piecemeal and unplanned. This is a very fair interpretation of the fact that as some Honourable Members would indicate we have virtually measures that have been budgetary in nature, three times this year.

So, Sir, our view then is that the way we perceive the imposition of this 5% tax is that for those companies that export we are going to have the companies complain that they may not be able to export to the same degree and if indeed they cannot export it would mean that we will not earn foreign reserves. As the Honourable Member for St. Joseph said we should try to earn foreign exchange and avoid borrowing foreign exchange.

In addition it will also mean that even for those businesses that do not export lots of businesses that employ Barbadians may find themselves unable to continue employing them. Lots of businesses which were not making spectacular profits or any meaningful profits may find themselves closing down. And so this measure along with the other tight austere measures may very well raise revenue for Government, yes, Sir, but at the centre these measures will do little in my view to earn the foreign exchange we need and build up the reserves which apparently are in such a state as to require prompt action.
9.55 p.m.

We are saying all of the acts of the Government, all told, up to this day, have not done anything to address this

very serious problem and to ease us out of that problem with our foreign reserves. For even though in April we have seen a huge government deficit, if indeed, Sir, there was a huge and fairly undesirable Government deficit, but we still had foreign reserves it would not have been necessary to approach the IMF and then find ourselves suffering the capricious policies that the IMF has been seeking to entice us in.

So then, Sir, I like all other Honourable Members on this side must express, not only my greatest reservation over the desirability of this particular measure, I must also, Sir, register my disapproval for this measure because of the fact that I cannot see it being necessary in the interest of bolstering foreign reserves. I rather doubt, Sir, that even if it is a revenue earning measure that at this point it is needed in view of all the other policies that we have seen between April and September, Sir. I thank you.

Mr. H. deB. FORDE: Mr. Speaker, Sir, I am not surprised that the Honourable Member for St. Michael West, *sotto voce*, is already begging the Lord's mercy before I have even spoken, Sir. I can promise him no mercy from this side. For a long time to come there will be no mercy on this Government which in all of its wickedness has come in here this afternoon in a stealthy fashion, almost, hustling the House to consider a badly drafted piece of legislation.

Even before we have finished debate on the measure, we have seen amendments which are being handed out in the Committee Stage and we have seen the undertaking given by the Deputy Leader, sent through the windows. His undertaking that this measure would automatically come to an end on the 31st March 1992 is not worth the words that have been spoken, because already the amendments that have been circulated to me in committee, that I have, have now amended further the section 5.

Hon. M. A. KING: On a point of order. The Honourable Member refers to the amendments which have been circulated. If the Honourable Member looks at the original Bill which is before the House, without the amendments, and which will be the position after the amendments, section 14 has not been changed.

"14(1). The Act will come into operation on the 1st day of December 1991 and subject to subsection (2) shall cease to have effect on the 31st March, 1992."

What has been done is that some tidying up of the drafting has been done so that it has not been necessary... If you leave in the original you would be repeating, so if you say the Bill ceases to have effect on the 31st March, 1992, in essence what happens is that any imposition which can follow from this Act ceases to exist.

Mr. H. deB. FORDE: Mr. Speaker, Sir, I wish the Honourable Member, instead of keeping quiet on the front bench would have got up and done his job properly and introduced the amendments, Sir.

The Honourable Member is shouting we should read the Bill. This Government is so slack in its work and how it does its duty that it almost at the last hour of a debate throws before you certain amendments which you understand is now substituted for a Bill and then gets up and says it is not what is intended. That is how the Government is doing its work. It characterises this Government, Mr. Speaker. It hustles the House, ask you to exercise your discretion under Section 6, No. 9 to come in here on a matter of urgent public business for which the Government is ill-prepared. That is how it is doing its work. And that has characterised the Right Honourable Prime Minister's administration since he took over the leadership of the Party. That is what has characterised his administration, Sir, that you really cannot take the Government seriously.

