
THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Tuesday, September 17, 1991

Pursuant to the adjournment, the House of Assembly met at 12:15 p.m. o'clock.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, (Deputy Speaker)
Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.),
J.P., (Prime Minister, Minister of Finance and Economic
Affairs and Minister for the Civil Service)
Hon. H. deB. FORDE, Q.C., M.A., LL.B., (Leader
of the Opposition)
Hon. B. M. TAITT, B.A. (Hons.), M.P.A., LL.B.
(Hons.), (Minister of Health)
Hon. M. A. KING, Q.C., LL.B., (Attorney General
and Minister of Foreign Affairs)
Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., J.P.,
(Minister of Labour, Consumer Affairs and the
Environment)
Hon. N. K. SIMMONS, (Minister of Justice and
Public Safety)
Hon. H. A. BLACKMAN, B.Sc. (Econ.), (Minister
of State, Ministry of Finance and Economic Affairs)
Mr. O. S. ARTHUR, M.Sc.(Econ.)
Mr. D. A. C. SIMMONS, Q.C., LL.M.
Hon. C. V. WALKER, (Minister of Education)
Mr. L. L. BRATHWAITE, J.P., (Chairman of
Committees)
Hon. E. E. GREAVES, B.A., Ed.M., (Minister of
Housing and Lands)
Hon. W. W. HALL, G.C.M., H.B.M. (Minister of
Tourism and Sports)
Mr. C. LeR. TROTMAN, M. A.
Mr. R. L. MORRIS, B.A., Cert. Ed.

Hon. D. J. H. THOMPSON, LL.B.(Hons.) (Minister
of Community Development and Culture)
Mr. H. B. St. JOHN, Q.C., LL.B.
Mr. L. R. TULL, Q.C., M.A.
Miss B. A. MILLER
Mr. DeL. O. BRADSHAW
Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc.
(Econ.)
Mr. J. O. TUDOR
Mr. D. W. BOWEN
Mr. G. W. PAYNE
Mr. R. C. EASTMOND, B.A., LL.B.

Prayers were led by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, September 3, 1991.

Hon. B. M. TAITT: Mr. Speaker, Sir, the Minutes for Tuesday, September 3, 1991 have been circulated. I presume they have been read. There has been no objection.

I beg to move that these Minutes be now confirmed.

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

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

ANNOUNCEMENTS BY YOUR HONOUR

Mr. SPEAKER: I am to announce that I am in receipt of the Accounts and Statements for the months of May and June 1991 as prepared by the Accountant General.

I must also announce that the proceedings for today's sitting will be that the Minister of Finance and Economic Affairs will make a statement and tomorrow the spokesman for the Opposition will reply, not to that statement because statements are not debated, but ample provision will be made so that any Resolution will be debated.

Also, permission has been given for live radio and television broadcasts for the same two Members of this Parliament.

PAPERS

Hon. B. M. TAITT: Mr. Speaker, Sir, I am commanded to lay the following:

The Animals (Disease and Importation Control) (Amendment) Regulations, 1991.

STATEMENTS BY MINISTERS

Mr. SPEAKER: The Right Honourable Prime Minister and Minister of Finance and Economic Affairs.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise in my capacity as Minister of Finance and Economic Affairs to make the following supplemental statement and proposals in relation to the Barbados economy and for the purpose of raising revenue, reducing expenditure, and entering into an agreement with the International Monetary Fund.

The Barbados economy is experiencing major economic problems, resulting in disquieting disequilibrium both externally and internally. Firstly, there is the problem of the deficit on current account of the Balance of Payments along with the imminent depletion of the international reserves. Secondly, there is the problem of the deficit in the Government budget along with Government's accumulative borrowings.

But Barbados is not singular in this regard. Other countries in the region, in the hemisphere and other parts of the world are experiencing similar grave economic difficulties.

No one would deny, Sir, that the international economy is still locked within the throes of a vicious international recession, the third such recession since 1973. Indeed, there must be a clear recognition that participation in the international economy does afford Barbados and other countries welcome opportunities to sell their goods and services abroad. But participation also exposes a country to the many severe shocks which emanate from the international economy, including recessions and fluctuations in commodity prices, in exchange rates, inflation rates and interest rates, as well as the volatility of the international capital markets.

And what is more, Sir, is the fact that small open economies of the world feel the harshest effects of those shocks. Barbados is certainly no exception to this rule. Our major trading partners, namely Canada, the USA, and the United Kingdom are still mired in the deep cyclical international recession, with growth slowing to less than 1 per cent in real terms. The United Kingdom and the Canadian economy went into recession in 1990, and they were soon joined by the United States. Sir, it has been a year of setbacks with the most prolonged period of postwar economic expansion coming to an end with the end of the 1980s, and with a consequentially similar and inescapable adverse impact on the economy of Barbados. It is therefore necessary that any examination of Barbados' economic situation be done in the light of what has taken place within the international economy, and I urge Honourable Members to take note of the circumstances.

Between 1980 and 1989 even when there was growth, there was a basic disturbing and chronic underlying weakness in the productive sectors contributing to that growth, namely in tourism, manufacturing and agriculture, as well as high wages settlements, the build-up of debt, the shortage of foreign exchange and weaknesses in the international reserves. It should be noted especially that during the 1980s agriculture has generally been a retardant to growth, while manufacturing has been sluggish. Tourism for the most part has been the major engine of growth, but in 1990 and 1991 it has suffered reverses.

And it is precisely because of the failures in the major foreign exchange earning sectors that Barbados has had to resort to extensive borrowing on the capital markets and from multi-lateral sources. Indeed, generally speaking, that is what we have been doing over the last 15 years or so, namely, seeking accommodating capital inflows, so as to effect and restore some equilibrium to the external sector and augment the international reserves.
12.25 p.m.

Mr. Speaker, I cite some examples to establish the point. During the period 1973 to 1976, Barbados borrowed two major loans to the tune of US\$35.2 million, money which was channelled into infrastructural development. Again, between 1978 and 1981 a total sum of US\$80.5 million was negotiated from international sources, a large percentage of which was used for balance of payments support and general budgetary purposes. Between 1982 and 1985 major loans contracted by government amounted to some US\$369.8 million, and the proceeds were used for a variety of purposes, including balance of payments support.

Furthermore, for the period 1986 to 1989 the sum of at least US\$547.1 million was borrowed on the capital market particularly to enhance the country's foreign exchange earning capacity and to lend support to government's capital works programme, while for 1990, \$104.8 million

was borrowed from the capital markets for similar purposes.

Mr. Speaker, no one can therefore be in any doubt as to how active Barbados has been on the international capital markets and for what purposes. Neither can any one be in doubt that when a country contracts those obligations, it must at some future time meet the commitments, which are cumulative and could prove to be damaging to our economic well-being. From a national foreign debt commitment of \$50.2 million at the end of December 1976, the figure rose to just over \$1 063.4 million by 1986 and \$1,079.7 in 1991.

And what clearly has to be understood is that all debt, irrespective of its origin, be it foreign or domestic, shows up as an item, a major item of classification in government's expenditure schedule, thereby establishing a direct link between the deficit in the current account of the balance of payments and the budget deficit.

When a situation arises where foreign exchange is not available to complete a valid transaction for payment of foreign debt, then the country must draw upon its stock of international reserves to effect payment.

That is precisely what Barbados has been doing to meet its external payments obligations to the extent where the country now faces a depletion of its international reserves. That is the present situation and it is putting tremendous pressure on our external sector. We must deal with that situation. Examination of our foreign exchange reserves for the decade of the 1980s would reveal the underlying fragility of our external sector.

In 1980 Barbados recorded a foreign exchange stock of \$167.2 million inclusive of the \$114 million under the C.M.C.F. By 1981 those reserves had plummeted to the lowest level ever to stand at \$125.5 million. 1982 saw a slight recovery of the reserves to reach \$184.6 million. That growth continued into 1983 when Barbados' reserves reached \$227.5 million. And the pattern of growth continued apace for the years 1984, 1985, 1986, 1987 and 1988 when the foreign exchange reserves reached a decade high of \$338.8 million. However, by the end of 1989 when the international economy slid back into recession, and world economic activity contracted, Barbados' foreign reserves position also began the slide which characterised its performance in the early part of the decade. The reserves fell to \$255.9 million in 1989 and down further to \$165.1 million by the end of 1990.

So it is clear, Mr. Speaker, that in relation to the international reserves there has always been cause for worry. Just when we think we have a good position, just when we think we are on the right track, some assortment of circumstances impact negatively on this vital component of our economy. The position has never been that rosy.

But, permit me, Sir, to turn to the other problem with which we should concern ourselves at this time. There is a second major but connected problem of the deficit in the government's budget. Available figures show that after declining by \$36.3 million in fiscal year 1989/90 government's overall deficit rose by \$182.5 million to reach \$248.9 million for fiscal year 1990/91. For the current financial year 1991/92, the estimated current revenue is expected to be \$1 051.8 million after taking account of the additional measures in the 1991 budget, while estimated total expenditure is expected to be \$1 350.3 million. Hence the estimated excess of total expenditure over current revenue is expected to be \$298.5 million. If I follow the convention and exclude amortisation of \$182.1 million then the anticipated deficit would be \$116.4 million, or approximately 4 per cent of GDP. This is definitely too substantial a deficit for government to sustain. It simply cannot be financed. Hence government's operations have to be cut back and curtailed at least for the time being and this must be understood by one and all. I certainly recognised it when I told this Honourable Chamber during my 1991 Financial Statement and Budgetary Proposals that the projected deficit of some 6.1 per cent of GDP would present severe financing problems and would undermine the viability of the balance of payments. I thought then that I could reduce the deficit to manageable proportions in two stages in order not to impose too draconian an adjustment in one year. However, time and circumstance were not on our side. The external sector continued to deteriorate.

12.35 p.m.

And like the example of the deficit on the current account of the balance of payments, undesirably high fiscal deficits have been a drain on the public finances throughout the decade of the 1980's. Again, Sir, let me produce for this Honourable House some figures to illustrate my point.

In 1980-1981 there was an overall fiscal deficit of \$89.7 million or 6 per cent of the gross domestic product. In 1981-82 the deficit rose to \$154.8 million or a record of 9.1 per cent of the GDP. Again, in fiscal 1982-83 the deficit was \$120.2 million or 6.7 per cent of the GDP. By 1983-84 it had fallen to \$73.5 million or 3.8 per cent of the GDP but had risen again to \$120.4 million or 5.8 per cent of the GDP in 1984-85. It continued its upward trend in 1985-86 when it rose to \$125.5 million or 5.7 per cent of the GDP.

After a decline in 1986-87 when it stood at 5.3 per cent of the GDP, the fiscal deficit increased sharply in 1987-88 to \$217.7 million or some 8.8 per cent of the GDP. But by 1989-90 it had receded to \$64.4 million or some 2.3 per cent of GDP, the most satisfactory level in more than twenty years.

What I have just shown, Mr. Speaker, is an almost continuous situation of fiscal imbalance and internal

disequilibrium in the public finances caused by deficit after deficit, year after year and this to my mind has been a destabilising factor in the economy. It must be recognised, however, that at the heart of the fiscal deficit is a clear and elastic propensity for growth in Government's expenditure account. The chief component in this expenditure growth has been Government's wages and salaries bill. Some may try to deny this as a fact but denial has never been useful in the face of adversity. We must, Mr. Speaker, be prepared to face the facts as they are and to present them as starkly as they are so that the true picture will be known.

Between 1976-80 spanning two separate salaries negotiations settlement, Government was called upon to find over \$50.5 million to service those settlements.

Again, between 1980 to 1984 another two salary settlements were concluded and this time at a cost of \$69.4 million. These two settlements went on top of what had to be found for the previous settlements. Moreover, Government was again called upon to find \$78.5 million to finance two salary settlements over the period 1984-86 and 1986-88 while for the period 1988-90 and 1991-92 the sum required to finance the wages and salaries settlement was \$70 million. Again, Government had and will have to look for that money.

Altogether, Sir, that represents a phenomenal \$304.5 million a year to which must be added a further \$11 million a year for the reclassification exercise. These figures must be compounded year after year. That is why there can be no mistake as to why salaries and wages constitute the single highest element in Government's expenditure schedule.

The fiscal deficit along with all other items of Government's expenditure must be financed. But how do we, Mr. Speaker, finance our internal obligation? We borrow domestically through Treasury Bills and also through the Ways and Means. Treasury Bills have generally been under-subscribed and in order to meet obligations the Central Bank has been extending credit to the Government so that the public officers can get their salaries and business people can be paid for goods and services.

The higher the deficit the greater is the need for financing that deficit and greater is the reliance on the Ways and Means which was pushed beyond its legal limits by both Administrations. If we reduce the size of the fiscal deficit, we will not have to borrow as much money and the Ways and Means will be brought under control and thus the private sector would not be crowded out.

Mr. Speaker, the current economic situation poses serious challenges to fiscal policy. The international

recession and the aftermath of the Gulf War are external shocks to which we must adjust. Such adjustment must be made against the background that the CARICOM Multilateral Clearing Facility set up in 1977 holds a major part of our international reserves tied up in illiquid assets. Furthermore, the Government has to deal with the overhang of external debt which includes the problem of redemption of the Japanese Yen bond loan contracted in 1986.

We were able, Sir, to repay the 1985 loan early in 1990 when the capital markets were receptive and recession had not yet started to bite. Today the situation is different. There is a recession, capital markets are tight, our international reserves are still tied up in the CMCF and the major foreign exchange earning sectors are down.

Mr. Camdessus, Chairman of the Executive Board and Managing Director of the International Monetary Fund in his address to the Board of Governors in 1989 summed it up in this way, and I quote:

"I have talked about the poorest countries and the middle-income heavily indebted ones. But let us not forget that there are many countries that have avoided the morass of debt difficulties. Their performance and the quality of their policies have been commendable and they offer valuable lessons for the future. Their successes could inspire others. Not that conditions have necessarily been easy for them, they also face difficulties."

And he continued:

"Many of these countries will still face difficult problems in the years ahead in terms of continuing economic reform and the need to finance temporary payments imbalances. It is important to ensure that these countries have adequate access to the Fund's regular modes of financial assistance should the need arise. The Fund exists for all of its members not only for those who are in extreme difficulties for whom the special facilities and policies have been devised."

Mr. Speaker, when I introduced my Budgetary Proposals on April 2, 1991, I took the opportunity to remind the public of Barbados of the fragility of our economy and the risks we face of reversal of the substantial achievements which we have recorded in the recent past through continuing instability and major economic dislocation. On that occasion, I pointed to the ineluctable obligation of the Government to take firm corrective action to arrest the process of slippage and decline in economic performance and of a further loss in national well-being. My solemn duty now is to provide a full elaboration of the situation which currently confronts us and to set out the measures which we must all embrace in order to put Barbados back on the road to growth and

prosperity. Over the first six months of 1991 the Barbadian economy has shown little sign of recovery from a recession experienced in 1990. The major foreign exchange earning sectors of agriculture, manufacturing and tourism have continued to perform poorly.

12.45 p.m.

The decline in the agricultural sector has been particularly problematic, with the performance of the sugar crop falling far below expectations, and a drop of 16.9 per cent in the real output of non-sugar agriculture and fishing. Earnings in the tourism sector declined by almost 11 per cent, thereby vitiating expectations of recovery in the tourism sector from the Gulf crisis induced slump. No improvement is forecast for the manufacturing sector, which will be adversely affected by the compression in domestic demand, and its continuing inability to penetrate overseas markets. Declines in wholesale and retail activity, and in construction, can be anticipated, as well, and the overall fall in output in 1991 is now expected to be of the order of some 3 per cent.

Our foreign exchange position has continued to worsen with reserves declining by some \$53 million in the first half of the year fuelled by a surge in retained imports. The apparent flight from domestic currency has depressed domestic deposits, and has been reflected in a noticeable increase in commercial bank loans and advances. Domestic liquidity has experienced some tightening, and a further deterioration is likely in the face of continued weakness in domestic deposits. Faced with these indications, my Government must now act to reassure the public of its capacity to institute measures which are seen to be permanent and effective.

In designing a programme of action to correct our current problems, it is important to recognize that Barbados has to adapt to an evolving global economic environment which is likely to be far different from that to which we have become accustomed. Barbados is, and always will be, a small fragile open economy, highly susceptible to shocks of external as well as domestic origin. That is a fact which we cannot change. We can overcome the difficulties which confront our path to self-sustaining growth by taking stock of our situation, identifying where we have gone wrong, and applying our natural creativity to charting a new and successful course. This is the essence of the process of adjustment. But we can pursue it effectively only through a positive commitment to share the attendant burdens in a fair and equitable manner, avoiding actions which seek to maintain special positions of privilege at the expense of the less fortunate and well-endowed.

No one can deny that Barbados is experiencing a serious economic crisis. What is evident, also, from all the talk which is consuming our country, is that we are proving more adept at apportioning blame for our current ills than dispassionately identifying appropriate solutions. In this

situation, a major imperative of the Government has been to make a candid assessment of our problems, and to draw on sources of external assistance which can be brought to bear on resolving them. To this end, I have sought the assistance of the International Monetary Fund. I have done so in full awareness that the IMF is an agency which was established with the guiding principle of giving support to members who experience maladjustments in their balance of payments by making its general resources temporarily available to them under adequate safeguards. I believe, too, that it is the access to such resources which facilitate the pursuit of corrective actions consistent with the maintenance of national and international prosperity, and which shorten the duration and lessen the severity of the disequilibrium in their external accounts.

I am happy to report that a substantial measure of agreement has been reached in our discussions which will see Barbados benefitting from the injection of US\$58.1 million, which will include US\$28.4 million on a stand-by basis, and US\$29.7 million from the Fund's Compensatory and Contingency Financing Facility. The bulk of these resources which will be provided as balance of payments support, will be paid in the first disbursement, and the remainder will be received in quarterly tranches over the life of the programme. The disbursement will be heavily "front-loaded" in the sense that some US\$41.1 million will be obtained from the first disbursement. From the point of view of the Fund, this involves a significant risk, and explains its concern with our taking significant prior action in putting the programme in place.

The assistance which will be provided by the Fund will be directed at the stabilization of the Government's accounts, and the balance of payments. But, within the context of that assistance we shall be initiating a process of correcting structural imbalances in the productive sectors of our economy, and restoring their competitiveness, so as to ensure the long-term sustainability of the process of adjustment. To this end, I intend to build upon the initial stabilization process by seeking the financial assistance of the World Bank, the Inter-American Development Bank, the Caribbean Development Bank and other agencies for the implementation of a programme of fundamental reforms.

The discussions which have been taking place since early July 1991 with representatives of the Fund have been aimed at reaching agreement on a programme of adjustment which will be supported by the financial resources of that institution. These discussions have recognized that the adjustment measures required to achieve the objective of stabilization must be directed at correcting the two major imbalances in the economy. First, we must correct the fiscal deficit in the public finances, and significantly reduce the Government's reliance on borrowing from the Central Bank. Secondly, we must

rebuild our stock of foreign exchange reserves. These two objectives are inter-related since the reduction in the fiscal deficit will reduce the pressure on imports, thereby contributing to an improvement in the reserve situation.