I have asked for the laws that have been passed this year by the Government. In a few hours we will be in the last month of the year. So far there are 16 Acts on the Statute Book. I have gone through those Acts. Nine of the 16, this would be the seventeenth, which would be 10 of the 17 deal with the imposition of taxes on the people of this country, or taking away the people's rights and monies or the reduction of civil servants' wages. This is the third Stabilisation Tax that has been brought before this House between July, August and now. There is the Stabilisation Tax Act No. 9, there is the Stabilisation Amendment Tax Act and there is a further Companies Stabilisation Tax. There are several Consumption Tax Acts and various other bits of legislation. So the Government has spent the whole year tax gathering and tax imposing. 10.05 p.m.

Aside.

Mr. SPEAKER: I am sure you recognise the silence of the speaker. The Honourable Member has stopped speaking because he recognises that it is an infringement on his rights to speak. Continue.

Mr. H. deB. FORDE: Mr. Speaker, Sir, this is no simple and joking matter although it may appear as a big joke for the Honourable Members on the other side. This has affected the country in a very drastic manner. The economy has contracted to the extent that gross domestic product has fallen now by over 4 per cent. There is not one sector in the economy that is performing properly at all. As a matter of fact, Mr. Speaker, I am going to say that there is going to be more contraction in this economy for the balance of the fiscal year and beyond. The effect of this very measure which is before us would lead as well to

additional contraction particularly as it effects employment in Barbados.

Tourism has declined by well over 5 per cent despite all of what the Honourable Member spoke here this afternoon about hotels being full. It is a figment of his imagination. I do not know which hotels he has gone to, but certainly those in my constituency on the South Coast, in some of them you can drive a coach through them. The figures are there. They are there for all to see. That is the major productive sector that we have had for sometime and contraction is taking place in it. Although this Act purports to exempt from the rigours of the Act, companies that are carrying on the business of hotels in so far as it is part of their hotel purposes, the Prime Minister has come in here tonight and laid additional taxation that is going to have an effect on the tourism industry itself. That is the very Consumption Tax and the National Insurance and Social Security (Collection of Contributions) (Amendment) Regulations which he has laid. Both of them are going to effect adversely the only industry on which he is relying now in order to see some buoyancy restored to the economy.

The construction sector has weakened to the extent, Mr. Speaker, Sir, that there is very little going on in construction even in the Government sector. The Government owes its suppliers and its builders millions of dollars. Even the Chinese at the paleogothic building over there, Sir, have come under the sledge-hammer of this Minister's inefficiency as a Minister of Finance. It is called Queen's College. The Honourable Member does not even know that is what it is referred to.

Aside.

Mr. H. deB. FORDE: The Honourable Member does not know that old Queen's College is being repaired by the Chinese State Corporation, Sir. He does not recognise that even they cannot be paid and that they, too, are owed money, not to tell the Honourable Member of the effect that they have had on closing down the school in St. Thomas, Sherbourne, and every possible major and minor, for that matter, construction site, and the number of persons that the Government owes, those suppliers and small businessmen. Can you imagine a Government that is not even able to pay \$157,000 to a contractor that is supplying supplies to this Government for a long time? That is the state the Government is in and they are having to lay off people. That is the state that Barbados has reached tonight.

When the Honourable Member complains about people attacking him and calls us frustrated obstructionists, he should know that we are entitled to be frustrated by his inefficiency. He should know that we should try to

obstruct the manner in which he has been destroying the economy and pulling Barbados down from the pinnacle to which it has been accustomed before. The Honourable Member has to know that. The Opposition is entitled on behalf of the public to be angry about the failure of the Honourable Member to listen to our timely warnings given to him ever since August 1989. He is not getting them now. He got the warnings. I sit here in this House, and the Honourable Member for St. Peter whom he calls the Northern Star and the Honourable Member for St. Thomas quietly within the bounds of parliamentary propriety before we took it to the platforms warned the Honourable Member of what was building up in this economy. Hansard is there for him to see and he ignored the warnings. He did not take us seriously, Sir, of the correct analysis we have of what was building up in the economy. We could have avoided this. I was in here and the Honourable Member said that he was not going to make the mistake of the Honourable Member for Christ Church South that he is not going to commit political suicide. But what he has done, Sir, speaking figuratively is that he has committed murder of the taxpayers of Barbados. That is what he has done, Sir, by taking that sort of decision.