The discussions have resulted in agreement that one key causal factor in the disequilibrium in the economy has been the acceleration in public expenditure, driven by substantial increases in allocations for wages and salaries, and a contraction in the tax base as productive activity has declined. It has been accepted that it is essential to increase revenues, and to reduce expenditures to correct the deterioration in the fiscal situation which has occurred since Fiscal Year 1989/90. It is significant that Government's overall deficit moved from less than 1 per cent of GDP in Financial Year 1989/90 to 6.5 per cent of GDP in Financial year 1990/91. When I laid the Estimates of Expenditure for the financial year 1991/92 in the House of Assembly, I had projected a deficit of 6.1 per cent of GDP.

12.55 p.m.

I had recognised, however, that a deficit of this magnitude would have presented severe financing problems and, if it was not reduced, could have undermined the viability of the balance of payments. In my Budgetary Proposals of April 2, 1991, therefore, I instituted measures which provided for an incremental increase in revenues, with a forecasted net yield of the order of \$68.2 million, and which would have brought the deficit down to around 4 per cent of GDP.

While the revenue projections have been basically on track, the continuing slippage in the balance of payments suggested the need for firmer action to reduce the deficit. In order to further reduce public expenditure, in May, 1991, I decided to institute a 7 per cent cut in public expenditure, across the board.

In the face of the very tight external capital markets, and the need to reduce access to the domestic market so as to avoid crowding out private sector productive activity, I now have no alternative but to institute a more significant cut-back in public expenditure. The size of the adjustment required is similar to that achieved in Financial Year 1988/89 and Financial Year 1989/90, but the essential difference between what has to be done now and what was achieved previously, stems from the fact that it must take place in an economy which is contracting.

Mr. Speaker, the specific undertakings and the conditions attaching to the resources to be provided by the IMF will be detailed in a Letter of Intent which I will sign after final agreement has been reached on the measures to be included in that programme, and on the scope and timing of the performance targets to be achieved. I shall lay the Letter in this Honourable House in due course, but I feel that it is appropriate for me to explain to Honourable

Members that there is neither magic nor mystery in this term, which has now become a household word in Barbados. We should realise that a Letter of Intent is simply a form of request for the use of the Fund's resources which the duly constituted authority in a member country transmits to the Managing Director.

There is a very simple reason why the Letter of Intent has not yet been finalised. At bottom, the Letter must reflect the undertakings which have been reached with the Fund's staff on needed adjustment measures. More importantly, this document, in addition to requesting resources, must describe in some detail the measures which we are undertaking to improve economic and financial performance, the policies which will be followed during the life of the programme, as well as the circumstances under which we will request drawings under the arrangement. These are all matters on which I have had consultations with the social partners, and which I am now bringing to this Honourable House for approval. It is on the basis of that approval that I shall be transmitting my request to the Managing Director of the Fund.

These measures, on which I shall shortly elaborate, envisage a reduction in the fiscal deficit of the order of \$176.6 million, or to a level of approximately 1 per cent of the Gross Domestic Product. To achieve the projected level of deficit reduction some \$62.2 million in additional revenue will have to be raised, while expenditure will need to be reduced by \$114.0 million.

Perhaps, the most widely discussed component of the programme which we shall be undertaking is that which centres on the reduction in the Government's wage bill. I have sought a voluntary reduction of 8 per cent in the emoluments of permanent and temporary employees in the Public Service, and I am happy to report that I have received a response that reflects the noblest traditions of service and self-sacrifice. I know, however, that there are many who will still claim that a reduction in the Government's wage bill is not necessary.

But, Sir, we have two major problems and the whole country at the same time wishes to solve these problems while maintaining the current exchange rate. The unions, the private sector and the public servants have said this.

In this regard, I must point out that the proposed pay cut was advocated to achieve an important structural objective in the adjustment programme. It had been noted that Government pay rates, particularly for persons on the lower rungs of the pay scales, significantly exceeded those for comparable work in the private sector. What we have to do, Sir, is to ensure that we, as a Government, are not paying more for services rendered to Government than the private sector itself has to pay, and in this regard we have to follow the path of efficiency.

The position is, Sir, that the Government has become the largest single source of employment in the economy, but the increasing costs of the remuneration necessary threatens to become a major destabilising factor in the development process. If this situation is allowed to persist, we will eventually be faced with the choice between a small well-educated, highly motivated, efficient and well-paid civil service, and its diametrical opposite. It is from a sense of the unequivocal public preference in such a situation that I have found it imperative to take urgent action to correct this source of major economic distortion.

It has been argued, therefore, that since the wages settlements which the Government concludes with its employees set the tone of settlements in the private sector, a roll back of Government wages and salaries, followed by a wages freeze, should constitute a signal contribution to the implementation of an incomes policy.

It is to be noted that the International Monetary Fund had initially proposed a reduction in wages of the order of \$40 million over a six-month period which could not be achieved without a combination of wage and salary cuts and a reduction in the level of job staffing. The calculations compiled by the IMF representatives contemplated an across the board cut in wages and salaries of 10 per cent and the layoff of about 2,200 temporary personnel.

The alternative means of addressing the problem of competitiveness is by means of a downward adjustment in the existing parity between the Barbados dollar and the United States dollar. Indeed, devaluation has been a traditional tool of demand management and improving competitiveness in IMF supported stabilisation programmes.

Sir, we have discussed these particular problems and we have come to some decisions. The IMF Mission has been persuaded that every effort should be made to construct a package which does not include the devaluation option.

1.05 p.m.

I have been able to demonstrate through my consultations with representatives of private sector organisations, trade unions and other representatives of workers and ordinary Barbadians, that there is a common fear that the social fabric of Barbados will not be able to withstand the economic pressures of devaluation. Indeed, there is now significant evidence which casts doubt on the possibility of achieving a real devaluation within the context of adjustment programmes in economies such as ours.

To achieve adjustment without devaluation in the Barbados economy requires acceptance on all sides that the alternative measures to be employed will entail a degree of

hardship among public employees through wages and salaries cuts, and through the release of staff. As the economy contracts through the effects of tightened monetary and credit policies and the reduction in government expenditure, the private sector should respond appropriately. In such a situation, what will be necessary is the maintenance of channels of co-operation with all actors in the economy to ensure that there is acceptance that the burdens of adjustment are as equitably distributed as is possible in the prevailing circumstances.

In the hope of reaching an agreed position on these matters with government employees, I held a number of consultations with representatives of registered trade unions which have been recognised by government, as well as with representatives of the various staff associations. They unanimously rejected the proposal for a pay cut, but indicated that if the government proposed to withhold any part of the emoluments due to its employees, it would have to be treated as a loan made by the employee, which would have been secured by the government, through the issue of a bond.

I had proposed, therefore to offer a bond to permanent and to temporary employees, equivalent to 10 per cent of their earnings for the period October 1, 1991 to March 31, 1992. The bond would have been redeemable after ten years, and would have borne interest at the rate of 2 per cent for the first five years, and 5 per cent thereafter. I had considered that the proposal to offer a bond in place of emoluments withheld was an important means of responding to employees who might challenge the legality of the government's action in the High Court on the ground that such action is inconsistent with the provisions of the Constitution.

In the light of further discussions, calls were made for a more attractive bond. But it has been determined that a bond proposal would not have been practicable since it could have been made more attractive to public officers only if its terms and conditions were close to those available for publicly marketed instruments. However, such an arrangement would have realised no significant savings, and would have placed such a burden on the release of staff to achieve the targeted reduction in the wage bill that the normal activities of the government would have been severely compromised.

After long and careful consideration, as well as protracted discussion, I came to the conclusion that a reduction of 8 per cent per annum in the emoluments of permanent as well as temporary public officers was required. I came to the conclusion, also, that it will be necessary to bring the wage rate for casual employees into line with the sacrifice that other persons in the public sector would have to make, that is, that the salaries would be reduced across the board by 8 per cent. It is unavoidable, also, that there must be a release of just under

2,000 casual employees, who will be paid not less than the equivalent of one month's earnings as a termination payment, subject, to their eligibility for such payments under existing guidelines. The resources necessary to make those payments will be obtained through the creation of a fund to be financed by the increase of half of one per cent per annum in the contribution of all employees to the Employment Levy.

Mr. Speaker, all programmes involve risks. The current one is no exception. If we truly wish to avoid a change in the current parity of the exchange rate, we must respond to the challenges of the new policy environment with enthusiasm and imagination. We must not continue to behave as if we believe that the world owes us a living. Nor can we afford to fritter away our potential as a small, well-educated and progressive country which has, hitherto, demonstrated its capacity to overcome domestic and external shocks by bewailing the loss of special concessions, exemptions, and privileges which we can no longer afford. We have never doubted our future, in the past. We cannot now do so, in the present.

Mr. Speaker, the programme with the IMF will therefore involve four components: reduction in expenditure; increase in revenues; rebuilding of the reserves; resuscitation of the productive sectors.

Reduction of Expenditure

The revenue and expenditure estimates have been reconstructed on the basis of the performance to date, a slow-down in economic activity for the remainder of the fiscal year, the lay-off of staff, new revenue measures, and a reduction in current and capital expenditure.

As a result, the fiscal out-turn is now projected as follows:

(i) Expenditure	1,097.4 million
(ii) Revenue	<u>1,061.6 million</u>
Overall deficit	35.8 million

The foregoing has been arrived at as follows:

- (i) amortisation has been excluded;
- (ii) the expenditure of the Post Office, Printing Office and Civil Aviation has been shown net of revenue.

The adjustment programme requires the reduction of expenditure of \$114.0 million as follows:

Expenditure	\$114.0 million
Wages and salaries	32.9 million
Goods and Services	4.4
Current transfers	22.9
Capital formation, net	
Lending, acquisitions	41.3
Capital transfers	12.5

As a result, current expenditure, excluding amortisation, is now estimated at \$930.9 million and capital expenditure \$166.5 million.

INCREASED REVENUES

During the presentation of these supplemental budgetary proposals I will announce a number of fiscal measures which constitute part of the adjustment programme with the International Monetary Fund and which are designed to curb imports in some cases, while raising additional revenue in other cases.

Stabilisation Tax

Faced with the situation where the country is experiencing a decline in its foreign exchange earnings and the depletion of its reserves, it has become necessary to take steps to dampen domestic demand in keeping with our reduced capacity to pay for imports.

Therefore, Government's strategy is to pursue policies which are aimed at bringing about an adjustment in domestic demand in view of the constraints imposed by the decline in foreign exchange earnings. The intention is to do this in as equitable a way as is possible and without causing undue social dislocation.

Secondly, during this period of adjustment, the foundation will be laid for future growth so that as economic activity increases we will be able to take full advantage of all available opportunities.

In this regard, I have decided that effective from 1st October, the rate of Stabilisation Tax will be changed as follows:

- (a) the first \$15,000 of income 1.5 per cent
- (b) income in excess of \$15,000 4.0 per cent 1.15 p.m.

These changes are expected to yield additional revenue of \$11.0 million during the next six months.

NATIONAL INSURANCE CONTRIBUTIONS AND LEVIES

The maximum earnings on which National Insurance Contributions and Levies are based were fixed in 1987.

As part of the effort to reduce disposable income and to boost Government's revenue at the same time, it has become necessary to increase that limit from \$2 600 per month to \$3 100 per month or \$715 per week.

Additional revenue of \$1.6 million is expected from the various levies as a result of this change. Also, additional revenue will be available to the National Insurance Fund and even though certain benefits will be adjusted as a result, the Fund will be in a better position to meet its monthly obligations from its monthly revenue. This change takes effect from October 7, 1991.

EMPLOYMENT LEVY

As you heard earlier, just under 2 000 persons will be laid off from the Central Government from October 1, 1991. These persons are not eligible for any severance payment from the Severance Fund because Government employees do not qualify for such payments. In normal circumstances, it is the employer who is responsible for making severance payments.

However, in a situation where Government has to reduce its expenditure it is not in a position to make such payments from the Consolidated Fund unless it is prepared to send off a larger number of persons. This is so because the amount of savings which will result from a reduced salaries bill will be eroded by the amount of severance which would have to be paid. The Government is, nonetheless, so committed to the philosophy that every effort must be made to protect the vulnerable and unfortunate in our society, that it has decided that these persons whose services are being terminated should be given some kind of compensation.

Therefore, effective from October 7, 1991, the employee's portion of the Employment Levy will be increased by 0.5 per cent to be used to make payments to those persons. The increase will be placed into a special below-the-line account with the Accountant General for that purpose. It is expected that additional funds of \$3.6 million will be collected by March 1992, at which time the Employment Levy contribution by employees should go back to 0.5 per cent from one per cent.

Mr. Speaker, in the present situation where we are faced with a large import bill on the one hand and declining foreign exchange earnings on the other, I am sure that everyone expects that there will be some changes to the Consumption Tax Schedule. Therefore, effective tomorrow, all ad valorem rates will be increased by three percentage points. In the case of petroleum products which are subject to specific rates from tomorrow, the consumption tax on gasoline and diesel will be increased by 11 cents per litre while that on fuel oil will be increased by five cents per litre. As a result, the retail prices of gasoline and diesel will be as follows:

- (1) Gasoline – \$1.38 per litre
- (2) Diesel for road vehicles – \$1.22 per litre
- (3) Diesel for industrial purposes – \$1.00 per litre

Additional revenue of \$20 million is expected from the change to the ad valorem rates and \$12 million from the increases on petroleum products.

SURCHARGE ON CERTAIN IMPORTED ITEMS

In addition to the increases in consumption taxes, it has become necessary to impose with effect from tomorrow, a special surcharge of 20 per cent on certain imported items in the hope that, by making them more expensive, the demand for them will be greatly moderated. The full list of items is at Appendix I, but it does include items such as motor cars, television sets, satellite dishes, video recorders, cigarettes, jewelry and alcoholic beverages. This tax is not designed as a revenue rising measure since it is hoped that the demand for such articles will decrease.

However, it is recognised that some persons will still make purchases and on the basis of a greatly reduced level of imports, it is estimated that additional revenue of \$2 million will be obtained by March 1992. The Export Competitiveness and Marketing Study which was presented earlier this year contains information which clearly demonstrates that there is need for a removal of some of the present concessions because of a heavy anti-export bias. This matter has been identified by the World Bank and the Inter-American Development Bank as one that needs rectifying and since we will be talking with both of those institutions shortly to secure assistance for the export sectors, I have decided to deal with it now.

Therefore, from October 1, those concessions which are now granted in Part II B of the Customs Tariff and which are identified in Appendix II and Section 7D of the Stamp Duty Act will be revoked. However, if any of the organisations which will be affected export any of their products they will be granted a rebate of the duties through the drawback system. Furthermore, if evidence is produced to show that all of their products are for exports, an appropriate order will be made to grant the exemptions on the raw materials because our strategy is to give export-oriented operations the maximum support. The removal of these concessions is expected to result in additional revenue of \$6 million in Import Duty and \$10 million in Stamp Duty.

The adjustment programme requires the raising of \$62.6 million in revenue as follows:

Revenue	\$62.6 million
Stabilisation Tax	11.0
Levies (increase in insurable earnings)	1.6
Consumption Tax (ad valorem rates)	20.0
Tax on petroleum products	12.0
Surcharge on imported items	2.0
Reduction in Import Duty Concessions	6.0
Reduction in Stamp Duty Concessions	10.0

As a result of the above adjustments, current expenditure, excluding amortisation is now estimated at \$930.9 million, capital expenditure at \$166.5 million and revenue at \$1,061.6 million, leaving an overall deficit of \$35.8 million to be financed through domestic borrowing.

Rebuilding of the Reserves

As I noted earlier, the rapid increase in bank credit in the face of a stagnating deposit base has been reflected in the strong pressures on the official international reserves. To help ensure that the drain on the international reserves is halted quickly, as of August 1, a special securities requirement was imposed on commercial banks equivalent to the size of their excess cash flow and security holdings as of the end of June 1991. This is an emergency measure aimed at preventing a run on the foreign exchange reserves while the fiscal measures are taking hold. Because this measure goes counter to the longer term objective of liberalizing the financial system, the special security requirements will be eliminated as the reserve situation is brought under control; at the latest, it will be phased out in eight equal quarterly steps beginning in October 1992.

1.25 p.m.

Mr. Speaker, to monitor developments under the programme, performance criteria on key financial variables will be established for end-September and end-December 1991 and end-March 1992. Indicative targets would be established for the Financial Year 1991-1993; quarterly performance criteria for Financial Year 1991-1993 would be set on the occasion of the first review of the programme that would be completed by April 1992. The first credit tranche would be available upon approval of the arrangement by the Executive Board, and there would be six subsequent quarterly purchases based on observance of the quarterly performance criteria. The arrangement would include the customary injunctions against restrictions on payments for current international transactions. As I had indicated earlier, both the inflows from the IMF stand-by arrangement and the Compensatory and Contingency Financing Facility will shore up the foreign reserves.

The effective implementation of the adjustment programme will require a significant effort from the technical personnel in the Central Bank and the Central Government. Arrangements are currently under discussion, which are intended to be put in place before the programme comes into effect, with a view to enhancing its efficient implementation. These arrangements are intended to ensure that the public expenditure and revenue enhancement commitments contained in the programme will be observed.

Resuscitation of the Productive Sectors

It is instructive to review the record of growth of the Barbados economy during the 1980s, since total output of

goods and services is our best indicator of our levels of economic activity, productivity, employment and economic well-being. In 1980 growth was 4.9 per cent, in 1981 -1.9 per cent, in 1982, -4.9 per cent, in 1983, 0.5 per cent, in 1984, 3.6 per cent, in 1985, 1.1 per cent, in 1986, 5.1 per cent, in 1987, 2.6 per cent, in 1988, 3.5 per cent, in 1989 3.5 per cent and in 1990, -3.1 per cent. I did in 1989 correctly indicate that the growth rate would decline in 1990, but the extent of the decline was greater than anticipated.

Mr. Speaker, the programme which I intend to conclude with the IMF focusses on the immediate need to stabilize the economy. The stand-by arrangement will provide essential balance of payments support to bridge the gap which has been created by the shortfall of foreign exchange receipts. In designing the programme it has been necessary to institute measures which will have the effect of depressing domestic demand and to bring that demand more in line with the current productive capacity of our economy. I expect that the increase in taxation will compress private demand, but by specifically targetting on essential imports I hope to bring about a shift in consumption preferences towards local production.

What we must all look toward, after this period of stabilization, is the resumption of medium-term growth in our economy. I know that many persons will argue that the removal of a large segment of the protection which has previously been provided through concessions, exemptions, and quantitative restrictions will retard the restoration of that growth. However, the Government has received the benefit of the analysis of many studies which have revealed that excessive protection has prevented the growth of efficient production capable of securing a competitive niche in extra-regional markets. We must act now to reverse this damaging trend. This will be possible only if we direct our efforts to achieving major reforms in productive output and employment.