I said the construction sector has declined but so, too, has the international reserves. Our basic problem here now is not that the Government is not getting enough money. That is not the problem. The Honourable Member has talked about the two deficits, the deficit on the Current Account and the deficit on his Foreign Reserves. I am telling the Honourable Member that he does not have any deficit now on his Current Account. He is getting more revenue than he has gotten at anytime and his current revenue collection has increased by almost 11 per cent. His current expenditures have increased moderately about 4.5 per cent.

Aside.

Mr. H. deB. FORDE: You want to hear all of the figures. Go and read the books. We read the Central Bank's figures and those put out otherwise. The Government should know that it is not the fact that the Minister is not getting the money. It is the fact that the Minister has done so many wrong things in his capacity as Minister of Finance that he cannot correct the situation properly.

I said that the international reserves have fallen, Sir. I am going to use the statistics from the end of August 1991 but I am going to bring them up to date, Sir. If you should net out the CMCF figures – in fact, do not net them out, Sir – the net reserves of Barbados at the end of August was \$37.4 million. So you take out the CMCF and we had a negative reserve position of minus \$113 million. We have continued despite the borrowings of the Government into a negative reserve position. When I hear the Governor of

the Central Bank at the Rotary Club mislead the country by saying that we are improving, I wonder if I am living in the same Barbados which he and the Minister of Finance are living in and I will tell you why, Sir. The Government has been borrowing foreign exchange wherever it could put its hands on it. It has been borrowing from the local off-shore sector short termed. It has not been honouring its interest payments timely and it has been building up among the financial community overseas a great distrust and lack of confidence. Part of the Honourable Member's problem is that that confidence has not returned and it will be very long in returning. If there is one thing that Barbados needs, it is confidence so that it can get access to money, that is foreign reserves, in order to start correcting the problems that we have had and continue to have in this economy.

Sir, now why have we got to this stage? The Honourable Member wishes us to forget. In fact, if you listen to the Honourable Member for St. Michael West Central, we will all wipe these things under the carpet and be good Barbadians. A good Barbadian demands of us that we should also recognise our faults. If there is one fault which I can never forgive the Honourable Member is that he does not know how to say when he is wrong. He is not big enough to acknowledge that any of this is due to him at all. It is due to the Opposition. It is due to the Gulf crisis. It is due to international recession. It is due to the rain not falling or falling at the wrong time. It is due to the private sector. It is due to Officers overseas not performing their duty properly, but never at all has this Right Honourable Member had anything to do with these things. I believe that big men must recognise their faults and one of the things the Honourable Member is going to have to recognise is when he has made mistakes. – The Right Honourable Member. I prefaced my remarks by that.
10.15 p.m.

Aside.

Mr. H. deB. FORDE: The Right Honourable Member. I prefaced my remarks about that. I am never disrespectful. I may be harsh on him but never disrespectful. The Honourable Member has to recognise that his style of Government, the manner in which he has operated, his delay in taking timely decisions, his failure to listen to wise counsel coming from this side, that those have been some of the causes of what has happened to Barbados. Unless the Honourable Member is prepared to recognise that, we will keep going down.

The Honourable Member could monopolise the television station and the radio station for as much as he likes and we cannot have the right of reply. He can say and imply that the flight of foreign capital from Barbados is due to a particular person who says something. I can tell the Honourable Member tonight that if he and I go

through Broad Street or any part of Barbados and ask the people who they believe now, he would hear they believe the same. You ask who told the lie and who is the little boy running to the IMF they know who is the little boy who brought the IMF right into our position.

I will tell the Honourable Member now, if he wants to hear. He should know that the foreign reserves of Barbados were declining since the end of the second quarter of August 1989. If he looks at his very Central Bank's reports he will find that the capital flight that he was talking about occurred a long time ago. So the Honourable Member must not read the script written for him by the persons that the Honourable Member for St. Peter described as bureaucratic monstrosities and believe them. Read the facts. Do not lay blame where blame is not due. Everything I said would come to pass about the IMF has come to pass. I regret to have to acknowledge this, Sir.

I will tell the Honourable Member more that he may well end up with the position that despite the draconian taxes that he has put, that he will have to redress the value of this dollar. That is what bothers me as a Barbadian. I am not saying it to wish it. I am warning the Honourable Member that there is a point to which you cannot contract your economy without doing substantial damage not only to your overall foreign reserves position but to the value of your very currency. I listen to the economists who advise. I listen to people in the financial world who advise me. I have a great fear that we are reaching that stage. These people who talk are not all, as the Honourable Member would believe, partisan people.

Let me look at it, Sir. How can we feel happy in a situation where tonight some businesses, including small businesses in this country are having punitive interest rates of between 36% and 40%. If you have an overdraft in the pharmacy business which you run, and you manage at any stage during this month, if you make the mistake of giving bonuses to your employees, and you go over the overdraft – let us say you have an overdraft of \$20 000 – by 5¢ for that matter, you are going to be faced with a punitive rate of interest of 36% to 40% and when compounded higher than 36%, on the highest figure that you had in this month of November or December.

No one can operate in that economic climate. What is the reason? The Central Bank has raised its discount rate and has a penal rate on the banks. They are not going to take it lying down. They have passed on the penal rate right down into the community. That is what has happened. Projects that were on the drawing board, including projects in tourism, I can tell the Right Honourable Member tonight, people have put a hold on them.

Mr. Speaker, the interest rates are having a very deleterious effect on the productive sectors whether it is in

construction, manufacturing, agriculture, tourism and services generally. The only people who are at present, the beneficiaries are the banks. The Honourable Member for St. Joseph said that at the end of this programme that there will be three categories of people who would benefit. I do not accept completely his characterisation. I do not think he developed the three categories. But I want to begin with the principal one.

The principal beneficiaries at the moment of the Right Honourable Prime Minister's policy are the foreign banks. They are making a killing out of Barbados tonight. They are making a virtual killing and using our savings at the expense of each one of us in the productive sector. In the meantime, those persons who are on fixed salaries and have overdrafts and who have had their salaries cut, their outgoing raised either through the consumption tax or by additional levies, those persons are faced with higher interest payments in the bank and are finding it difficult to make ends meet.

The Barbados Labour Party when we made the mistake, I believe in 1982, in letting interest rates rise, within the trice of a minute, we reversed ourselves. We have in this House – you have heard the Honourable Member for St. Peter – said that is one policy we regretted very much that we instituted. You will never hear the Honourable Member admit that he made a mistake of anything at all. He has got the warning about what has happened. Now, Sir, in agriculture, the pattern is the same. 10.25 p.m.

The sugar industry has been shopping around at Booker Tate, on the local market, on the London market, in the market in the United States in New York, through Citycorp in order to find money to do what? To be able to get next year's crop reaped in time and to start planting for the next season thereafter. No money. And penal rates of interest if they are to go anywhere at all. It is not a good picture to paint for Barbados.

I still believe that agriculture more so than manufacturing offers a quick and genuine way of earning foreign exchange. In fact there is much more retention within the system of the foreign exchange which one receives.

In the meantime what is the Government doing? The Government is busy selling the family silver without any proper preparation for the sale. The Government is so starved of foreign exchange that the Government proceeds to sell the shares in BARTEL and BET and is negotiating for the sales of shares in other companies without any proper preparation for the sale.

I am saying that the Government has not got the true asset value of the shares which it has sold in those

two companies: Not only has the Government forgotten its Manifesto promise of enfranchisement but even now the Government has not been able to tell this House how much it has sold our shares for because they are the people's shares. I have a stake in that and I want to know. I want to know what advice the Government got. Is it going to make the same mistake again in selling the shares in the Flour Mill and in Barbados Feeds and in the Light and Power without even coming and putting the shares out to tender inviting people? Is it going to do that again, Sir? This is a Government that is supposed to be intelligent, highly competent. Nothing that it has done in this area convinces me either of its knowledge or indeed of its competence.

What is it using the funds for, Sir? Obviously it is trying to shore up the foreign reserves. But I go a bit further and say that the difference between them and us is that if we were going to start on the divestment of assets, we would first prepare and plan for it have in place the correct advice, make sure that we go towards the achievement of the objective of greater economic enfranchisement in this country, give Barbadians a genuine opportunity to own part of the economic assets of Barbados and at the same time use the funds for the productive sector. Instead we have had the return of the multinationals.

This Government runs around on the political platform talking about the white shadows. But what are they doing? They are ushering in the foreign white shadows every day, back and back to take the valuable family silver as I call it. Multinationals are back with us. The Honourable Member for Christ Church South pleaded with them today not to do the same with the ICB.