In this regard, Mr. Speaker, there are a number of areas which call for immediate attention. The first of these is agriculture. The process of decline in sugar and non-sugar agriculture cannot be allowed to continue, especially in the light of our need to earn foreign exchange and to reduce the outflow from an excessively high food import bill. I intend to move quickly to secure the assistance of the Inter-American Development Bank towards putting in place a programme for the resuscitation of the agriculture sector. Among the key objectives of the programme will be the retention of agricultural land in productive activity and the improvement of efficiency in the use of agricultural resources. The programme will provide for the implementation of a system of agricultural incentives which improves the opportunities for economically efficient and productive investment. It will include measures for arresting the decline of the sugar industry and restoring its viability at a socially acceptable

cost. In addition, it will address the problem of improving the performance of the institutions which provide credit, technological and management support for the agriculture sector.

The task of restoring the competitiveness of the tourism and manufacturing sectors will be given the highest priority. As I have said previously, the Government now has the benefit of the advice of a number of definitive studies on the problems and prospects which confront these sectors. What needs to be done, now, is to quickly establish a policy framework, and an institutional structure, within which the sector-focussed loans in the amount of some US\$60 million can be disbursed. Early next month I expect to receive the first of a number of missions which will play a vital role in putting that programme of medium-term assistance into effect.

Mr. Speaker, to support the proposals, measures and the programme that I have unfolded, legislation will be necessary. The following Bills must therefore be considered by this Honourable Chamber as a matter of urgency, and I crave your indulgence to lay them as soon as I have concluded this Statement, or as soon thereafter as possible. The Bills are:

1. The Public Service Reduction of Emoluments Bill, 1991;
2. The Consumption Tax (Amendment) Bill, 1991;
3. The National Insurance and Social Security (Collection of Contributions) (Amendment) Regulations, 1991;
4. The Employment Levy (Amendment) Bill, 1991; and
5. The Customs Tariff (Amendment) (No. 6) Order, 1991.

Monetary Policy

Significant growth of private sector credit in the first half of the year was a major factor in the decline in foreign exchange reserves. The Central Bank recently took measures to encourage the accumulation of deposits and to tighten private sector credit. The minimum savings rate on deposits was raised by one and a half points to 7 per cent. The rate on residential mortgages was raised from 9 per cent to 11 per cent and other interest rates were allowed to increase in line with these changes. Government's borrowing requirement has remained high, and as a result, the interest rate on Treasury Bills has risen to almost 10 per cent at the most recent tender.

1.35 p.m.

It is expected that the interest rate measures and credit controls which remain in force will reinforce the fiscal measures and help to reduce private sector credit in the second half of the year. Such a reduction is essential to assure the success of the adjustment programme. The Central Bank will monitor the situation continuously and will take whatever appropriate steps are necessary to ensure that private credit is reduced so as to protect the balance of payments.

To summarise, Mr. Speaker, action is to be taken to reduce the public sector deficit in Financial Year 1991/92 to the equivalent of 1 per cent of GDP. This will require the implementation of deficit-reducing measures of the order of \$172.6 million, (later corrected to \$176.6), which will be distributed in the following manner:

- (a) revenue increases of \$62.6 million, of which \$20 million must be raised in new consumption taxes, \$12.0 million in taxes on petroleum products and \$16.0 million through a reduction in the level of concessions; \$1.6 million in levies from the increase in the ceiling for payroll levies from \$2 600 per month to \$3 600 per month; \$2.0 million from a special consumption tax on luxury items; and \$11.0 million through increases in the stabilisation tax.
- (b) expenditure reductions on current and capital items of \$114.0 million, distributed as follows:
 - (1) wages and salaries – \$32.9 million;
 - (2) outlays on goods and services – \$4.4 million;
 - (3) transfers to statutory entities – \$22.9 million;
 - (4) capital expenditure – \$41.3 million;
 - (5) capital transfers to statutory entities – \$12.5 million.

The implementation of the reductions in the transfers will require corresponding adjustments in the operations of the statutory agencies. Measures to reduce costs, and to enhance income by revising the charges they make for goods and services will have to be introduced on an urgent basis. In sum, the measures will require our para-statal agencies to be more efficient in the use of scarce financial resources, and more effective in the delivery of the goods and services which they provide to the public.

This is a strong package, Mr. Speaker, which should send very powerful messages to the capital markets indicating that we have taken positive steps to grapple with

our problems and that they can lend with confidence to Barbados. Investors should be reassured that there is no need for panic, for we are solving our problems in a peaceful and democratic way. We hope, Sir, that the capital which fled Barbados will return and new investments will also come in.

Mr. Speaker, I have put the issues squarely before this Honourable Chamber and before the people of Barbados. I can do no other. I must follow the path of duty. I have a responsibility to take action in the national interest. The economic problems must be solved:

Mr. SPEAKER: There is too much noise in the Chamber.

Rt. Hon. L. E. SANDIFORD: I have placed a programme before this nation. It is a programme that can get the support of the IMF. I have looked at the alternatives, and I continue to look at alternatives. If and when the economy improves, there will be an ease in some of the measures that have been imposed. I am conscious of the effort that the public officers are making and whenever the opportunity arises we will take steps to ease those burdens, but we must first have the situation corrected. I have chosen the programme that is the least painful, but which will deal with our deep-seated problems.

It may be well to ask why the deficit rebounded to the levels recorded in fiscal year 1990-91 continuing into 1991-92. The answer is simple. Arithmetically the deficit is the difference between revenue and expenditure and can be contained by reducing expenditure or increasing revenue, or a combination of both. This is the essence of the current programme.

In 1990-91 through the processes of collective bargaining, wage and salary payments including reclassification increased by some \$58.0 million at a time when the economy was contracting. In addition, transfers to public entities based on higher wages and salaries also increased. Such increases have a destabilising effect on the total structure of the public finances.

Mr. Speaker, this is a tough programme which will cause pain and suffering, but it is a necessary programme. No one can solve our problems for us. We have to solve them ourselves. To do that, however, we need support from all Barbadians of goodwill, from each individual household, from business, from workers' organisations, indeed, from each and every Barbadian. United we stand, divided we will fall. Mr. Speaker, Sir, I therefore commend this programme to this Honourable House of Assembly and to Barbados.

I thank you.

Asides.

Mr. SPEAKER: The House is still in session.

PAPERS

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

- (1) The National Insurance and Social Security (Collection of Contributions) (Amendment) Regulations....

Mr. SPEAKER: Just one minute, please. I have already indicated that the sitting has not been adjourned or suspended and I expect Members to conform with the Rules and procedures in respect of Members speaking. The Right Honourable Prime Minister is laying documents in respect of the particular measures. I would like to hear them with the greatest of ease. Continue.

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

- (1) The National Insurance and Social Security (Collection of Contributions) (Amendment) Regulations, 1991.
- (2) The Customs Tariff (Amendment) (No. 6) Order, 1991.
- (3) The Land Tax (Rate of Tax) (Amendment) Order, 1991.
- (4) Convention between Barbados and the Kingdom of Norway.

Hon. B. M. TAITT: Mr. Speaker, I am commanded to lay the following:-

- (1) The Public Service Reduction of Emoluments Bill, 1991.
- (2) The Employment Levy (Amendment) Bill, 1991.
- (3) The Consumption Tax (Amendment) (No. 2) Bill, 1991.
- (4) The Stamp Duty (Amendment) Bill, 1991.
- (5) The Stabilisation Tax (Amendment) Bill, 1991.

FIRST READINGS OF BILLS

On the separate motions of the Rt. Hon. L. E. SANDIFORD seconded by Hon. B. M. TAITT the following Bills were read a first time:-

1. The Public Service Reduction of Emoluments Bill, 1991.

1.45 p.m.

Aside.

Mr. SPEAKER: I am sure the Honourable Member recognises that you do not divide on the first reading. I therefore declare the ayes have it.

2. The Employment Levy (Amendment) Bill, 1991.
3. The Consumption Tax (Amendment) (No.2) Bill, 1991.
4. The Stamp Duty (Amendment) Bill, 1991.
5. The Stabilisation Tax (Amendment) Bill, 1991.

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, Sir, we wish to do these matters during the course of this sitting, but in order to give Honourable Members an opportunity to examine this legislation and in keeping with the understanding which I have with the Leader of the Opposition, I beg to move that this sitting be now suspended until 12.15 p.m. tomorrow, Wednesday, 18th September, 1991.

Hon. M. A. KING: I beg to second that, Mr. Speaker.

Mr. SPEAKER: Before I put the suspension I want Members to be clear on the procedure for tomorrow, which I will allow in accordance with the Standing Orders.

Now that the procedures have been put in place for the debate tomorrow and having given permission to the electronic and other media to televise and broadcast, the Honourable Member speaking first for the Opposition will speak through the media for the same time as the Right Honourable Prime Minister has spoken, but that does not preclude the Honourable Member from taking advantage of that Standing Order which gives the Honourable Member unlimited time.

The question that the sitting be suspended until Wednesday, September 18, 1991 at 12.15 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.
1.50 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Mr. D. A. C. SIMMONS: Mr. Speaker, in the 15 years I have been in Parliament, it has always been the practice that upon the conclusion of the speech by the Minister of Finance in relation to Budgetary Proposals, every member of the House of Assembly is given, at the expense of the Government, an exact copy of the speech of the Minister of Finance.

It is now 12.20 p.m. on the Wednesday after the Minister delivered his proposals yesterday. No member of the Opposition has been given the individual copy of the speech to which he is entitled. We had one copy yesterday and the shadow Minister of Finance was able to follow along. We have gone through the night without any official copy. It is very shabby treatment of the Opposition.

I know that times are hard. The Government, as I said a few nights ago, can't even pay attention, far less pay to give us copies of the thing. I really feel that something should be done. I don't know where the breach resides, but whoever is responsible for it, I wish that person to know that this Opposition is not prepared to put up with that kind of shabby treatment and what amounts to a contempt for the Opposition.

Mr. SPEAKER: I think I understand the Honourable Member's concern and I have just checked with the Clerk to find out what the problem was. My understanding is that it has something to do with the printing section of the matter. That is the official explanation that I have been given and I take it in good faith as not to suggest that any member in the Chamber or officer would have deliberately attempted to deny any member of this Chamber that privilege which I think should be extended to them.

Hon. B. M. TAITT: Mr. Speaker, Sir, just for the record, I wish to say, in case anybody misunderstood - the Leader of the Opposition got the customary copy that is given to the Leader of the Opposition as the statement is being made. I just want to make it clear.

Aside.

Hon. B. M. TAITT: I am not talking to you. I am making the point, Mr. Speaker, that the Leader of the Opposition got the accustomed copy. I am myself unaware and was unaware until now that the copies were not distributed. I shall seek to find out what the problem is. Had I been made aware - because no one concerns himself, except to ensure that the Leader of the Opposition has the accustomed copy. No one as far as I know, ever concerns himself to go around checking. Had I known about it, I probably would have sought to find out what the cause was. I give the Honourable Member the assurance that we will seek almost immediately to correct the error, whatever the problem is, but I just want to make it clear.

Mr. D. A. C. SIMMONS: Mr. Speaker, I am grateful for your assurances and I wish it clearly understood that I was not implying that any member of the staff of Parliament sought to destabilise the Opposition. That may reside elsewhere.

Mr. SPEAKER: I do not think that was really what I implied in my reference. Maybe you may have interpreted

it that way but my understanding is just as clear as I told it to you as it was given to me from the Clerk. Therefore I want to make sure that all Honourable Members are placed in a position of integrity as far as this matter is concerned.

ORDERS OF THE DAY

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

SUSPENSION OF STANDING ORDERS

Hon. B. M. TAITT: Mr. Speaker, Sir, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43, and 44 be suspended for the rest of this sitting.

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

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

GOVERNMENT BUSINESS

PUBLIC SERVICE REDUCTION OF EMOLUMENTS BILL, 1991

Order No. 10 – To move the Second Reading of the Bill entitled the Public Service Reduction of Emoluments Bill, 1991.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, in order to implement the required adjustment in the public finances of Barbados and to enter into an Agreement with the International Monetary Fund that will result in an injection of some US\$58.1 million into the Barbados economy for balance of payments support mainly, it is necessary and urgent to reduce the fiscal deficit to approximately one per cent of the GDP or by \$176.6 million in money terms. I believe that yesterday I did inadvertently give the figure of \$172.6 million, but that was due to a typographical error in the script. It is really \$176.6 million in money terms. This level of reduction has to be achieved by both the increase in revenues of some \$62.2 million and by the reduction in expenditure of some \$114 million. Inasmuch as wages and salaries constitute the single largest item of Government expenditure, accounting for almost 50 per cent of that expenditure, a reduction of expenditure by \$114 million cannot be achieved without a cut in Government's wages and salaries bill.

The vast majority of public servants recognised this and have opted for an eight per cent cut in their wages and salaries. The Bill provides for that reduction in the emoluments of officers and other employees in the public service and related bodies.

I have on other occasions set out quite clearly and logically the reasons why this measure is necessary and urgent and I do not intend to cover that ground again.

I therefore beg to move that the Public Service Reduction of Emoluments Bill, 1991 be now read a second time.

Hon. M. A. KING: I beg to second that, Sir.
12.25 p.m.

Mr. SPEAKER: The Honourable Member for St. Peter. May I say that, if I gave the indication that you would have been beginning at the exact time as the Right Honourable Prime Minister, there seems to have been a lapse of time, but I hope that you will accept the difficulty that did occur.

Mr. O. S. ARTHUR: As you wish, Mr. Speaker. Sir, when I addressed this Honourable House on April 3rd during this year's Budget debate on the Financial Statement and Budgetary Proposals, I suggested then that this year's Budget would have turned out to be no more than the first instalment in a series of very savage crises that the people of Barbados would be called upon to bear by the Democratic Labour Party Administration in its attempt to cope with the horrible economic mess which that party has over the last two years created in Barbados in pursuit purely of partisan political advantage. I then clearly called attention to the gaping hole of over \$248 million which remained to be attended to after the Minister of Finance had identified and had made provision for every possible form of taxation and every source of loan financing available to Government, Sir. The writing was clearly on the wall, Mr. Speaker, but there are times when you would wish that you were wrong. On reflection, Sir, and for this country's sake, I wish that I had been wrong in April when I predicted that the Minister of Finance would be forced to come back to this House with the other instalments of the Democratic Labour Party's economic horror story.

For the measures, Mr. Speaker, which were brought yesterday were far more grim than I could have contemplated even in my most pessimistic contemplation of things. I would go so far, Mr. Speaker, even to suggest that what was brought to the House yesterday was not so much a Budget but a declaration of economic warfare. All sections of the Barbadian economy and the Barbadian society are now to be depressurised and that is what the Budget was about. For Barbados as a whole, Mr. Speaker, the Budget offers one prospect and one prospect alone - the grim prospect, Sir, that is opened to terminally ill patients, the prospect of abiding in extreme pain without any hope of recovery. Why do I say that, Sir? The people of Barbados must understand, if they have not yet understood, that the Budget had at its core a financial adjustment plan involving the reduction of Government's fiscal deficit from six per cent to one per cent in six months which is far more painful and far more extreme than the plan which the Minister of Finance himself told this House was

recommended to him by his advisers in the Ministry of Finance as being in the best interest of this country.

The country must also understand, Sir, that the Budget that was brought to the House yesterday had as its core as well a financial adjustment package of a kind which the Minister of Finance himself on April 2nd said was too draconian an adjustment for this country to attempt in a year far less six months, Mr. Speaker. I say to this Honourable House that it is not by accident that this Minister of Finance has either been forced or is now prepared to accept from the International Monetary Fund and thrust upon the suffering people of Barbados a programme of adjustment which is worse than that which was put to his advisers or which under normal circumstances, by his own confession, he would not wish himself to impose upon the people of this country. It is not by accident, Sir, that because of the stewardship of this Minister of Finance and Economic Affairs Barbados finds itself financially exposed to the point that for the first time, Mr. Speaker, in the entire history of this country Barbados has not only run out of foreign exchange, but we now find ourselves financially exposed as a people and to the rest of the world as a country to which no one is prepared to lend a dime.

I say to the House, Mr. Speaker, therefore that this Minister of Finance and Economic Affairs stands condemned not for seeking a programme with the International Monetary Fund but for taking this country into the clutches of the International Monetary Fund with all of Barbados' defences down and with all of our options exhausted. History must never and should never absolve him. I want to say, Sir, that he has taken this country to the IMF with all of our defences down and all of our options exhausted, despite consistent warnings offered, in the best faith, on the part of a wide cross-section of Barbados including members of the Barbados Labour Party, members of the National Democratic Party and the business community from time to time. I, therefore, would be failing in my responsibility were I not to add my voice at this early stage to those who have put the case so very strongly in this country that, in the light of the circumstances, the decent and honourable thing that the Minister of Finance and Economic Affairs should now do is to resign and let this country decide its future economic destiny.

I want also, Mr. Speaker, because it will represent a part of the case which I must put to this House today. I want to restate a position that I took on August 12th when the various elements of the Government's financial programmes with the IMF were first exposed in broad detail, a position which I am pleased to say others are now endorsing. That position is simply this. The financial adjustments that are being sought as part of Government's programme with the International Monetary Fund go far

beyond anything that is necessary to restore order to Government's finances and to restore order to the external position of Barbados. The financial adjustment is too rough, too tough, and it is being executed over too short a period of time.

The Minister of Finance apparently believes, Sir, that perhaps there will be a sharp recovery after the expiry of an 18 month period. Mr. Speaker, he should expose truthfully to the country the dangerous high-wire act on which he has now embarked, Sir, and to which Barbados is precariously exposed. He should alert the country, Mr. Speaker, to the possibility which is very real, that because the adjustment being required in six months is so great as has happened in other countries, Mr. Speaker, the performance targets set by the International Monetary Fund may not be reached and, as a result and in direct consequence, the present programme may be suspended giving rise to the scenario which the Minister of Finance outlined on Page 24 and certainly in the copy of the document which was presented to the Opposition, but which the Minister did not outline in the course of his presentation. That scenario is this because the country was not told this yesterday, Sir. He said: "Indeed, devaluation has been a traditional tool of demand management and improving competitiveness in IMF's support stabilisation programmes."

12.35 p.m.

Although it cannot be ruled out entirely, since Barbados would have to adopt a defensive devaluation, if the package of policies contained in the programme do not succeed in correcting the problems in the external account, the devaluation option has not been included in the current package.

Mr. Speaker, do we understand what this Minister of Finance is doing? He is committing this country to a programme with the International Monetary Fund in which he cannot expect full confidence, because he is telling the House that he starts by not having a devaluation as part of this package, but if the package of policies contained in the programme does not succeed, then, Mr. Speaker – this is what we have here on page 24, he may not have read it – if the package of policies contained in the programme does not succeed, devaluation cannot be ruled out in Barbados. How can this House, in the name of God, support a programme in which the great architect of the programme himself cannot express confidence? Is the Prime Minister really levelling and taking the people of Barbados into his confidence with candour? Such candour is required by many people across this society who believe that the Minister of Finance is not telling them in a forthright manner that the price this country would have to pay for failure to meet a programme, that he himself in April said was too draconian, is the devaluation which all of us want to avoid.

I want to suggest to this House, Mr. Speaker, that the budget presentation, as the four other previous speeches by the Minister of Finance reflected a basic defect. It said to me that the Minister has become an economic and political anachronism. He is so bent on living in the past that he does not understand that fate has given him the opportunity rarely afforded to other people to radically change the structure of this economy in a manner that can positively affect the way in which generations of Barbadians can live to develop.

I wish, Mr. Speaker, that we were the Government of this country, because a unique opportunity, which I would compare to the opportunity to bring universal suffrage to Barbados, and the grant of independence, has been invested in the Minister of Finance to take the structure of this economy and amend it in a manner that can affect positively the livelihood of people in this Barbados for generations to come.

History shows that all momentous change comes from crisis. The momentous changes in this society in the course of the last 50 years, as we all know, came from the crisis in 1937. At this point of crisis in our economy, rather than deal fundamentally with the task of restructuring the Barbados economy, all the Minister wants to do is to live in the past by trying to deal with 1991 problems in terms of 1973 causes, or alternatively, to tinker around with policies which have been discredited by experience, have not worked in the past and will not work in the future.

Let me illustrate, Mr. Speaker. Can anyone in this House truly believe that in the context of a crumbling economy a substantial increase in the tax rate at this time can be a solution to Barbados' economic problems? We have had over the course of the last four years tax increase upon tax increase, like straw upon straw to break the camel's back. What gives the Minister the belief and the justification that if his tax increases over the course of the last four years did not succeed in solving Barbados' problems, additional tax increases of today will? I call it tinkering, living in the past. Can anybody seriously believe that there is any scope or any capacity for economic recovery under this programme which will put additional financial strain and add to the cost of operations of those parts of the private economy which should be in the vanguard of economic change at this time?

When one analyses this programme, Mr. Speaker, a substantial part of it is designed to increase the cost of doing business in Barbados, and that is rationalised as a way of causing business in this country to become more competitive. I say to the House that we cannot seriously believe that there can be any serious scope for economic recovery coming from a programme which by its very design will wipe out substantial portions of manufacturing and agriculture and put the tourist industry under severe pressure. I shall illustrate, Sir.

Can anyone in this House also seriously believe that increasing the number of layoffs from the public as well as the private sector is the most effective way of stabilising Barbados at this time? We cannot, but you will have to agree, Sir, that the core of Government policy as outlined in the budgetary measures yesterday is precisely to try to stabilise the economy principally by the instrument of increasing unemployment. Can we believe, Sir, that at a time when Barbados has no foreign exchange reserves, Government policy can be relevant if it is limited to protecting the reserves we do not have, rather than in increasing the reserves? Can we believe that cutting the salaries of casual workers in Barbados will put tourism, manufacturing and agriculture in a competitive position? Can we believe these things, Sir? Can we believe that increasing interest rates in this country, and thereby increasing again the cost of doing business in Barbados, will make our export sectors even more vibrant? Can Barbados, not only as an economy, but even more so as a society go forward by having its Government declare open a hunting season on the poor, the middle class and the lower middle class, by putting at risk the very economic survival of those countless thousands of Barbadians who man our factories, work the fields, run our schools and whose motivation and productivity must be part and parcel of Barbados' economic progress in the future as much as any change in the fiscal deficit? Can we believe, given the character of this society, that any programme can succeed in carrying Barbados forward, which has the kind of anti-working class, anti-human face that has been put on it by the programmes of the International Monetary Fund?

Mr. Speaker, fundamental financial questions also have to be asked. By what magic must the people of Barbados believe that a 1% fiscal deficit is to be their economic solution? Which other country in the world manages to sustain a fiscal deficit of 1% of GDP? What is so magical about that 1% deficit?

These are very much some of the issues which I shall be dealing with in the course of my presentation.
12.45 p.m.

I want very clearly and very simply to look at the background and the features of the programme with the International Monetary Fund particularly to highlight some of the aspects of the programme which the Minister with his usual lack of candour did not bring fully to the House yesterday. I would want to discuss the impact of the programme and time permitting, Sir, I would want also to discuss some alternatives and to put on the front burner some issues which we believe on this side that, in the interest of Barbados, the Government of Barbados must have as part of its negotiations. But before I do that, Mr. Speaker, I want to advert to some of the discussion entered into yesterday by the Minister of Finance and Economic Affairs regarding the nature and the causes of Barbados' economic problems. I do so not with a view to go back in

history myself or to attach blame, but out of the conviction that there are very important object lessons arising out of Barbados' experience over the course of the last two years that we need to take with us into the future if we are going to prevent Barbados being exposed to the kind of economic distress that puts us in a position now, Sir, where we have to face the International Monetary Fund with all of our defences down.

The Minister of Finance would have us believe in this country, and in this House, that the Government is faced with two major economic problems – the problem of the fiscal deficit and the problem of the loss of reserves on the balance of payments. The explanation that is being advanced by Government is that the present Minister of Finance has had no part to play in bringing Barbados to a stage where the fiscal and the balance of payment deficits are so severe that a programme of the extraordinary features of that which is being entered into with the International Monetary Fund now must be visited upon Barbados.

The Minister of Finance has lost a lot of standing in this country. I believe that deep in the hearts of the people of Barbados there is a desire for the man who was in charge of our economic and financial affairs for the last four years to stand up on his feet and say "I was in charge and I am, therefore, responsible." I believe that the people of Barbados want that from the Minister because if he was not responsible or in charge of what happened before then pray, Sir, can we hold him responsible and in charge of what may happen hereafter? There is that credibility gap arising from his inability and refusal as a man to say "I was in charge and, therefore, I am responsible." But he will not say that, Sir. He is prepared to cast about for all kinds of awkward explanations and to put the blame, particularly, on things such as international recession, previous Ministers of Finance and matters of that kind.

Now, I want, Mr. Speaker, to deal with the whole question simply of the causes of our balance of payments problem and the nature and causes of our fiscal problems. The Minister yesterday tried to convince the House that international recession was the cause of the balance of payments problem in Barbados. That is a subscription to a very popular but very incorrect analysis of the impact of international recessions on economies such as these and the real factors which give rise to payment problems.

The truth of the matter is simply this. An international recession should affect the Barbados' economy by causing a domestic recession, a reduction in incomes in Barbados and an increase in the level of unemployment. I want to repeat that, Sir, that if there is an international recession, it ought to affect the Barbados' economy in terms of bringing about a recession in Barbados as well, meaning there should be a fall in production in Barbados, there should be

a decline in incomes, another key, as well as an increase in the level of unemployment.

The fact is, Sir, that if there is a decrease in the level of income in Barbados as a result of a recession, there will also be a decrease in the level of purchasing power in the economy and if there is a decrease in the level of purchasing power in the economy, there will also be a decrease in the level of imports. A recession, Mr. Speaker, will only cause a balance of payments problem if there is some factor that causes total national spending to increase at a time when national income is falling. A recession, Sir, means that the national income is falling and you cannot have an increase in national spending if national income is falling unless, Mr. Speaker, as you know, there is credit creation. You, Mr. Speaker, as an individual, can only spend more when your income is falling if somebody is giving you credit. So that while an international recession may set the pre-conditions for a balance of payments problem in order for that to become a reality, there must be a process of credit creation in the economy that would allow people to spend more at a time when income is falling. That must be clear. The only way in which you can have a payments problem is if you try to spend more than you are earning and as an individual you can only spend more than you earn if somebody is giving you credit. As it is with you, so it is with the entire Barbados economy.

Now, how does that apply to Barbados, Mr. Speaker? In 1989 Barbados first began to experience balance of payments pressures caused in large part, at the time, not by Government's fault, I would concede that, but by a fairly rapid build-up in credit to the private sector. We called attention to it as early as August 1989. What was the Government's response? They tarried and then the Government decided to impose credit restrictions because it recognised then that it could only have a payments problem because of credit expansion. I did not criticise Government's policy, Sir, except to say that, in my view, it was a case of too little too late.

But having set about to solve the balance of payments problem in this country caused by instituting credit controls on the private sector, what did the Government of the day do? The answer makes appalling reading. The same Government that recognised that in order to solve the balance of payments problem in this country they had to control credit in 1990 increased its own credit from \$262.5 million to \$499 million. I want to repeat, Sir. At a time when the Government had in place measures applicable on the private sector to reduce the sector's access to credit so as to protect the balance of payments the same Government went ahead and increased its credit from the domestic sources from \$262.5 million to \$499 million.

What has been instructive, Sir, is that while Government's credit itself was increasing, credit from the domestic banking system to the private sector fell from

\$1.28 billion at December 1989 to \$1.275 million in June of 1990. So that, Mr. Speaker, the House must understand very clearly that Barbados found itself in a position where it could not control the balance of payments problems precisely, because the Government set in place a policy for itself which was directly contradictory to the policy it was using on the private sector in order to deal with the problem in the balance of payments.

12.55 p.m.

I must, Mr. Speaker, therefore say to Barbados and to the House, Sir, that we have to understand that the Balance of Payments problem could have been avoided in this country if the Government of the day was prepared to accept the same discipline, and if the Minister of Finance, Sir, as the leader of his Government, was prepared to accept the same financial discipline that he expected of the private sector of this country.

Mr. Speaker, Sir, we must take this object lesson with us into history – that international recessions will lead to domestic recessions and rising unemployment. The worst thing that Governments can do is to try irrationally to compensate for short-falls in foreign exchange by expanding its own programmes at a time when the country's foreign exchange resources are declining. The temptation, Mr. Speaker, is always greatest in all five year cycles, around election time.

The reality of the matter, Mr. Speaker, is simply this, that the Government of Barbados found itself in 1988, 1989, 1990 on the eve of the election and faced with a recession. It said to itself, we will not commit political suicide, even though the risk and the price we will ask Barbadians to pay, Sir, is to destroy and run down our foreign exchange reserves. What did the Government do, Sir? Spend and spend and spend, Sir...

Aside.

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

Mr. O. S. ARTHUR: ... and used not only domestic credit but the printing of money by the Central Bank as the basis upon which it financed all of its squandermania. January to March 1990 – \$20 million in Central Bank financing to Government. April to June 1990, Sir – \$14.2 million in Central Bank financing to Government. July to September, Sir – \$44.7 million in Central Bank financing to Government. Then October to December, Sir, just as election drew near \$93.2 million in Central Bank financing. You have heard, Sir, from the very bowels of the Democratic Labour Party ...

Asides.

Mr. SPEAKER: Could you give me a second? I hate to interrupt a speaker. I intend to give each member a

hearing in peace from other members shouting or heckling. I am not accepting that kind of behaviour in the Chamber. Continue.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I believe the record has to be clear, that the Minister of Finance and Economic Affairs was in a position to control this situation to avoid the kind of deterioration in Barbados' external reserves. If there is any doubt in the Minister's mind that international recession cannot be held responsible for the decline in the Barbados reserves, Sir, it is to be explained in this simple fashion. Between March 1989 and now, Barbados' reserves have fallen from \$401 million to just over \$100 million, almost \$300 million.

There is a part of the financing, Mr. Speaker, that the Government is going to get from the IMF, it is called compensatory financing, Sir, and that financing, Sir, is to compensate the Government for the short fall in export earnings that is due to international recessionary factors, Sir. That is the purpose of the compensatory financing facility. Whereas our reserves have fallen by almost \$300 million the IMF as part of the Programme with the Government has told the Government that only \$56 million of that fall in reserves can be traced to the factor of the working of the international economy, Sir. So, the Government's own thesis is exploded by the character of the programme it is entering into with the International Monetary Fund.

I believe, Mr. Speaker, that Barbados must take a lesson with it into the future that it is better for countries to ride out the effects of recession than to do what the Government did in 1991.

In 1983 when I was still employed at the University of the West Indies, I wrote a paper which is already a document of the House, called IMF Policies and the Balance of Payments in Barbados. I will read my conclusion, Sir:

"Since 1973 successful macro-economic management in Barbados has been based on the premise that fiscal expansion cannot compensate for the recessionary tendencies of a fall in international demand in small open economies. It may lead to a spurt in the level of employment but it soon becomes clear that such a position cannot be indefinitely sustained because the fiscal expansion fuels the demand for imports, weakens the country's external position and reduces its capacity to maintain a stable growth rate over the medium terms. Departures from this principle in 1976 and again in 1981 was the force at work in creating balance of payments disorder in this country. It is to be hoped that this cycle does not reappear in 1986."

I could not in 1983 imagine that despite this warning that the cycle that always works towards undermining our

balance of payments in this country – Government expanding its spending merely to compensate for a shortfall in export earnings – would reassert itself.

Mr. Speaker, Sir, as regards the deficit, there is only one person, and one person alone in Barbados, who can determine the size of the fiscal deficit and that is the Minister of Finance. It is not true, nor proper, for the Minister to convey an impression that deficits are cumulative.

Every year, Mr. Speaker, by the end of the Financial Year, Government has to clear its books and at the start of the Financial Year, Sir, expenditure starts from zero, Government's revenue starts from zero. It is left to the Minister of Finance by the ordering of his priorities and by his allocations to the various ministries to determine in that year the level of Government expenditure. It is left to the Minister, Sir, on the basis of his reading of the tax situation and his decision whether either to increase or not to increase taxes, Sir, to affect the levels of revenues.

The only person in Barbados, Mr. Speaker, in the world, who can determine the size of Barbados' fiscal deficit, is the Minister of Finance himself. It is, therefore, very improper for the Minister to read out deficits going back to 1980 and hold them responsible for a situation in 1991.

More to the point, Sir, in 1989 the Minister of Finance of this country, so he claims, performed like Sir Garfield Sobers in recording the lowest deficit, he says, in history – \$64 million or 2.3 per cent of GDP. At the end of Financial Year 1989, Sir, the Minister of Finance, Sir, so he said, was running Barbados' affairs so well that he had the lowest deficit ever in the history of Barbados. The problem here, Mr. Speaker, is that he also was presented with an opportunity that has never before been presented to a Minister of Finance in this country, that in that subsequent year, Mr. Speaker, he found himself in a position contrary to what he is telling the country of having a situation where Government's amortisation of the foreign debt and Government's repayment of interest on foreign debt was to be some \$62 million less than the previous year.

Sir, in 1990-91 the Minister of Finance had just completed a financial management programme that had a very low deficit and he started the new Financial Year, Sir, with a situation of even having a smaller overall fiscal deficit precisely because Government's debt repayments in that Financial Year were to be lower than in the year that had passed. What did he do? He distributed all of the bonanza arising from the reduction in debt to the statutory boards, Sir. CBC got three subventions. The National Housing Corporation, Sir, got a doubling of its subvention on current account without any expansion of its capacity to provide more house spots for the people of Barbados. The

Ministry of Education found itself spending \$70 million on Capital Programmes in a situation where year to year it was spending over \$14 million a year.
1.05 p.m.

By that process, Sir, the Government before, it came to deal with the question of wage increases, had distributed the bonanza which arose from the fact that our debt repayments in 1990-91 were less than those in 1989-90. Therefore, the Minister came with the Budget, Sir, despite the fact that our debt repayments were declining, with Government's finances already in deficit. What did he do thereafter, Sir? He added on top of that a \$33 million regrading, designed I must say, deliberately to help the people at the top to the point where the people at the top of the Civil Service were getting more than the Ministers, requiring Government to come and correct what it regards now as an anomaly by putting back Ministers in the position where they are getting more than the people at the top in the Civil Service. It added \$33 million on top of that and then it added, Sir, \$25 million in wage increases on top of that, increased pensions on top of that, and then the Minister brought to the House by his deliberate design \$91 million in supplementaries, including supplementaries for things like the St. Joseph Hospital and Sherbourne.

Our fiscal deficit in 1990-91, Sir, did not arise like something out of the sand. We cannot accuse the Government of criminal negligence, Sir. It was deliberate and it was deliberate, Sir, because the Government was insistent in finding the most popular way of winning an election in this country. How was that, Sir? You create a lot of contracts for people. You gave a lot of people jobs even if you did not have the resources. We on our side warned but found ourselves fighting against a head-wind to the extent that three per cent of the people of Barbados, Mr. Speaker, were saying that the economy did not matter. People had just been employed, but how could we convince them that there was a problem with the economy if Government had just given them a job? The Government in charge, Mr. Speaker, found the most popular way in 1990 of undermining the economic and financial stability of this country and now the Minister of Finance is asking for our support on this matter.

I say to the House, Mr. Speaker, that we must write into our financial laws in this country rules that prevent Government from conducting what Tom Adams called "electoral works". Barbados is not a gravy train which pulls into the station every five years, unloads goodies and then goes out again. Mr. Speaker, if at the end of every electoral cycle there is going to be this bunching up of Government's expenditure whether the country can afford it or not, and if this country runs itself on this basis, and if the people of the country themselves cannot become mature enough to tell the Government that you cannot come every five years and do this last minute project and we do not stop this practice, there can be no hope for this country.

Sir, I say that we must understand what has happened in this country because we must take that lesson with us into the future.

I want, Mr. Speaker, to discuss aspects of the IMF programme and I want to start by saying that I have had the experience as a professional economist of sitting across the table from members of the International Monetary Fund and negotiating our programme in 1982. I say to the Minister of Finance, Sir, that if you are going to tell us what is in the IMF programme, tell us the whole policy. The only thing the Minister of Finance has said is that the fiscal deficit target has been set at \$176 million. The programme calls on Government to adjust the fiscal deficit by \$176 million in six months, Sir.

The reality is that there are additional targets which would have had to be agreed upon at the same time and consequential upon the setting of that fiscal deficit. What is the first, Sir? The first would be that the Government would have had to determine with the International Monetary Fund a desired rate of change in Barbados' reserves. Why do I raise this point first of all, Sir? The Minister of Finance has really left Barbadians wondering what is the point and purpose of asking for an adjustment of \$176 million. Is that an end in itself? It is not the end in itself, Sir. That would have been an adjustment that would have been derived as part of negotiations between the Government and the International Monetary Fund and as part of working out a desired rate of change in Barbados' reserves. There would even now be in place targets, Sir, for changes in our reserves on a quarterly basis running into 1993. But that is the least of my concerns. As part of programmes attaching to the International Monetary Fund as well, Governments also agree on limits to Government's short term commercial borrowings on the foreign market. I want to know, Mr. Speaker, precisely what that target is and I want to raise it deliberately for this reason.

We are told that the Government of Barbados is to get the equivalent of \$116 million from the International Monetary Fund drawn down in an initial \$82 million up front and then in six instalments. I say to the House, Sir, that the funds that Barbados is going to draw from the International Monetary Fund will have little or no impact on whether or not Barbados succeeds in boosting its reserves in such a manner as to give all sections of this society the assurance that they can go to the Central Bank or to the commercial banks and get foreign exchange when they want it on demand. I want to repeat that, Sir. The \$116 million that we are getting from the fund will be drawn down over an eighteen month period of which eighty-two million dollars admittedly will be up front. But the essential point in all of this, Mr. Speaker, is simply this.

Government has a \$68 million obligation to meet in early October and the Minister of Finance knows that there

is a large number of applications for foreign exchange which the Central Bank has approved but which there can be no disbursements simply because the country has run out of foreign exchange. When you add the loan to be repaid to the foreign exchange arrears of the banking system – which have to be cleared under an IMF programme, because the IMF programme does not allow a country to impose any restrictions on its current international payments – when you add the \$68 million, Sir, to what might be \$100 million in arrears and then you add on as well, Mr. Speaker, the difference that will arise between Barbados' requirements for foreign exchange on a day by day basis and its earning which we know, Sir, is large, clearly the \$116 million in loans from the IMF will have as little impact on this economy as the \$120 million that was borrowed from Barclays last December and that went through the system like a dose of salts.