We have to put at rest the myth that they spread about the Labour Party. Here is the Party that went out of its way to acquire at no immediate cost to us the shares in BARTEL and BET for the public of Barbados to see the Democratic Labour Party sell them off below their true asset value back to the multinational corporation.

All of this is having a terrible impact on the psychological build up of the people of Barbados. Unemployment tonight is rising at an alarming rate. What hurts me, Sir, is that in the midst of it all the Government continues with its draconian measures of taxation. I could not believe that this Minister would introduce a measure such as this without giving us the benefit of his analysis of how much he is going to raise. I could not believe that he would introduce an amendment to the National Insurance and Social Security (Collection of Contributions) Regulations so soon after he had made one in September and increasing by almost 1.25% or 1.375%. The Levy that he has put on both employers and one less than that one point something percent that he has put on employees.

The Honourable Member for St. Thomas has spoken about the area of Consumption Tax where he has touched

everything in the Schedule to that Act. I do not accept from the Government at all that the sole purpose of these measures is merely to pay for the manufacturers concessions and in order to give money to the Coalition of Trade Unions in relation to severance and the other benefits that the Government took away from them.

I am saying that the Government is collecting more money than it needs for that purpose. The Minister should tell us why. I am saying that the Government by these measures is collecting \$40 million plus in additional taxation from these measures that are coming before the House.

Sir, you do not sneak in on the eve of your Twenty-fifth Anniversary and with a month to go to Christmas with another heavy dose of taxation and bring it before the House in this measure. We have appealed for candour from our politicians and we have appealed for candour in public life. One of the reasons why I continue in this House to press for all of the debates of this House to be public is because I believe that we should be giving to the people of Barbados a full disclosure of all we are doing and all the information available to us. But the Government has an exceptional record for stifling information. And I will never forget on the 20th January when I revealed to the public of Barbados the state of the economy, I read the speech of the Honourable Member, his press conference, listened to the tape of it only two days ago where he says do not mind the Honourable Member, he has been discredited. He has come around here with some old document and nobody believes him. Nothing that he is saying is true. Every word that I was saying is true. Again I pose the question to this House who told the truth and who is the liar? I leave that for the Honourable Member to answer.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise, very briefly, to reply to this debate. The only reason why we are here tonight at this time discussing these measures is because strident representations were made for modifications to the Letter of Intent that had been dispatched by the Government to the Managing Director of the International Monetary Fund. That is the only reason, Sir. We made it clear that if there were to be modifications and those modifications result in additional revenue either being required or increased expenditure that they would have to be financed from some source. And all of the talk, all of the rhetoric that we have heard, simply amounts to the fact of trying to avoid this particular responsibility and fiscal discipline. The whole purpose of this, Sir, is to accommodate the modifications that all of them over there marched for. They were marching for them and now that we have to pay the bill for the modifications for which they marched they are raising all kinds of ...
10.35 p.m.

Aside.

Rt. Hon. L. E. SANDIFORD: This is all there is and I have pointed out that there was a request for an improvement in terms of the unemployment benefits, that has to be paid for. There is a request that there should be a revision of the provision for severance. It will cost more money. We have to find the funds for it. There was a request that the concessions should continue. Those have to be paid for, because they seem to forget that when I introduced my financial statement and supplemental budgetary proposals I pointed out quite clearly, Sir, that we had to reduce the fiscal deficit by some \$176 million approximately and that this would be done by means of raising revenue of some \$62 million, I believe, Sir, and reducing expenditures by some \$114 million approximately. I explained all of these things, Sir, and I pointed out that was the programme we were into. We went and devised a programme and we said we had to deal with the deficits.

The Letter of Intent was signed and dispatched. There is no dilly dallying here. They all marched for it and you asked me to take into account what was said. I will listen to some of the things that are said and I am trying meet as a Government some of the things that were requested. We have to pay for them, and now we come and we try to create all kinds of confusion and to distort the position.

Let us understand what is happening. I sat down and I heard the Member for St. Thomas indicate that we were coming in here with some 5 per cent increase or some such figure he used. I think he genuinely misunderstood what was actually happening.

Aside.

Rt. Hon. L. E. SANDIFORD: I would not say that on this occasion. I did not interrupt you.