Mr. Speaker, it becomes very important for the Government to be able to tell the House what limits the IMF has set on Barbados' capacity to borrow on the short term commercial market. That is part and parcel of any ordinary programme with the International Monetary Fund. The reason why we must insist upon it, Sir, is because the people of Barbados must be satisfied in their own minds that coming out of this relationship with the International Monetary Fund there will be some solution to the balance of payments problem. There can only be a solution to the balance of payments problem if over a period of time the reserves in our banking system and at the Central Bank can be so stabilised and allowed to be increased as to be able to guarantee to all Barbadians that we can get foreign exchange on demand. The House must hold the Minister of Finance to his responsibility of telling us what he has agreed to with the International Monetary Fund in relation to his own capacity to borrow on the short term commercial foreign market.

In addition, Mr. Speaker, an International Monetary programme will set limits on the extent to which the Central Bank can lend to Government as well as limits on which the Central Bank can lend to the banking system.
1.15 p.m.

We also need to be told for the good of Barbados, Mr. Speaker, what those limits are. But the Minister in his presentation, although he was professing to be candid, has yet to take us into his confidence on these matters. I particularly want to speak not only to the limits of Government's borrowings from the Central Bank under the auspices of the programme but I also want to raise for consideration the implications of limits being set at this time on the Central Bank's capacity to lend to the banking system of Barbados. I want to raise that latter consideration for this reason.

A number of banks in Barbados will find that they are going to have great difficulty maintaining their loans to

deposit ratios as set by law as persons faced with these draconian measures withdraw more and more of their deposits from the banking system to be able to meet their daily needs. You are going to have that in Barbados, Sir. The banks have loans and advances which they cannot call immediately because people are honouring their loans but the banks will find, as they have been finding, that people in straitened circumstances will be withdrawing deposits from the banking system in order to meet their daily needs.

In such circumstances, Sir, what normally happens is that if the banks run short of cash they go to the Central Bank and ask for short-term accommodation in order to prevent themselves from facing financial embarrassment. If, therefore, the Government has entered a programme with the International Monetary Fund which sets limits on how much the Central Bank can lend to the commercial banks I am saying, as you will agree, Sir, that the Minister of Finance has a responsibility to tell this House; but not a word from the Minister of Finance on this critical matter, far less so any disclosure on his part as to what the programme contains in the form of restrictions on the capacity of the Central Bank to lend to Government.

There is also going to be another test, Mr. Speaker. An IMF programme also includes a limitation on how much the banking system can lend to Government. We need to know that so that we can also decide how much funds and liquidity will be left in the banking system to be able to finance the legitimate needs of the private sector. But none of these important tests that will bear directly on whether we have a stable or unstable economy has at all been raised by the Minister of Finance.

Mr. Speaker, I said also in my introduction that in my humble assessment the adjustment required in the programme is too short and that the very shortness of the programme and the size and magnitude of the adjustment being sought are going to be factors which will also help to destabilise Barbados. An economy, Mr. Speaker, is just like a body in that if a body gets sick you can prescribe the right medicine, but if you do not give it in the correct dosage, it would be just as bad as if you were given bad medicine.

It is in the nature of things that economies adjust slowly to circumstances. You always find, Mr. Speaker, that whenever abrupt and drastic changes are forced upon economic systems, there is always the tendency for the economies to collapse under the weight of too sharp an adjustment.

What is being proposed in this programme reminds me very, very strongly of what happened in Jamaica in 1977. In 1977 Michael Manley managed to negotiate a programme with the International Monetary Fund without a devaluation but on the condition that like this present Minister of Finance, he would take all of the adjustment in

a fiscal form and that he would, in the course of six months, try to cut his deficit from 19% of GDP to 9% of GDP.

That kind of adjustment was too much for the Jamaican economy to accommodate within a six-month period. As a result the economy failed the test. The IMF decided that to the extent that the test was failed, obviously, the programme was not the best programme for Jamaica. The programme was suspended and precisely what Mr. Manley did not want happened as the IMF asked for a new programme beginning with a devaluation up front and a crawling peg devaluation all down the line. Now, these things happen, Mr. Speaker, whenever you enter into a programme that involves too rapid a process of adjustment.

Why am I making an issue out of this? The Minister of Finance himself in his Budget speech this year had the opportunity to dilate on this very point. He said then that he had been advised by his advisers to cut his deficit from 6% of GDP to 2.5% of GDP in the course of the year understanding, Sir, that 1% of our GDP now, perhaps, amounts to approximately in excess of \$30 million. But he said that he had rejected that advice to reduce the deficit from 6% of GDP to 2.5% of GDP in the course of a whole year. However, he goes and accepts from the International Monetary Fund the requirement to cut it not from 6% to 2.5%, Sir, but from 6% to 1% and not in a year, but in six months. This is on page 9 of the Budget and he said that he could not have accepted his own advisers' recommendations because it was his judgement, and he said the Budget judgement, that such an adjustment in one year was too draconian. But, Mr. Speaker, we have a basis for comparison. I believe that Barbados needs time to adjust. I believe that we must tell the International Monetary Fund that we need help, not havoc.

In our 1981 programme with the Fund and, again, it is contained in my paper, the fiscal programme was designed to reduce the overall deficit from 9% of GDP in 1981 to 2.5% of GDP in 1983. The very level that his advisers told him was realistic and he rejected, we accepted in 1981 to reduce that deficit, not in a year, Sir, but over the course of a three-year period from 9% in 1981 to 2.5% in 1983. And this is my judgement as set out in my paper in 1983: "This is very much an equilibrium sized deficit for it represents that level at which public spending can be sustained without disruption to either internal or external balances of the economy."

Sir, in our programme in 1982 Barbados was given a period to adjust, to absorb the medicine slowly and at a reasonable rate in the understanding that even if the policies were sound, massive doses of medicine would destroy a body in much the same way as massive doses of economic medicine would destroy an economy.

I am saying, Mr. Speaker, that the Government seemed in this particular exercise not to have been sure as to what it wanted. The Minister of Finance would have had to be negotiating from a position of confusion to have told his advisers that he cannot accept from them an adjustment from 6% of GDP to 2.5% in a year then but go and accept from the International Monetary Fund that it must come down to 1%. Mr. Speaker, understand that the difference between a 2.5% of GDP deficit and 1% of GDP deficit is over \$40 million. The wage cut that the Minister of Finance is now prepared to place on the workers of this country is as a result of his refusal in April to accept the advice of his advisers. He has now, however, allowed the IMF to put him in an economic straitjacket. It is a disgraceful situation, Mr. Speaker. One wonders what kinds of considerations went into these particular measures.

The Minister also must tell us what lies behind some of the numbers that he called. The Minister just blandly told us that current transfers would be cut by \$22.9 million and capital transfers would be cut by \$12.5 million.
1.25 p.m.

As I understand it, Mr. Speaker, the two thousand persons who will be going home are going to be employees from the Central Government. The Minister said as much in his Budgetary presentation. There will be additional adjustments, Sir, resulting from the cut in current transfers from \$22.9 million on the current side and capital transfers in the order of \$12.5 million. There will be adjustments, Sir, taking the form of loss of jobs as well as changes in the price paid for some of the services rendered by public utilities.

I think that if the Minister is interested in full disclosure and candour, and if the Minister is truly interested in letting the people of Barbados, Sir, know what is the full burden to be borne, he should be man enough to tell us what is the programme of layoffs and change in the cost of public services that lie behind his decision to cut current transfers by \$22.9 million and capital transfers by \$12.5 million. I am not in a position, Sir, to speculate, perhaps bus fares may increase, perhaps more persons may have to go home from the Transport Board, but we need to be told.

Mr. Speaker, Sir, it is also very important that we discuss the part of the programme which addresses itself to restructuring of the private sector. I believe, Sir, that the greatest potential damage that can ensue from the execution of these proposals is those measures, Sir, that look to withdraw from the private sector concessions to manufacturing, to tourism and to agriculture. They are based on a piece of philosophy which says that in order to improve the level of efficiency in Barbados, the level of protection enjoyed by Barbadian producers in the form of having access to raw materials and duty free rate will have to be withdrawn. Mr. Speaker, Sir, in our context in this

prevailing set of circumstances, all that this will succeed in doing is increasing the cost of production at a time when we are already finding it difficult in Barbados to compete against goods coming from other Caricom countries, which continue to provide duty free relief on raw materials to their producers and also as you know, Sir, has out-competed Barbados by adjusting their exchange rate. All the Government will succeed in doing, Mr. Speaker, is absolutely to sabotage the manufacturing and agricultural sectors of this economy and create the opportunity for the penetration that we know has already started to take place in this market, because of the devaluation of the other dollars in the Caribbean, to accelerate. What will therefore emerge, Mr. Speaker, is that, in addition to the 2 000 persons who have been laid off deliberately by Government from the Central Government together with the other persons who will be laid off from the Statutory Corporations, a third grey long line of layoffs will also take place in the private sector.

I am not going to speculate, Sir, on the numbers, but clearly, Mr. Speaker, it has to be a foolhardy position to remove all forms of protection to Barbadian manufacturers when other persons in the Caribbean are providing protection to their own manufacturers, and have been using the medium of exchange rates adjustment to put themselves in a more competitive position, Sir. I say to the Government, Sir, that from 1982 a Professor Ranis of Yale has been putting the thesis that you have to reduce the level of protection in order to cause domestic manufacturers to become more efficient and to go into exports.

Whatever merit there might be in that thesis, Mr. Speaker, I say to the Government that any such policy in Barbados has to be introduced on a very carefully managed and phased basis. To just simply remove all forms of protection to Barbadian manufacturers, Sir, in one fell swoop, clearly will cause a dramatic shut-down of substantial parts of our economy, Sir. I really cannot understand what form of midsummer's madness could have gotten into the people who negotiated this programme to expose our productive sector at a time when persons leaving the public sector will be looking for work in the private sector to this kind of potential distress, Sir.

I say, Sir, that this will lead to a level of social instability in Barbados that could probably even compromise the accomplishment of the financial targets themselves. If it is possible at all, Sir, I would like to urge upon Government to look at this matter seriously, to look at those industries that have not been performing, and – despite the protection and perhaps their adjustment to them – in circumstances where people have been making the effort, introduce this matter of a phased basis. Also bear in mind, Mr. Prime Minister, please, that you cannot just say that because concessions were given and there was not an immediate response to them, it is because people are

inefficient. You, yourself, have said that part of the difficulty – I am speaking to the Prime Minister through you, obviously, Sir, the Minister of Finance, himself, has said that part of the difficulties facing Barbadian producers, Sir, is the contraction in the world economy, and the difficulty in selling on the world market. He cannot now come and say that and now say that the Barbadian producers are inefficient because they have been given concessions and they have not acted upon them. This is a matter, Sir, that is serious enough for the Government to want to review it.

I also want to say, Mr. Speaker, that the cumulative effects of these policies on people in Barbados, are such that the Democratic Labour Party stands to go down in infamy as the greatest anti-worker, anti-people party in the history of this country. The combination, Mr. Speaker, of wage cuts, increase in mortgage rates, increase in the stabilisation tax, increase in the levies, increase in water rates, Sir, increase in electricity, Sir, increase in food prices, increase in the price of every commodity that is used whether it be school books, Sir, all necessities, Sir, when we put these things together and see them as a package, Sir, the real impression that arises, Mr. Speaker, is, can the poor people of Barbados survive this?

Mr. Speaker, I must stress this point, Sir, because the history of the International Monetary Fund's relationship to Third World Countries is a history of the programmes being undermined because of social instability engendered in the society, precisely because of the nature of the measures themselves.

I am saying, Mr. Speaker, that it seems to me that when we add all of these things together, Sir, that Barbados is obviously now going to be set in the same mould that we used to believe was the lot of Brazil or Venezuela or Guyana, Mr. Speaker, with social instability becoming the factor that makes the economy itself harder to govern.

I am saying, Sir, that I did not in my wildest imagination believe that we would be faced, in this country, with this kind of situation in such a short space of time.

I do not want to leave this debate, Sir, without putting forward something that I believe even now the Government should act upon as a matter of urgency. I once said, Sir, that part of our problem is that we have come to the end of development strategy and the Democratic Labour Party has seized upon that to confuse the problems surrounding the implementation of development strategies with problems surrounding the macro-development management of a country on a year to year basis.
1.35 p.m.

I believe, Sir, that the time has come when, in addition to making policies in relation to the balance of

payments and the fiscal position, a serious examination must be taken not only of our macro-economic policies, but of the character of Barbados' development strategy itself. I am satisfied, and I am prepared to say, that some of the problems with our productive sectors have not been caused by Government's actions but have been caused by the fact, as I have said before, that we have outlived the development strategy on which this country embarked some 25 years ago.

But before I go on to those, Sir, I believe that Barbados also finds itself in a position where it is suffering from the Donald Trump syndrome, that it has little cash, is rich in assets but has a lot of debt to meet. The Government would attract the support of the Barbados Labour Party, believe me, Sir, if it were to enter into a responsible programme of the rescheduling and the refinancing of the debt. There is no disgrace in it, Sir. Countries have, when faced with a situation where their debt obligations mount up too heavily, entered responsible negotiations not to default on the debt but to refinance, to restructure and to renegotiate the debt. I give the Government, on behalf of the Barbados Labour Party, the undertaking that it will have from the Barbados Labour Party only the fullest support if a debt rescheduling programme, honourably worked out between the Government and our creditors and designed in a way to maintain the good name of Barbados in the market place, is part and parcel of its negotiation hereinafter.

When Donald Trump got into problems, Sir, he had to strip himself of some assets. I believe that the critical thing that faces Barbados now is to be able to put some foreign exchange into the Central Bank so as to give Barbadians the assurance that foreign exchange will be available at a stable price. The only way in which we can guarantee that there will be no devaluation is if we can give the public the confidence that they can get foreign exchange to meet their legitimate demands at a price on demand. I feel, and I have suggested to the Unions, that the sale of some of our shares – like BET, for example – to Barbadians abroad and the use of that foreign exchange to help prop up Barbados' reserves must be one of the immediate ways by which we take some of the tremendous pressure that is now causing a loss of confidence in our foreign exchange market.

I said in this House, Mr. Speaker, as well, when this whole debate started, as you will recall, that the best way to deal with a problem of over-expenditure is to create attractive instruments for savings. That was my initial position, Sir. I believe that rather than put the kind of bond that obviously was the subject of negotiations between the Government and the Unions, one of the ways in which we could reduce expenditure now, as well as create a pool of capital for reconstruction of this economy, is for the Government to float a national reconstruction bond that would have attractive features, would be attractive to

people as an investment instrument, that would not be available for the Government's general budgetary financing, but that the proceeds would be put in a special fund in order to finance the recapitalisation of the productive sectors of this economy. That would attract the support of the Barbados Labour Party.

Mr. Speaker, the Barbados Labour Party and the National Democratic Party in their Manifestos, and the Democratic Labour Party in the Throne Speech, all pledged themselves to allow Barbadians to hold foreign exchange accounts as a way of getting back the foreign exchange to Barbados. Two political parties, by way of Manifesto, and the third political party by way of a pledge in the Throne Speech, said this is a good approach for Barbados to follow. I believe that the time has come for them and that is the better way of getting foreign exchange to come back into our system, than the kind of sweeping searches to which the Government of Barbados has been subjecting Barbadians over the course of the last few weeks.

I am also satisfied, Mr. Speaker, that Government should look again at its interest rate policy. I came to this House in the Estimates debate of 1988 and said then that if we had to relive our experience with the International Monetary Fund, one of the things we would never do is to allow interest rates in this country to increase, because interest rates affect Barbados as a cost. This theory that you have to change interest rates to prevent the outflow of capital holds only if the currency of the country is convertible and people can move Barbados currency to a foreign market to take advantage of the fact that an interest rate abroad may be higher than the interest rate in Barbados. But Barbados' currency, as you know, Sir, is not a convertible currency, and people just cannot pick up Barbadian currency and send to New York to take advantage of a differential in the interest rate. To underscore the point – and this is not being wise after the fact – the late Tom Adams himself required that the interest rate be changed on 13th June – I will make this a document of the House, Sir, it is a letter dated 13th June, 1983 from the Ministry of Finance to the Central Bank, reading as such:

"Interest Rates

The Prime Minister would like to know whether the Central Bank has considered that the general interest rates should again be reduced."

The Central Bank responded by saying, and listen to this carefully, Sir, that the most recent change in interest rates only became effective on 1st June and "you are asking us on the 13th to change again." The point is that by June 1983 the late Prime Minister of Barbados had himself come to the conclusion that the interest rate regime that the International Monetary Fund had instituted in Barbados was so detrimental to the economic interest of Barbados, that he

had requested a change on 1st June and by the 13th he was asking the Central Bank "should we not be changing them again?"

I plead with this present Minister, Sir, to have the same sense of urgency, in dealing with this particular matter, as was then observed by the Minister of Finance on that occasion. The present interest rate policy I believe is one of those policies that have been discredited by experience. They did not work when they were part of our programme with the International Monetary Fund. As the spokesman on behalf of this party I was honest enough in 1988, not just today, to say that they did not work for us, and if they did not work for us I do not see by what stretch of the imagination they will work for this Government. I beg the Government, Mr. Speaker, put back that issue on the drawing board and recognise that a high interest rate regime in this country will only increase the cost of operations in Barbados at a time when we want economic recovery through our industries becoming more competitive by way of reduction in the cost.

I said earlier, Mr. Speaker, that we have to examine as well part of our broad development strategy. Clearly, the labour intensive approach to manufacturing that was in vogue in 1955 is of no more relevance to Barbados today. Barbados certainly must move, obviously, to a more sophisticated form of manufacturing where we compete, not on the basis of being able to outsell Haiti by reason of the same wage rate, but by having a more skill intensive approach to the development of our manufacturing. We have in short, Mr. Speaker, to take up that whole cadre of young persons trained in industrial skills and business management and make them the new captains of industry on their ability to survive and compete, not just upon getting a tax holiday but by bringing a higher level of technological capability to the management of our industrial process.

1.45 p.m.

I am also of the view that Barbados needs as well urgently a very comprehensive process of tax reform, Sir, that will provide a no tax policy for exports as a way of allowing them to be able to compete. I believe, Sir, that rather than having this draconian increase in indirect taxes that what Barbados will benefit from is a low uniform across-the-board indirect taxes system, Sir. The reason is, as I have said in this House before, that all that you do by increasing these indirect taxes is that you create the basis for the informal underground economy to flourish. When a young lady can pick up two suitcases, go to New York or Puerto Rico, pay her airfare and live expensively in those countries and come back and make a profit in selling goods in this country because they are not paying taxes, it is precisely because the level of indirect taxation is too high. Only a comprehensive review of our taxation system, Mr. Speaker, that will not allow these massive increases but will have as its purpose the creation of uniform rates

across-the-board from which nobody is exempted will help Barbados.

I also believe, Mr. Speaker, and we have to be serious about this, that the time has come when serious examination will have to be given as to who carries the burden of tax in this country. We have to deal with this matter. What has happened in this country is that the informal economy has expanded. More people than previously are self employed. But the burden of direct taxes is carried by those hostages like ourselves who happen to be on a payroll. Clearly, Mr. Speaker, the developments in the Barbados economy must be discussed and analyzed and a fair system of taxation must be developed to accommodate the changes.

I am also of the view, Mr. Speaker, that as part of our reconstruction as well we must find a way in this country of fusing the tourist industry more directly to the off-shore sector. The benefit of the off-shore sector to Bahamas, Caymans, and Bermuda is not in the direct revenues. As the House would know, those companies come precisely because they are exempted from the payment of taxes. One of the real benefits that has emerged, Sir, is that the off-shore industry represents itself as one of the most important inflows of tourists to those economies. I believe that the time has come when Barbados must evolve as an important convention centre in the Caribbean, when we must be targeting all of the foreign sales corporations and the international business companies to hold their conventions and board directors meetings here, Mr. Speaker, to widen the base of our tourism. But so long as we believe, Mr. Speaker, that the two sectors must be developed separately, to that extent a golden opportunity to expand the foreign exchange opportunities of this country will be missed.

The question of the modernisation of agriculture also stands to be considered. At this juncture, Sir, I am not going to be in a position to go into it in greater detail. Our spokesman on this side will. But it must be clear to Barbados and to Government in the context of a situation where you have idle hands and idle lands and a food import bill of \$200 million a year that a tremendous opportunity exists in this country.

Mr. SPEAKER: I think for the benefit of the permission that I gave for outside broadcast that it has now come to an end, but the Honourable Member can proceed. So all of those stations will go off.

Mr. O. S. ARTHUR: Mr. Speaker, it really was my intention to speak only to the limit of the time provided. But I want to make the point that we must understand at this juncture that trifling with agriculture cannot work at all. A process of land reform is necessary. The use of a long lease to put persons who have little capital but farming skills in contact with land must be part and parcel

of the process of reform, Sir. We have to follow the precept that the integration of the sugar industry with non-sugar agriculture rather than their separate development must be the way in which that process of re-development must take place.

Mr. Speaker, I feel that it is a disgrace that in this year Remy is spending a large sum of money to advertise Mount Gay Rum – Remy is one of the sponsors of the Americas Cup and it is promoting the sale of Barbadian rum in some upmarket environments – I find it a disgrace, Mr. Speaker, that in a year where such a tremendous effort is being made to promote Barbadian rum as a potential luxury item that this country finds itself in a position where it has to import molasses for the production of rum.

It must be clear to the House that a serious set of proposals to recapitalise the agricultural sector must form an integral part of any restructuring programme into which the Government enters with the IADB and the World Bank.

That brings me, Mr. Speaker, to the last point that I want to make on this particular matter. I have suggested and I want to repeat that the best way to proceed forward now, Sir, is for the Government to put in place a Task Force to quickly draw upon the input from the Government, the private sector, and the trade unions to make sure that the large sums of money that can become available from the Inter-American Development Bank and the World Bank are worked out in an expeditious fashion, so that this economy in the months ahead can hit the ground running with policies and programmes that have been agreed to and that can attract the support of all sections of the economy. I am saying that for a specific reason, Sir.

I am of the view that Barbados can look for no help whatsoever from the present International Monetary Fund programme. I accept that, Sir, as a given. That programme has been badly designed and, in my view, it will not help Barbados. To the extent that Barbados can benefit now from any collaboration with these international institutions, it is going to be by way of the assistance that we get in the rehabilitation of the major productive sectors of this economy. It is a matter that the Government itself will find difficult to deal with because while the IMF programme largely involves the changing of the fiscal deficit which is a matter for Government, the rest of the restructuring programme will involve changing not just Government operations, but changing the operations of sectors and enterprises which fall under the auspices of private ownership. To that extent therefore, Sir, it becomes critical that if anything is to be salvaged from this exercise, the Government has not just to consult after the fact, but involve persons who own enterprises and owners of capital directly and up front and in a serious way in devising the policies and programmes that will make the difference for the future.

Mr. Speaker, Sir, in this respect I cannot overstate the importance of there being a meeting of minds on policies because this business about trade liberalisation which forms such an important part of Government policies in this Budget has arisen out of the World Bank approach for structural adjustment, and there are going to be other aspects of the World Bank approach which I know are going to be as offensive to the interest of the development of the private sector of this country as has been the attempt at trade liberalisation.

It is therefore necessary, Sir, that the Prime Minister moves away from what he regards as consultation to strategic planning and have his so-called social partners involved in a plan of a kind that will avoid the kind of mismanagement that so obviously has overtaken the programme with the International Monetary Fund from finding its way into the rest of the structural programme. 1.55 p.m.

I want to say this in closing. At the outbreak of the first world war a British statesman was heard to exclaim that the lights were going out all over Europe and that perhaps they might not see them again lit in his lifetime. I say, Sir, that the lights are going out all over Barbados, but I trust that we will see them lit again once again in the very near future.

I am obliged to you.

Hon. B. M. TAITT: Mr. Speaker, Sir, I think this would be a convenient point at which to break for lunch, but before I do I ask the leave of the House to recommit the item "Papers".

Mr. SPEAKER: If there is no objection, then leave is granted.

PAPERS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I am commanded to lay –

The Customs Tariff (Amendment) (No. 7) Order, 1991

The Rate of Interest (Amendment) Order, 1991

The Rate of Interest (Section 4 Exemption) Order, 1991

The Duties, Taxes and Other Payments (Exemption) (No. 6) Order, 1991

The Insurance (Forms and Fees) (Amendment) Regulations, 1991

NOTICES OF QUESTIONS

Mr. SPEAKER: I should also like to draw to the attention of the House that a Question was omitted this morning, and I am going to ask that Notices of Questions be recommitted as well. The Member for the City of Bridgetown.

Miss B. A. MILLER: Mr. Speaker, Sir, to ask of the Prime Minister:

Will the Prime Minister state whether the Barbados delegation for the meeting of Commonwealth Heads of Government in Harare, Zimbabwe, October 1991, has been selected, and if so, who are the members of the delegation?

Will the Prime Minister state the budgeted cost of (1) Travel, (2) Accommodation, (3) Subsistence and (4) Other expenses for the meeting?

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, I beg to move that this sitting be suspended until 3.00 p.m.

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

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

RESUMPTION

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

Hon. H. A. BLACKMAN: Mr. Speaker, I believe that today and at this time the necessary thing to do is to approach the problem being faced by Barbados in an unemotional manner. I have to say that there are a few points made by the Honourable Member for St. Peter which I have to respond to later on, but I believe that experience should teach us a lot. I do not believe that we should twist or alter or turn what has happened before and what is very likely to happen again if certain things are not done.

I believe that there are persons who realise and know that the Barbados economy has had fundamental problems for years. Going back to about 1979-80, from then until now almost every year the Government of the day, DLP or BLP, has run a deficit. Previously it was easy to cover the deficit by borrowing money on the capital markets in Japan or in England, so if you had a deficit of \$50 million you could go out and borrow \$50 million. If you had a deficit of \$30 million you could go out and borrow \$30 million.

We continued down through the years with this system where the Government was continually running a deficit, and because it was easy to borrow, and also there was the occasional year when you would get a high sugar crop with favourable sugar prices, or on other occasions you would get a good tourism season. Those things only served to mask the fundamental structural problems in the Barbados economy. The problem in the Barbados economy throughout the years, except in 1984, was that we were not making enough money to pay for the amount of money we were expending and we ran a deficit. It meant that manufacturing, agriculture and tourism for those many years never performed, at least not at the same time, at the level at which you needed them to perform.

The problem today is not one which started in 1988 or 1989, as some people would like to say, the problem started way back, Mr. Speaker, and I am going to demonstrate the point, because I believe before we get to where we are now we have to look from whence we came.

The growth rate and the critical balance of payments position of Barbados were temporarily offset in 1980 by a record sugar crop and by favourable international sugar prices. By 1981, with the decline in sugar prices and a poor crop, the underlying deterioration in Barbados' economic and financial situation surfaced. Real GDP declined, the balance of payments worsened. In fact, for that year, the year ending July 1981, consumer prices rose 14%. The current account balance of payments deficit rose to over U.S. \$80 million, 9% of GDP, compared with \$15 million in 1980. Mr. Speaker, that is instructive, because if you put that in Barbados dollars you will see that the current account balance of payments deficit rose in one year, 1981, from Bds. \$30 million to Bds. \$160 million. The gross official reserves at the end of September, 1981 fell to U.S. \$60 million, equivalent to one and a half months of imports, bearing in mind that half of that was in liquid assets. So you could see problems started way back, Mr. Speaker.
3.05 p.m.

I am going to continue. The deterioration in the balance of payments in Barbados was closely linked to the expansionary wage and fiscal policies pursued then which in turn had been affected by the election cycle in Barbados. That statement was made by the IMF team. The very IMF people said, and I am going to repeat it because you heard today that the problem we had was caused because we went on a spending splurge in order to win the elections. Let me read what the IMF said in 1981. They said "the deterioration in the balance of payments was closely linked to expansionary wage and fiscal..."

Mr. SPEAKER: Just one moment.

Hon. H. A. BLACKMAN: I have notes.

Mr. H. B. St. JOHN: On a point of order, Sir.

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

Mr. H. B. St. JOHN: The Honourable Member clearly indicated to this House "read what the IMF said". That is what he said. He is giving to all and sundry, including the reporters, the distinct and absolute impression that he is reading from the IMF document. He must produce the document according to the Rules of the House or completely withdraw it.

Mr. SPEAKER: I have taken the Honourable Member's point. But the Honourable Member rose before I could enquire from the Honourable Member if he was reading from a document. If he was reading from a document then he would have to make it a document of the House if it was not a document of the House. So the Honourable Member would have to justify to the House that he is not reading from a document and preferably explain how he is coming to the conclusion from what he is saying.

Hon. H. A. BLACKMAN: Thank you, Mr. Speaker.

Mr. H. B. St. JOHN: On a point of order, Sir. I ask Your Honour to state that the Honourable Member either produces the document or withdraws the statement that he is reading what the IMF says. He must do that.

Mr. SPEAKER: I do not think the Honourable Member understood what I said either. What I said was one has to be certain that the Honourable Member is reading from a document. Before you rose, I wanted to intervene, and I will repeat again, to enquire from the Honourable Member if he was reading from a document. Now, if the Honourable Member is not reading from a document, then he cannot produce a document. So the Honourable Member must clearly state how he is producing his argument in the debate. That is the point.

Mr. H. B. St. JOHN: The Honourable Member said in here that he is reading what the IMF said. Let us get the record, Sir.

Hon. B. M. TAITT: On a point of order, Sir.

Mr. H. B. St. JOHN: You cannot rise on a point of order on a point of order. The Honourable Member distinctly said "I am reading what the IMF said." He then goes ahead and starts to read.

Hon. B. M. TAITT: Further to that point of order, Sir.

Mr. SPEAKER: Let me make the point and settle the matter once and for all. I cannot make the Honourable Member produce a document if he does not have a

document to produce so the first thing I have to ascertain is if he has a document that he is reading from. Now, the Honourable Member is on a point of order. Let me hear from him.

Hon. B. M. TAITT: Mr. Speaker, Sir, it is well known that the Honourable Member who is speaking is a Minister in the Ministry of Finance. The Honourable Member can recollect what the IMF has said.

Mr. SPEAKER: That is no point of order. I want Honourable Members to understand my ruling.

Asides.

Mr. SPEAKER: Order, please. I enquired from the Honourable Member if he is reading from a document. I heard the statements that he was reading from something so I want to be sure if the Honourable Member is reading from a document.

Asides.

Mr. SPEAKER: Will the Honourable Member please respond to my ruling? Are you reading from a document?

Hon. H. A. BLACKMAN: No. I am reading from my notes. My recollection...

Mr. H. B. St. JOHN: On a point of order, Sir. The Honourable Member stated in this Chamber that he is reading what the IMF said and he is not entitled to read what a third party said without putting the document in the House. Let him do it. That is the point. With respect, Sir. It is not whether he is saying that he is reading from a document. It is that if he says that he is reading from a document you must tell him that either he withdraws the statement that he was reading from a document in which case everybody will know that it is a statement of the Honourable Member and the veracity of that statement would be dependent upon the credibility of the Honourable Member because what the Honourable Member is trying to do is to make a statement and ascribe it to a body of which there is no means of checking and we cannot rely on the veracity of the Honourable Member...

Hon. B. M. TAITT: On a point of order, Sir.

Mr. SPEAKER: No point of order. My ruling is, if the Honourable Member has stated that he is not reading from a document I cannot enquire of the Honourable Member what document he is reading or what page he is reading from. All of those things have to be placed on record. So if the Honourable Member does not have a document, he cannot give the title of the document or he cannot give the page of the document. Therefore, I have to accept the fact that he is making a statement which I will have to accept as true or not.

Continue.

Asides.

Mr. SPEAKER stands.

Mr. SPEAKER: The Honourable Member for Christ Church South, I am on my feet.

SUSPENSION OF SITTING

Mr. SPEAKER: I suspend this House for five minutes.
3.15 p.m.

RESUMPTION

Mr. SPEAKER: Before the Honourable Member for St. Philip South continues his speech, I have a very grave responsibility to this Parliament and I am sure that no one knows better than I do what my responsibility is.

"Rule 38: CHAIR TO BE HEARD IN SILENCE.

When the Speaker or Chairman rises during a debate, any Member who is then speaking, or offering to speak, must resume his seat, and the House or the Committee must be silent so that the Speaker or the Chairman may be heard without interruption."

It also goes on to say -

"The decision of the Chair is final."

I have made a decision which I consider is final. The matter will not be proceeded with any further and I will ask the Honourable Member for St. Philip South to address his remarks in such a way that there should be no misconception as to the authenticity of any statements that he needs to make.

I should also say to the Member for Christ Church South, I will not tolerate any tactic to force me into a position to suspend or adjourn this House without just cause and one knows too well the procedures for suspension. I hope that this is a timely warning and that the debate can proceed. Continue.

Hon. H. A. BLACKMAN: It is my recollection, Mr. Speaker, that the International Monetary Fund, sent and wrote to the Barbados Labour Party, the Government of the day, that the deterioration in the balance of payments was closely linked to expansionary wage and fiscal policies which in turn had been affected by the election cycle in Barbados.

I am going to go further, Mr. Speaker, on that statement that it was affected by the election cycle in

Barbados, the Prime Minister of the day was asked to discuss that matter with the IMF team to have it removed and could not get it removed and on the file it was stated by the Prime Minister, that matter has already been dealt with. I am talking facts today. That is my recollection of the information. I have the file here.

Mr. SPEAKER: Order, please.

Hon. H. deB. FORDE: My understanding is that the Honourable Member is making reference to the contents of a file.

Mr. CHAIRMAN: I am listening to the Honourable Member.

Hon. H. deB. FORDE: It is my submission that if he is making reference to the contents of a file, the file must be produced. It is as simple as that.

Hon. H. A. BLACKMAN: It is my recollection, Mr. Speaker, that Tom Adams stated that that matter had already been dealt with. Why are they so afraid of the file – because none of you know about this, that is why you are afraid, none of you know about it. That is why you all are afraid. Not one of you all over there knew about this – what Tom Adams did in 1981 and 1982. None of you all, including us over here, we knew nothing about it either. I know about it now.

When Tom did all of this – the late Honourable Prime Minister – not one single one of them over there knew about it. Not one.

I will continue, Mr. Speaker.

Mr. SPEAKER: Will the Honourable Member just pause a moment. I have allowed the Honourable Member for St. Peter to speak in an atmosphere which I consider to be conducive to good debate in this Chamber. I will not allow any Member to be shouting across, otherwise I will ask them to be suspended from this sitting for the remainder of the day and I am very serious about that.

Hon. H. A. BLACKMAN: My recollection, Mr. Speaker, also is that the IMF told the then Government and stated, two years before in 1979, that is my recollection that the IMF told the then Government that in 1979 the Barbadian authorities began a policy of shifting the tax burden away from personal income taxes so as to reduce the perceived disincentive effect of very high average and marginal income tax rates.

Now let me explain what is happening.

Mr. SPEAKER: Order, please. What is the Honourable Member for the City on? The Honourable Member for the City is on a point of order.

Miss B. A. MILLER: Under our Standing Orders, Mr. Speaker, Sir, a Member is not allowed to read his speech. The Honourable Member I am submitting is reading his speech to no avail ...

Mr. SPEAKER: The point has been made. There is no need for that. If you challenge the Honourable Member through me for reading his speech I will then have to enquire of the Honourable Member what speech is he reading from.

Hon. H. A. BLACKMAN: Mr. Speaker, I am not reading anything. I have some copious notes here and I did not object when the Honourable Member for St. Peter was reading his speech either, or referring to his copious notes, doing the same thing, referring to copious notes.

Hon. B. M. TAITT: On a point of order, Sir, I wish to submit the point that when your Honour began the debate Your Honour was very generous and indicated to Honourable Members that you would allow the debate to range far and wide. I fear that we might be in danger of trivialising the debate if we start discussing who is reading and who is not reading. The Rules are very clear but I ...

Mr. SPEAKER: I take the Honourable Member's point of order. The Rules clearly state but the Chair has the authority and the discretion to allow Members to ... Order, please. My discretion is that I will allow what we allowed to continue in the past to set the tone and precedent for this debate. Some Members read in peculiar ways from their own statements and others read the way they want to read them. I will not allow such interpretations to contravene what we all expect from each Member to be able to make his contribution with the least interference.

The Honourable Member admits that he is not reading from any statement, neither is he reading a speech and I rule that if he is not reading or reading from a document, he has every opportunity to continue his arguments.

Hon. H. A. BLACKMAN: Mr. Speaker, I am now in possession of the document and I will make it a document of the House and I am going to read from it first before I make it a document of the House.

Paragraph 3 of page 4, Mr. Speaker, of this IMF document dated November 9, 1981, and remember, Mr. Speaker, I am responding to some of the comments made here today and I am going through the comments made here today and then I am going to show the parallel between what was said today or the contradictions between what was said today and what took place at a previous time.

The first point made today to which I have to respond later is that the Prime Minister today, or the Minister of Finance, yesterday, in his presentation wanted to reduce the

deficit to one per cent as opposed to four per cent which he had said in the Budgetary Proposals in March or April.

The second point made was that the Prime Minister cannot promise that there will be no devaluation and I made a few notes here. The next point was that in a weak economy tax increases will not help. Now, Mr. Speaker, remember that carefully. In a weak economy tax increases will not help.

Now, I am going to read now from page 4, Mr. Speaker, of this IMF document November 9, 1981. I am going to repeat it.

"Deterioration in the balance of payments is closely linked to expansionary wage and fiscal policies which in turn have been affected by the election cycle in Barbados."

Now, I already told you about the shifts by the then Government to indirect taxes as opposed to direct taxation. I have already told you about that. That was noted also in this document.