Mr. SPEAKER: I am not allowing interruptions unless they are legitimate.

Rt. Hon. L. E. SANDIFORD: Let me clarify that particular point for his benefit and for the benefit of the entire House. The Deputy Prime Minister, the Member for St. Michael North ...

Mr. SPEAKER: It is not a pleasure of mine to single out Members.

Rt. Hon. L. E. SANDIFORD: In the Financial Statement and Budgetary Proposals for April 2, 1991 there were increases of the consumption taxes. The ad valorem rates were increased by some 2 percentage points. Mr. Speaker, those were collected under the Provisional Collection of Taxes Act for some four months, Sir, and then the Consumption Tax Order, 1991 came into effect. It

was made, Sir, by me on the 6th August. That is 2 percentage points increase on the consumption taxes, generally speaking, not including the rates of petroleum products.

Then, Sir, in the Financial Statement and Supplemental Budgetary Proposals on September 17, the rates were increased by 3 percentage points and that was effected through the Consumption Tax (Amendment) (No. 2) Act 1991-15.

Today, Sir, I laid the Consumption Tax (No. 2) Order which increased by 2 percentage points the ad valorem rates, Sir.

Aside.

Rt. Hon. L. E. SANDIFORD: We are not talking about the cumulative effect. You may be talking about that. What I sat down and heard about, Sir ...

Mr. D. A. C. SIMMONS: Since the Honourable Prime Minister called my name in relation to this, all I want him to tell the public of Barbados tonight is if from Sunday dog food has gone up, cat food has gone up, gas, gasoline, natural gas, LPG, paints, varnishes, condoms, everybody gone up, tell us that in simple bajan.

Mr. SPEAKER: Do you believe that is a point of order? Of course I am going to take it from the record.

Rt. Hon. L. E. SANDIFORD: Sir, this House is being led to believe that as a result of the Order that was laid today, that is my understanding of it, that there would be an increase of 5 per cent or some such figure in the consumption taxes.

Sir, the Order that was laid today, as a result of that Order there will be an increase by 2 percentage points. That is why I am saying that the Member must have been misunderstanding the situation. That is the only point I am making. I am dealing with a point which I heard in this particular debate. On that particular point the Member was misleading this House.

Mr. D. A. C. SIMMONS: On a point of order, Sir, he has accused me of misleading the House. I volunteer my calculator so that he can work out ...

Mr. SPEAKER: Now that is not the point. I raised that issue when you were speaking and I understood what you said and you said that you were not misleading the House that you were dealing with a different period of time and I accepted that since you said you were dealing with a different period of time to come to the fine points. I accepted that but if you are saying something else now then I have to say that I actually made the point that

you were misleading the House at the particular time and I want to make sure that the comments were right. I can't take that issue you are raising now.

Mr. D. A. C. SIMMONS: Your Honour, you have completely misunderstood what I said and you have misled and misdirected yourself. What I explained to the House was that when you match Consumption Tax (No. 2) Order, 1991 and Consumption Tax (No. 1) Order, 1991 you saw in the requisite columns that they had gone up 5 percentage points. This is what I said. Subsequently the Clerk produced for us, the Consumption Tax (Amendment) Act and the Leader of the House and I discussed this behind the Chair, that intervening between the two Orders was the Act, but the effect ...

Mr. SPEAKER: That may be an explanation now but at the point in time I did not understand it that way.

Mr. D. A. C. SIMMONS: Oh you understand it now! Matters of understanding are very subjective. I can't be held responsible if you did not understand me at the time. I apologise, Sir, for the lack of clarity in anything I may have said.

Rt. Hon. L. E. SANDIFORD: They are trying to confuse the issue, Sir. They are not going to confuse me. Sir, the Bill that is before us is part of the proposals to raise the necessary revenue in order to meet the concessions that will continue until December 31, and at the level of 100 per cent and then 50 per cent withdrawn from January 1, Sir. The Companies Stabilisation Tax is expected to raise some \$10 million during the period down to the end of March. The concessions are valued at some \$16 million out of which, Sir, \$10 million is projected to be raised under the Companies Stabilisation Tax and another \$4 million to be raised by the 2 percentage point increase in the Consumption Tax. That is approximately \$14 million and the concessions are valued at \$16 million, Sir. So we have a small gap there of some \$2 million. Contrary to what the Honourable Members are trying to convey, far from raising more revenue than is necessary, we are actually raising a little less than is necessary. All of this talk and all of the rhetoric to delay this particular measure took all day.