Now, Mr. Speaker, this document goes on on page 6 to say,

last year"

And, Mr. Speaker, you will recall that the Honourable Member for St. Peter, the spokesman for the Opposition was speaking today about this administration's borrowing from the Central Bank. Mr. Speaker, let me read what this IMF document said. I quote:

"Last year (that would be 1980) the deficit was covered mainly by external project loans and a general purpose United States \$18 million loan floated in Trinidad and Tobago."

3.30 p.m.

A lot of people have forgotten that the then Administration borrowed U. S. \$18 million from Trinidad and Tobago to save them. That is when the then Prime Minister wrote the Prime Minister of Trinidad and Tobago, and I do not want to quote the letter because I have other letters here too. He told Mr. Chambers, I think it was, that his back was against the wall.

Aside.

Hon. H. A. BLACKMAN: Do not tell me that because I have the letter. He told the Prime Minister of Trinidad and Tobago that his back was to the wall and to lend him the money. Do not force me to read the letter because I have another letter here to read. I have another letter...

Aside.

Mr. SPEAKER: Order please.

Hon. H. A. BLACKMAN:...from the then Managing Director of the IMF. So take it easy. I am going on. Do you want his name? Mr. J. de LaRosiere, a pretty French name. Let me continue, Mr. Speaker.

They were speaking about this Administration's borrowing from the Central Bank. I am quoting from the same document on Page 6:

"The Central Bank has sought to avoid financing the Government deficit by setting an informal limit on its holdings of Government's securities."

Did you hear that? The Central Bank sought to avoid financing Government's deficit. I am continuing, Mr. Speaker:

"Until recently this limit was Barbados' \$50 million."

Remember the elections were June 18, 1981. In July, one month after, the ceiling which the Central Bank put in order to stop lending Government money was raised.

"The ceiling was raised to \$75 million but that new limit had been already widely exceeded by early September."

The Central Bank set a limit on lending to them and within two months they had exceeded the limit. They are saying that this Government caused trouble by borrowing from the Central Bank.

Now let me continue:

"With the large scale of Central Bank financing of the Government in recent months, the total net domestic credit of the banking system rose by 27 per cent in the year ended July 1981."

That July 1981 has to stick because we have to bear in mind all of the time that elections were on June 18th. Now you will realise which Government went on a spending splurge just before general elections. Do you think that is bad? You listen to this.

Aside.

Mr. SPEAKER: I am asking Honourable Members to be silent.

Hon. H. A. BLACKMAN: They cannot take it, Mr. Speaker. I sat here and I listened in silence to the Honourable Member for St. Peter, not a word I said, and he was throwing lashes using all sorts of phrases. I did not say anything. Why can you all not take it? Well, you

cannot take it. Mr. Speaker, let me continue. In 1981, the Government borrowed heavily from the Central Bank. Shortly after the June elections, Mr. Speaker, on July 7th – remember the then Prime Minister ended his Budgetary Speech in March by saying "one good turn deserves another", that was his last statement in that Budget. I will never forget and that was in March. He knew all of that time the economy was in real trouble with no foreign reserves. I have just quoted from the document to tell you, Mr. Speaker, that they had 1 1/2 months of reserves and half of that was in liquid assets. The Prime Minister of the day knew that there was no money at all about here.

Aside.

Mr. SPEAKER: Will the Honourable Member for the City keep quiet.

Hon. H. A. BLACKMAN: Mr. Speaker, let me go ahead. Shortly after the June elections the authorities, meaning the Government, introduced a set of measures consisting of increased taxes on gasoline, diesel, land tax, water rates and postal rates. Now can you see how the honourable gentleman over there can safely tell us what they expect us to increase? These are the things which they did immediately.

I shall go ahead, Mr. Speaker. A second set of measures was announced during the IMF visit here to satisfy the IMF which consisted of increases in bus fares, taxi licences and an imposition of a 1.25 per cent payroll tax which is called a Transport Levy. Now this is instructive. Despite all of these measures, do you know that the IMF team turned to the Prime Minister of the day – and the Central Bank Governor because he knew about it – the IMF said to them that those measures which you put on will only offset what you gave back to the people in March. You now have got to put on taxes.

Let me continue now, Mr. Speaker. The Prime Minister then cut capital outlays by \$40 million. He sent instructions and these instructions were sent three days after the general elections. Instructions were sent to all public agencies not to begin any construction projects. They set up a committee in the Ministry of Finance to identify all projects that could be postponed or staggered. Mr. Speaker, he proceeded then to put on the Health Levy, Unemployment Benefits Scheme, and the earnings ceiling on payroll deductions would be raised from January 1982 because the IMF told him that those measures which he had put on had not gone anywhere yet. You know how to put on measures. Water rates were raised in July 1981. Bus fares went up by over one-third. NHC rental charges were doubled. You will recall, Mr. Speaker, that water rates went up in September 1981 by 48 per cent and in January 1982 by another 18 per cent. A lot of people tend to forget these things because they knew nothing about what was happening.

The only thing that bothers me in here, Mr. Speaker, is that whenever it comes for me to speak I usually have to speak after some person who has spoken for two hours and I would like to be able to speak for five hours, because there are so many documents and letters I have here that it is difficult to respond in half an hour to some person who has spoken for two hours. Mr. Speaker, I am going to read a letter, and I am going to make this a document of the House.

3.40 p.m.

Devaluation. Let me tell you that on 23rd March, 1982 the late Tom Adams, the Honourable Prime Minister at that time, told his Ministers that the IMF had agreed with the measures he had taken and they agreed that devaluation should not be an issue at that time. Now, Mr. Speaker, you might have heard a lot of the honourable gentlemen over there saying that devaluation was never discussed with that administration. The truth of the matter is that devaluation was being discussed with the Barbados authorities since 1981, not yesterday. Let me read a letter from the late Prime Minister, Tom Adams himself, to Mr. J. de Larosi re, Managing Director, International Monetary Fund, Washington. I am not going to read the rest. The date is 23rd August, 1982, and he said: "The decline in output has been concentrated almost entirely in the major export sectors – sugar, tourism and manufacturing." Does that sound familiar? Exactly what is happening now.

They said our problems started yesterday. They said our problems started last year with the Prime Minister. This is the late Tom Adams writing to the IMF and saying the decline in output has been concentrated almost entirely in the major export sectors – sugar, tourism and manufacturing. Let me go further, Mr. Speaker. "The overall deficit of the central Government and National Insurance Fund increased from Bds. \$63 million to Bds. \$124 million in one year." Now, Mr. Speaker, this is very instructive. "The current account deficit of the balance of payments widened from U.S. \$7 million in 1980 to U.S.\$83 million in 1981." One year. Let me put it in Barbados dollars.

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

Hon. H. A. BLACKMAN: The current account deficit of the balance of payments widened from Bds. \$14 million in 1980 to Bds. \$166 million in 1981. One year, and they are accusing us. This is a letter written and signed by the late Prime Minister and the former Governor of the Central Bank. "To accommodate this larger current account deficit, the Government contracted a U.S. \$30 million Euro-loan..." This is what I said about the problems we always had. He is saying that to accommodate that deficit he went and borrowed Bds. \$60 million, a Euro-dollar loan, and the

Central Bank borrowed a further U.S. \$45 million, Bds. \$90 million, on commercial terms. Add the two of them.

I will be back. Thank you, Mr. Speaker.

Mr. H. B. St. JOHN: He has to produce the letter and the other document he read from him.

Mr. SPEAKER: The Honourable Member has risen to speak.

Mr. H. B. St. JOHN: No problem at all, Sir: Mr. Speaker, I am indeed grateful to the Honourable Member for demonstrating so conclusively that the Honourable Prime Minister and Minister of Finance, and the Honourable Minister of State for Finance, can learn nothing from past experience. The Honourable Member and the Honourable Prime Minister and Minister of Finance well knew that there was grave danger at election time in opening the Treasury to all of the demands of his fellow Ministers. I had that pressure too, but I was a man and I stood up to the pressure of my Ministers.

Certain remarks made by Hon. B. M. TAITT were ordered by Mr. SPEAKER to be expunged from the record at this stage.

Mr. H. B. St. JOHN: Asininity always reveals itself. Everybody knows, and the Honourable Member for St. Peter was man enough to get up in here and say that he wrote in his capacity as an academic at that time, on these matters in the ISER, a very recognised and learned institution, so that anything that the Honourable Member says now cannot absolve the present Minister of Finance for landing us in the position where we are today.

I just want to say this, Sir. On that occasion the forces that are supposed to look after the interest of labour were very vocal in their condemnation of the remedial measures which took place at that time. I am waiting, and the public is waiting, to see their conduct on this occasion. There cannot be any doubt about it at all that had this year not been an election year, we would not be in this position now. The burden of our argument is, the burden of our criticism is, that given those facts, the Honourable Minister of Finance had full and absolute opportunity to do something about the situation long ago and that the programme he is presenting to us today, burdensome as it is, would never be in the same vein had he been man enough to take corrective action earlier. The elections were over in January. He rode in on a mandate.
3.50 p.m.

The truth always comes out in the end. Everyone who had any knowledge and who benefited from what they read, because the Honourable Member obviously read that and did not benefit from it otherwise he would have told

his Minister of Finance "Act now. Now is the time. If you do not go to the IMF now when you go they are going to introduce draconian measures on the economy and the poor people back in Barbados." Sir, the first thing that the Honourable Minister of Finance should do is to get rid of the Honourable Minister of State in Finance because he knew these things and he concealed them from him.

Aside.

Mr. SPEAKER: May I say that you are strangers in the Gallery. You are not part of the debate. No laughing, signals or anything like that should be coming from the Gallery. Please observe the Rules.

Mr. H. B. St. JOHN: It would be interesting to the House, if we want to do this comparison. I am not going to spend any more time on it. But the Honourable Prime Minister and Minister of Finance should reveal his correspondence and his discussions with the IMF on this occasion. As the Honourable Member for St. Peter has said, he has concealed more than he has revealed.

I want to say this, Sir, I as a Barbadian am very disappointed that the Honourable Minister of Finance of this country could allow anyone to force him to introduce measures which will have the direct effect of emasculating manufacturers in Barbados to the benefit of our CARICOM partners. It is a very serious thing because if you remove the duty exemptions that are contained in the new Tariff Law No. 113 of 1991 – I made a very careful study of this; under the new Common External Tariff arrangements all Member States are permitted to continue to grant conditional duty exemption for the advancement of manufacturing – Barbadian manufacturers tonight face the situation whereby all the other Member States, pursuant to the permission granted under the obligations of the Common External Tariff, are granting their manufacturers similar duty-free exemptions.

I was a Minister of Trade and Industry, Sir, in Barbados and others here too. The manufacturers are always very conscious of the competitive position of Barbados. They tell you that their great competitors are Trinidad and Jamaica as far as manufacturing is concerned and they know by heart whatever privilege or benefit by way of duty-free concession is granted by these respective territories.

I remember when the printing industry came to us in the Ministry of Trade and besieged us to grant them similar concessions as Trinidad and Tobago. The Honourable Member for St. Michael West would know. They constantly monitored the situation. What is the Government going to tell the manufacturers in Barbados now? We are looking at lay-offs in this area of the order of 3 000 or 4 000 people.

I want the Honourable Members to consider the position of Barbadian manufacturers and Barbadian producers. We have a stronger dollar in relation to the U.S. currency. How can a manufacturer live up to the implications of that and at the same time have to face a duty and a tariff on his imported inputs to produce and compete?

People in the printing industry expect that in a very short period of time that that industry which many of us have fostered and fought hard to allow to capitalise, to bring in new equipment for colour printing so as to take advantage of the linkage between tourism and local industry in the form of printing brochures here in Barbados – what are we to say? We are driving the hotel industry to the United States, to Rochester and other countries, to go to Trinidad and Jamaica at 20 – 1 with the dollar – that is what it is now – to supply a need that we have the capacity to do.

I want to say this, Sir. I foresee, with the parallel development of the Common External regime and a unification of a single market in the Caribbean, that manufacturers are going to take their machinery and equipment from Barbados into Guyana once the elections are over. Any manufacturer with any sense would do that because there is little productive capacity there that they can exploit. Under the Free Trade arrangement that you have, unless you denounced it, they will go there so that Barbadian capital will go there clearly as a result of these ill-conceived measures forced upon the Honourable Member by the World Bank because he has to go to the World Bank for a structural adjustment loan.

We were telling whoever came to us do not mind the IMF so much. You can handle them if you know what you are doing but watch the World Bank and the Inter-American Development Bank. They are the ones that are going to give you the actual operational capital. They are the ones that are going to drive the hard bargaining. The Honourable Minister of Finance knows that.

These measures have been introduced to conform with the philosophy of the World Bank and the Inter-American Development Bank whose majority in voting power is the United States and the big countries who believe that there must be no duty protection in third world countries, not in their country. In the United States they can give them all kinds of subsidies, all kinds of counter-vailing duties and things of that kind but as for the rest of the world, that must be their markets.

So, Mr. Speaker, Sir, I want us all to understand that when the Opposition is pointing out these matters it is not from any feeling of spite against the other side. These are obvious matters which we are trying to drum into the heads of the people who seem incapable of understanding such

simple matters. That is the point. The danger sign is there. That is why we say come back and think it over. This is Barbados. We are Barbadians. We want to see what happens here is for the good of us.

Now, Sir, there are other important matters. I cannot for the life of me, with our experience in the past read out in detail by the Honourable Member for St. Philip South, see how it is possible that this Government could accede to the interest rate policy and to a cut in statutory corporations which service the productive sector. There is no justification at all for a cut in IDC's vote, the tourism vote and that for export promotion. Make up in your mind and stop dithering as to how you want to promote your goods abroad, whether through the Export Promotion agency or through a wing of the IDC. But at this particular period of time more resources should be channelled into promotion.

The Honourable Member is talking about 1981 and 1982. I can tell the Honourable Member something. I was fully aware of everything that took place. At that particular period of time both the former Minister of Finance and the Governor of the Central Bank were put on the mat by me when I told them that at that particular period of time they needed more money for tourism. If you look at the statistics you will see that additional money flowed to the Tourist Board to allow a new programme of advertisement in the United States of America after the foolish letter written about doing more damage than a hurricane.
4.00 p.m.

We were men enough. You have to watch when you are dealing with people who know what they are doing. I was man enough and the other Ministers were men enough to tell the then Minister of Finance – like all of you are not men enough to do – that he was doing foolishness. I said so in a press conference when he was alive and the facts show that the same Director of Tourism remained Director of Tourism. Think of that, think of the implications of that.

Now, my friends, the point is that it became clear that at that particular period of time when you are in a recession the way to get out of a recession is to try to get your promotional agencies functioning to the hilt. More resources had to flow to them.

Now, Sir, if you look at the vote you will see what happened. The Honourable Member also does not understand that on this occasion Barbados is in a completely different situation because on that occasion we were battling with a strong United States dollar *vis-a-vis* European currencies. One of the reasons why the dangers of a devaluation today are much lesser than they were at that time was because the United States dollar has already been devalued because of its relationship with the European Common Market and others. So we are batting now on a much better wicket than we were on at that time.

Now, Sir, the same thing with agriculture. I don't know, Sir. I will try to go through these duty exemptions, Sir. I am just going to read one or two of these duty exemptions, Sir. 45 - Materials including packing materials imported by or on behalf of an individual or company engaged in the manufacture of livestock feeds. In all of that does it mean that the materials for livestock feeds have gone? I don't know, Sir, whether I misunderstand what I am reading. I would be glad if the other side would tell me, Sir, because I have here, Sir, the Customs Tariff (Amendment) Order. Part 2 (b) of the Customs Tariff is amended by deleting ... and one of the items is 45.

Sir, I want to show you something that really galls me and is really hurtful to me because the Honourable Member for St. Michael South East was placed in charge of small business in my time and we worked out, after a lot of fight with a lot of people, a lot of abuse from some of these small businessmen, we sat down and we worked out a regime to allow them to be competitive with other manufacturers by looking for a device to let them bring in raw materials. The Customs in Barbados did not want them to have it and we sat down and we worked out and passed the Customs Order for raw materials, accessories, packaging materials, tools and equipment, excluding sewing machines imported by the Industrial Development Corporation for sale exclusively to persons or cooperative societies registered with the IDC, subject to the keeping of records by the Industrial Corporation in a form approved by the Comptroller. The vehicle which took so much time to be created to allow small businessmen to compete on equal terms has now been removed by a so-called caring Government.

Now, Sir, we go further. 41, Sir. This is a very serious thing, Sir. It has implications. Materials, equipment, ingredients, laboratory supplies and containers, other than such containers as a cabinet for the purpose of this paragraph, declared by notice published in the *Official Gazette* to be obtainable in Barbados, imported by or on behalf of Barbados Dairy Industries Limited for the use in processing, production and sale of milk and milk products, on a certificate to that effect, by the Secretary of the Company. You mean to say you don't want the Pine Hill Dairy, you don't want that?

Let us go on, Sir. What makes me even more vexed, Sir, is that under the CARICOM Scheme it is envisaged that in these territories where we have a shortage of reasonable materials it is permissible, even where you have reasonable materials to have a derogation in the form of allowing duty free. What are we doing? What thoughtlessness are we indulging in at this time? What are we doing? What are we talking about? US\$58 million. Is that money? Is that real money? Are we going to bastardise everything that has taken place for the sake of US\$58 million? What are we doing, Sir? This is a very serious

thing. So then, Sir, we say quite clearly that this programme needs rethinking.

I want to get it clear, Sir. The Labour Party recognises that the reality is that the Honourable Minister of Finance has so conducted the business of finance in Barbados that we find ourselves in that unfortunate position of operating where there is no foreign exchange in the banks. We want to get out of that, but we must not get out of that on terms and conditions that the social dislocation and unemployment that would come as an inevitable result of this is staring us in our face. There is no need for that, Sir. I am going to repeat it and I am going to keep repeating it in here and I am going to go further and I am going to educate the public about the injustice and if I am accused of fermenting strife, let the accusers start now because I am going to continue up and down, because this is wickedness. It is not correct and it can't be right.

Now, Sir, when we come to the wages cut. I wonder if the Honourable Member for St. Philip South has been able in his researches to find any semblance of an agreement by the Barbados Labour Party with the IMF to have a wage cut. Let him brag and boast about what we did. One thing we did not do was to cut the people's wages. Here it is that I have lived to see the Democratic Labour Party, the Government of Barbados, getting up and saying that they agree with all and sundry who accuse people who are responsible for collective bargaining, both as an employer and an employee of doing their work in such a way as to savage the economy of Barbados. That is what he is saying. That is the effect of what the Honourable Prime Minister and you are saying. That is the effect.

Now, Sir, the position is very clear. This Democratic Labour Party Government is accusing the people who are involved in collective bargaining in Barbados, both as employers and employees, of conduct detrimental to the economy of Barbados in agreeing to wage scales which have been repeatedly too high. That is what he says. Now that has been a theory but the position is very clear. These new found accusations are only now because there is no political benefit to be gained. Last year when the Prime Minister was in charge of the ship, he was pleased to be able to give a regrading. Never mind that was engineered by the top and only the top benefited and he was able to brag and boast how much he gave. He was not like me when I offered what I thought was reasonable. They marched on me. I only want to ask one question: Where are their feet now? Who has done this major amputation? The good Lord has been kind to me. He has allowed me to live and witness the metamorphosis that has taken place. He has allowed me to live and to see. In a statement issued by the Honourable Member for St. John, he denounced the Democratic Labour Party in the 1986 proposals.
4.10 p.m.