10.45 p.m.

Aside.

Rt. Hon. L. E. SANDIFORD: You see, Sir, all kinds of subsidiary matters are raised and in all of the debate that is merely the main points that are being raised on this matter. The rest has been political rhetoric.

Aside.

Rt. Hon. L. E. SANDIFORD: I am ready to do that. We have to take this decision and these are the measures that my Government is placing before this Honourable Chamber. I am not going to delay the House any longer on these matters. I will ignore the personal references because they obviously wish to drag me into a debate in which you will get a slogging match, but sometimes a soft answer turns it away. So I am not getting into that and I am not going to be provoked by the Leader of the Opposition. If he says something and it is incorrect, I will if I deem it fit point it out how incorrect that statement is. I will ignore that and I will ignore him and get on with the business for which I am in position.

Aside.

Rt. Hon. L. E. SANDIFORD: Well, sometimes you have to take care of him by leaving him severely to himself and you will take care of him. I know that too. You will help me in that.

Sir, I think that without anymore ado the main points of substance that have been raised I have responded to. There are amendments as the Member for Christ Church West Central has indicated that have to be made to this Bill in Committee. Sir, I therefore once again beg to move that this Bill be now read a second time.

The question that the Bill be read a second time was put and resolved in the affirmative with the House dividing as follows:

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. R. L. MORRIS, and His Honour T. C. ESTWICK – 14 Ayes.

Noes: Mr. H. deB. FORDE, Mr. D. A. C. SIMMONS, Hon. H. B. St. JOHN, Mr. O. S. ARTHUR, Mr. L. R. TULL, Miss M. A. MILLER, Mr. DeL. O. BRADSHAW, Dr. R. L. CHELTENHAM, Mr. G. W. PAYNE, Mr. R. C. EASTMOND – 10 Noes.
10.55 p.m.

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

COMMITTEE

Mr. CHAIRMAN: The House is in committee.

Clause 1 was called and passed.

Clause 2 was called.

Hon. M. A. KING: Mr. Chairman, in moving that clause 2 stand part, there is a small amendment which I propose in respect of this clause. In the definition of tax – "tax" means the stabilisation tax imposed by section 4". I move that "4" be changed to "5". That should read – "tax" means the stabilisation imposed by section 5 on the insurable earnings of the employees of a company".

Hon. E. E. GREAVES: I beg to second that.

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

The question that clause 2, as amended, stand part was put and resolved in the affirmative without division.

Clause 3 – as amended – was called.

Hon. M. A. KING: Mr. Chairman, in moving that clause 3 stand part, I move that clause 3 as in the amendment which has been circulated, be the amendment to clause 3.

Hon. E. E. GREAVES: I beg to second that.

The question that clause 3, as amended, stand part was put and resolved in the affirmative without division.

Clause 4 was called and passed.

Clause 5 – as amended – was called.

Hon. M. A. KING: Mr. Chairman, in moving the amendment to clause 5 may I just indicate that the amendments which appear in clause 5 are, indeed, the amendments in relation to the other sections to the Bill and are not amendments to the substance. There are amendments more of a cosmetic nature to clean up the Bill.

The Honourable Member for Christ Church West in the course of his statement had referred to the fact that the last few words in the original clause 5 were being deleted in the amendment. I drew to the attention of the Honourable House on that occasion that clause 14 did put a termination date on the Bill so that the effects of excluding those last few words in clause 5 did not in the least affect the purpose and intent of the Bill.

The amendment to clause 5 has been circulated as, indeed, the amendments to one or two other clauses of the Bill. I move that clause 5 as amended stand part.

Hon. E. E. GREAVES: I beg to second that.

The question that clause 5, as amended, stand part of the Bill was put and resolved in the affirmative, the Opposition members present asking that their "Noes" be noted.

Clause 6 – as amended – was called.

Hon. M. A. KING: Mr. Chairman, the amendments to clause 6 have been circulated. I move that clause 6, as amended, stand part.

Hon. E. E. GREAVES: I beg to second that.

The question that clause 6, as amended, stand part of the Bill was put and resolved in the affirmative without division.

Clause 7 was called.

Miss B. A. MILLER: Mr. Chairman, may I crave your indulgence for the recommitting of clause 4. There was one word omitted there which I think slipped the attention of the Attorney General. At 4(1) in the original it says "all persons". In the amendment the word "all" is removed. I am curious about it too. I think it is deliberate because this would not include IMF personnel. The Commissioner cannot supervise them.

Hon. M. A. KING: Mr. Chairman, I submit that the word "all" is superfluous and not necessary once you supervise persons employed. There was no intent to change.

Clause 7 – as amended – was called.

Hon. M. A. KING: Mr. Chairman, there is just one short amendment to clause 7, that is at the end.

I move that clause 7, as amended, stand part.

Hon. E. E. GREAVES: I beg to second that.

The question that clause 7, as amended, stand part of the Bill was put and resolved in the affirmative, the Opposition asking that their "Noes" be noted.

Clause 8 was called and passed.

Mr. H. deB. FORDE: Mr. Chairman, I ask that our "Noes" be noted for all other sections.

Clause 9 was called and passed.
11.05 p.m.

Clauses 10 to 14 inclusive were called and passed.

The Schedule, as amended, was called.

Hon. M. A. KING: Mr. Chairman, in moving that the Schedule as amended be the Schedule to the Bill, I draw to the attention of Honourable Members that the Industrial Development Export Industries Act is the addition to the Schedule. The reason for this is that there are some companies which still qualify under this Act for tax holidays and that the expiration of the tax holiday of those companies which enjoy benefit under that Act, tax is payable at the rate of 12.5%. So that would preserve the position in relation to companies under the Industrial Development Export Industries Act.

I move therefore, Mr. Chairman, that the Schedule, as amended, be the Schedule to the Act.

Hon. E. E. GREAVES: I beg to second that, Sir.

The question that the Schedule, as amended, be the Schedule to the Act was put and resolved in the affirmative.

On the motion of Hon. M. A. KING, seconded by Hon. E. E. GREAVES, Mr. CHAIRMAN reported the passing of one Bill, with amendments, in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. W. O. FRANKLIN, the Bill was read a third time and passed.

Mr. H. deB. FORDE: Mr. Speaker, Sir, we would like the "Noes" to be noted.

Mr. SPEAKER: It is asked to be noted that the Opposition "Noes" be recorded in the passing of the Bill.

The following Members voted No on the passing of the Bill:

Mr. H. deB. FORDE, Mr. D. A. C. SIMMONS, Hon. H. B. St. JOHN, Mr. O. S. ARTHUR, Miss B. A. MILLER, Mr. DeL. O. BRADSHAW, Dr. R. L. CHELTENHAM, Mr. G. W. PAYNE, and Mr. R. C. EASTMOND.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, Sir, it is for the second time this week that the House has had to sit until almost midnight in order to conclude its business and for the second time this week I have to thank the staff reportorial and otherwise, the police officers and everybody else who have assisted the House in getting through the business of the Government this day. We are indeed grateful and appreciate the long service and the long hours that they have had to put in. I cannot say the same thing that I would normally say of the other side. We did not get that assistance on this occasion.

All that is left for me to say, Sir, is that this House do now adjourn. Already the House is adjourned until next week.

The question that this House do now adjourn was put and resolved in the affirmative without division and Mr. Speaker adjourned the sitting accordingly.
11.15 p.m.

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SPEAKERS IN THIS ISSUE

ARTHUR, Mr. O. S. (St. Peter)
BRADSHAW, Mr. DeL. O. (St. Michael South East)
CHELTENHAM, Dr. R. L. (St. Joseph)
EASTMOND, Mr. R. C. (St. James North)
FORDE, Mr. H. deB. (Christ Church West)
FRANKLIN, Hon. W. O. (St. Philip North)
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)
SANDIFORD, Rt. Hon. L. E. (St. Michael South)
ST. JOHN, Hon. H. B. (Christ Church South)
SIMMONS, Mr. D. A. C. (St. Thomas)
TAITT, Hon. B. M. (St. Michael West)
TULL, Mr. L. R. (St. George South)