Sir, I have a book and it is called "Self Images of Development". The Right Honourable L. Erskine Sandiford, Prime Minister and Minister of Finance and Economic Affairs, very kindly sent me one, Sir. You all cannot get into this. The Prime Minister deals with an "X,16". Now Sir, the significance of this is that it was March 23, 1991 in an address to the NUPW. March 23rd, Sir, and elections had gone. The Prime Minister was bragging and boasting on Page 224. Since 1986 there have been three two year salaries agreements costing \$106.1 million and he detailed them.

Additionally, the recent regrading exercise which had been promised put another \$33 million on the salaries bill for the Public Service. He was not quarrelling then. He was not saying then that those salary increases would drive us to the IMF. He was not saying then that they would be contributing to the fiscal deficit, the twin problems of the fiscal deficit and balance of payments. His thoughts then were that he could ride it out. Another error of judgment! That was a wrong thought.

Sir, there are other areas where one can pick up the speeches of the Honourable Prime Minister and see where all along when there ought to have been need for action...

Mr. SPEAKER: One minute more.

Mr. H. B. St. JOHN:...there was no action. I think that the facts as I have presented them are abundantly clear, Sir. I only want to say this. Let us resolve in here. I cannot vote for that Bill to cut the wages, Sir. In our view, it is not going to contribute to a solution to the fundamental problems. We have got to get our productive sectors going and I do not believe in a wage cut in the manner in which it was done. I am convinced in my mind that it is totally illegal and unconstitutional.

Mr. SPEAKER: The Honourable Member for St. John.

Hon. D. J. H. THOMPSON: Thank you, Mr. Speaker. The presentation by the Honourable Member for Christ Church South affords an interesting lesson to young politicians like myself and others and it points to the importance of the concept of irony or justice in politics. In 1981, he was the one who borrowed the phrase, "you never had it so good", and by September of that year we were in the hands of the IMF. In 1981, he was a public servant not a politician. He is now a politician. A public servant stands in this House and tells the public and Members of this House, which is the guardian I suppose of sovereignty and policy, that he negotiated with the IMF. The politicians, if I am to judge by the 1983 debate, particularly the Honourable Member for Christ Church South, knew nothing about it. A public servant with some other public servants negotiated Barbados' entry into the International Monetary Fund standby arrangement.

Mr. O. S. ARTHUR: On a point of order, Sir. The Honourable Member is misleading the House. There were no negotiations involving any public servant who is now a Member of this House with the IMF. A programme was entered into between the Government of Barbados and the International Monetary Fund in September 1982. There were no negotiations.

Hon. D. J. H. THOMPSON: I do not know when they began. The point is that we were told today by the Honourable Member for St. Peter that he negotiated. I did not say so. If he is denying that, I will sit down and let him deny that he said it. The irony is that today he sits at No. 3 and former Members of Cabinet and McGuffies in Barbados in 1981 sit now at Nos. 4, 5, 6, 7, and 8. That is one of the major ironies of politics. Now people have talked about they are men....

Mr. SPEAKER: No, no, we are not taking that.

Hon. D. J. H. THOMPSON: They have talked about how they are men and they stood up to the Prime Minister. I do not have to express gratitude because I have self respect. I can assure you that I would not be in this Chamber today defending or explaining these proposals had the Prime Minister who has respect obviously for each Member of his Cabinet not come to us and indicated the basis of his negotiations. That is all that I am saying. So all the talk that you hear out there, I can tell you this. I did not come in here blindfolded.

Aside.

Mr. SPEAKER: Order, please.

Hon. D. J. H. THOMPSON: I am defending a programme.

Mr. SPEAKER: I have not given the Honourable Member for St. Thomas the right to speak. Continue.

Aside.

Mr. SPEAKER: Neither to the Honourable Member for St. Michael West have I given any right to speak. Continue.

Hon. D. J. H. THOMPSON: I am fully apprised of the contents of the programme. I feel that I can stand like a man, as the Honourable Member for Christ Church South said that he once stood on another issue but not on the IMF issue. I can stand like a man and say I know.

Now the point is this, Mr. Speaker. That is one of the ironies to which the Honourable Member for Christ Church South speaks. He is now offloading a lot of the political history of Barbados, things that he must have kept bottled

up inside of him for many years. I am grateful that he is now offloading them because it has done a lot for him in the eyesight of young politicians.

4.20 p.m.

I make no bones about saying that. He said last night a statement was issued by the Democratic Labour Party. I issued it as General Secretary, but nobody had any doubt in this Chamber which position I have stood on, which I said from that back bench in the seat now occupied by the Honourable Member for Christ Church East, in relation to 1986. It has never been in doubt, so you do not have to get excited about the fact that my position has been stated before the cameras in the Budget. I think we have all come to understand that in politics we make mistakes from time to time. We have to determine, for example, what impact Carifesta had in 1981 and on our going to the IMF.

Aside.

Hon. D. J. H. THOMPSON: One thing I can say for the Member for Christ Church South. He belonged to a Government who said they were great managers. They were not philosophers, it is true, they may have read about philosophy and every now and again the Honourable Member for Christ Church South, I return to him, uses the word "philosophy" but he has a difficulty in understanding questions of degree and questions of philosophy *per se*. The Honourable Member for Christ Church South had some kind of socio-cultural philosophy and as a result of Carifesta some changes were wrought in this country that have redounded to the benefit of Barbadians. Do not make any bones about that.

It is the only major socio-cultural exercise the Labour Party undertook. They put the National Health Service in the hands of the Honourable Member for the City and ten years later it was unimplemented, the only major social service programme. They came to Government on the National Health Service and ten years later they walked away from Government without implementing the major plank of their 1976 proposals. Whatever you may say about the Democratic Labour Party, we have sought in relation to social policy and in relation to social security to give paramountcy. I am the Minister of the Community Development with responsibility for welfare, child care and other issues of that sort, and I can assure you that we will seek to ensure that in relation to these measures the safety net, as it has existed, will continue to be in place and I hope that the worst cases of dislocation will be able to find adequate counselling, advice and assistance from those social services.

But let us be frank now. The Honourable Member for St. Peter ended his speech by saying that countries go through crises and out of crises new eras emerge. We have been on one trajectory from 1961 – that is what I understand him to be saying – the year in which I was

born, the nationalist Government, Errol Barrow's first Government, followed by the managers, the so called Great Combination. Those Governments have had difficulty: in 1973, the fuel crisis, economic problems beset this country of a magnitude never anticipated, never witnessed before and certain stabilisation efforts had to be made, as a result of which the social dislocation was heavy and the Government came to an end. In 1981 the same problems emerged under the great managers.

Aside.

Hon. D. J. H. THOMPSON: It is nothing big, except that you all did not know what had happened. That is the big thing, that big men and women did not even know.....

Aside.

Hon. D. J. H. THOMPSON: The debates do not lie, Mr. Speaker. I have respect for what I read in here and unless the Reporters, the Editors and everybody else are telling lies, nearly every one of them to the man said that the IMF was a great institution. The Honourable Member for Christ Church South was Deputy Prime Minister. He delivered a speech in which he asked the Democratic Labour Party for alternatives. That was the second paragraph in his speech. You cannot attack me now for asking for the alternatives. What are the alternatives?

Aside.

Hon. D. J. H. THOMPSON: I do not know that the two of them agreed on the alternatives, because this is the reason why I say this and this is where the question of philosophy comes in. The Honourable Member for St. Peter is calling for a new path of development and I do not think people have necessarily understood what he is calling for. Whereas the Honourable Member for Christ Church South, in talking about putting money in promotion, is essentially acknowledging, maybe unwittingly so, that the present economic arrangements in Barbados are satisfactory, that for example once the manufacturers are given promotion.....

Aside.

Hon. D. J. H. THOMPSON: I am just saying that is what I am assuming. I am not sure they are on the same wavelength.

Aside.

Hon. D. J. H. THOMPSON: I prefer to look at what the Honourable Member for St. Peter is saying, because I think that that may be the relevant consideration in relation to young Barbadians who are going to be faced with this new development path, so called, whatever we wish to call it, and not just a question of promoting what exists already.

This exercise has to produce some fundamental changes. You have to ask the question whether Government itself, including the Public Service, its professionals and so on, is going to be able within their resources to manage that kind of change. The Government is looking to other funding agencies to bring substantial resources into this country to redefine the economic relationship, but can we really manage that kind of change in Barbados, with glorified shopkeepers out there every day grabbing the headlines and calling themselves the business sector in this country? Are they able to carry out the kind of economic change that is necessary?

Asides.

Hon. D. J. H. THOMPSON: I do not mind, I will say exactly how I feel about them.

Mr. SPEAKER: Can I hear the Honourable Member for St. John? Continue.

Hon. D. J. H. THOMPSON: The Government has its agenda and I am saying to you that that agenda cannot be carried out by the Government alone, and we have been saying this consistently and it does not seem as if all these people who are walking around Barbados holding meetings, discussing all kinds of strategies, either have the slightest idea on how to implement them, or have in fact addressed their minds to whether those strategies are not just warmed over soup, or whether they are clearly changing or going to change the economic landscape in Barbados.

We have shown no disrespect for the institutions that are within our control, contrary to the foolishness that was spouted on a political platform recently about how we disrespected Parliament. Could you imagine a Member of Parliament, an Opposition Member, accusing this Government of disrespecting Parliament? She also said whom she blames for that, but you, Mr. Speaker, and I will not deal with that subject now. Then two weeks later this brilliant person also got up in the centre of Bridgetown and said: "When we were in power, we did not have to consult, we were governing! We governed, we did not have to talk to anybody, IMF, we just implemented it." This was without reference to Parliament or any of the institutions over which we had control. She professes to be the guardian of Parliament, all the international institutions and all the great philosophy about Parliament and its role, but when pushed to the corner she said "we were governing, we did not have to tell anybody." These are the ironies that arise in this particular debate and which will make interesting reading for future generations, and particularly young politicians.

Okay, we were on this trajectory from 1961. He said we had the 1973 oil crisis. There has been a lot of singlemindedness in economic planning in Barbados too – the Honourable Member for St. Peter has conceded that

point – such as the pursuit of industrialisation in the early years of the nationalist Government. Singlemindedly agriculture was a step-child or a cast-off. The managers came along and they said it was time for tourism and to develop the services.

4.30 p.m.

Those were pursued single-mindedly. The Honourable Member for Christ Church South indicated that he tried with manufacturing. I do not know if all the evidence is there to prove that particular assertion but that is what he has said. But there was emphasis on tourism and services and now we are in the 1990s and everybody is saying let us go back to agriculture. Once you have the concept, the dialectic thesis, antithesis and synthesis you get back to the same cycle. It is true that in the particular crisis we have a new opportunity to rub the slate, perhaps. Economists like C.Y. Thomas say you cannot really rub the slate when it comes to development. But this Government now has an opportunity. We are going to make that opportunity real to carry out those reforms that are necessary in relation to the Barbadian economy. That is what I understand is the major issue.

In 1978 when I was coming to debates in this Chamber as a child the talk was when you were borrowing money, the issue was whether you were borrowing it for balance of payments support and if you were, the Opposition was abusing the Government. By 1981 Governments were acknowledging openly that they were borrowing on the international capital markets for balance of payments support. That was no longer an issue by then. Times had changed, people's ideas had changed. But when that event occurred, when the issue of borrowing for balance of payments support no longer became an issue in this country, what it meant was that we were acknowledging that development would take place in Barbados only if other people were going to lend us their savings to carry out that development. No longer was the issue of why you were borrowing this money arising. People were just walking around saying the national debt was too high. Could you pay it back or not? But the issue of what was the relevance of that borrowing – was it purely for balance of payments for support? Was it to supply the consumption needs of the public? Did it have some other productive use? Those issues were abandoned by 1980 in this country and that is one of the problems that we face now.

We are back into an international recession in 1991. Productive sectors are down relative to other periods. Consumption is up. Wages are alleged to be high relative to the productive capacity of the economy. Apparently there is some dispute about that. Credit has been relatively easy and Government expenditure is high. This is a recipe for difficulty. But it is not something that you can turn around overnight.

The Honourable Member for St. Peter also said something in 1988 at a University of the West Indies social gathering about the effectiveness of the Budget as a tool in addressing economic policy, as an instrument, and as a critique of somebody else's paper on that particular subject. He knows where the limitations are and that is why his strictures against this Government, apart from the hyperbole and the superlatives here and there, were not as severe as people expected him to be because he knows that the position in which this Government finds itself in today is not, contrary to what the Honourable Member for Christ Church South said it was, a result purely of Government's policies. It is a result of the philosophy of development that the whole country seems to have adopted that we can continue to borrow other people's savings and spend and that can continue and continue. Well, a halt has been put to it and as a result of that halt being put we have to make some fundamental changes. I represent a rural constituency...

Aside.

Hon. D. J. H. THOMPSON: ...rural Barbados, like the Honourable Member for St. Joseph who is new to rural Barbados, I represent rural Barbados. These resources that the IDB is going to make available, I hope that it is going to mean a real adjustment for the kind of support and expenditure over time by Governments that have taken place in relation to the infrastructure, social services and other amenities from the urban area to the rural area.

You cannot just change the development of agriculture by putting it in the hands of the same people who have been running the sugar industry for the past 20 years. There are some things that need to be done in relation to rural people in this country, in relation to their access to credit and their access to the resources that are around them. I have said this already where people are living in a tenantry in St. Joseph and all of the land around them belongs to somebody else and they have no prospect whatsoever in this country of owning it. When they get out of their front door every morning in Pool Tenantry, St. John and look around they see thousands of acres of land but they have no prospect whatsoever of owning it. How could you expect to want them to remain in Pool Tenantry in St. John? The first opportunity they have, they come into Bridgetown and then they have to draw on the resources of Government in relation to housing and all of the other amenities which are available in the urban areas. We have to put some money into the rural sector and change the relationship of those people to the economic resources. This particular exercise is going to provide us, I think, with that new opportunity to change the economic direction of Barbados.

Aside.

Hon. D. J. H. THOMPSON: Have you walked that ground? You were the Minister of Agriculture. For five years the Honourable Member for St. Joseph was Minister of Agriculture and yet St. John remained almost like an island. It depended on people who had St. John stock, like the Honourable Member for St. Michael South East and Christ Church South, people who had a commitment to agriculture. You did not do anything that would have had any impact whatsoever on the agricultural sector in St. John and you tell me it was old ground? Well, it was talk then but this is the time now for action. I think more people are cognisant that this is the time for action in Barbados. The critical nature of those agricultural reforms must therefore not be missed.

It is all right for people to leave here and go out on the political platform on a Sunday night and tell people all kinds of things about the Democratic Labour Party. All of that is icing. I hope that the same remarks that were made in here by Honourable Members in relation to the future will be made on those political platforms too and not just all of the strictures and all of the other criticisms, negatives and abuse – I do not mean abuse in the sense of bad words – and other forms of negative pursuits which have been emanating from political platforms recently. All of that is unnecessary now. We know what situation we are in. The Democratic Labour Party has brought the scenario to the public as promised and now we take the cue from the Honourable Member for St. Peter. You take your cue from there. I know it will be difficult for you.

Before the Honourable Member for Christ Church South spoke I thought this would have been the worst speech I had ever heard in the House because I thought that he would have spent time, as he does consistently, reminding us about 1986, but he went on a new path. In addition to that, Mr. Speaker, I also realise that with the Honourable Member for the City in the House of Assembly, it is difficult to deliver speeches much worse than hers. I have not been here for the past two. I was out of the island but I want her to take her cue on these times of economic issues from people who know, people who are knowledgeable and develop some kind of philosophy instead of the kind of thing that is going on out on the political platforms in this country.

Try and build – I do not want to use the word "consensus" – because there is a lot of talk. The bottom line, as the Honourable Member for St. Peter said, is confidence. But confidence is not built on deceit. It is built on truth and in 1982 nobody knew what was happening. The public was deceived but today in this country the public is being told up front this is the unvarnished truth. Now, if that does not build confidence, if that cannot change people's perception of Government well, then, nothing will. Confidence is built on fairness, on not taking unfair advantage, et cetera. That is what the Democratic Labour Party seeks in this particular exercise. What is the

issue before us? The issue before us is that this opportunity, Mr. Speaker, is going to provide vistas and horizons for Barbadians.

4.40 p.m.

I believe that if in the Ministry of Finance they develop a creative partnership with some of the other Ministries and agencies in this country, for example, the Barbados Youth Service – we have talked about the Captains of Industry and we are going to be taking a hundred young men and women into the Barbados Youth Service, people who will form the nucleus of a new Barbados who will be the captains of industry and are not going to form a positive impression of this country if they are constantly faced with a barrage, not only of negative criticism but of criticism that does not at the same time point them in new directions – we have a great opportunity with that nucleus of young people whom I have only given as an example as there are many other agencies in this country, community-oriented agencies that are funded by external agencies and community groups that are developing what can start to concentrate on self-sufficiency programmes and can start to concentrate on new initiatives for young people and people living in communities throughout Barbados. This is a new opportunity, so out of this adversity and this difficulty or hiccup – you may wish to call it – in our economic progress we have new opportunities because there is no other way that we can move from this point to a new point. I think it is a question of survival that all of us have to internalise as citizens of this country. There will be those who will try to stop us ...

Mr. SPEAKER: You have one minute more.

Hon. D. J. H. THOMPSON: ... but, Mr. Speaker, we have, even in the face of that criticism, to move ahead.

It is alright to shout about Sherbourne. In his closing remarks the Honourable Member for St. Peter talked about conventions in Barbados and attracting international business. The first phase of Sherbourne was the Convention Centre which is almost complete.

Aside.

Hon. D. J. H. THOMPSON: You don't know what is happening, as usual. The convention facilities. We were under so much criticism, a barrage of criticism, that it is going to make it difficult in the future to market Sherbourne in the way that it should be marketed, the kind of criticisms and foolishness that we have had to face. All of it is inter-related and forms part of our development strategy.

With those few words, Sir, I only wanted to impress upon Barbadians that this should not be viewed as a period of adversity or a period only of negativity. Regardless of what Honourable Members out there have to say, they

know in their hearts it is going to be difficult when you step out on the street, not just for you, for me, but for everybody. The only way that we will move out of that adversity, Mr. Speaker, is if we have some kind of creativity or if we develop new opportunities for the future.

With those few words, Sir, I support the particular Bill that stands before us. Thank you.

Miss B. A. MILLER: Mr. Speaker, Sir, the Honourable Member for St. John has added nothing to the debate but I gather that is his function. He is not really here to support it. He has been very careful in his choice of language. I don't have a lot of time but I have a lot that I wish to say.

Mr. Speaker, the first point that I want to make is that I really genuinely do feel that it is a matter of regret that the whole of this budget debate, because that is what it is, is not being televised for the education of Barbadians.

I see in the United States of America the nomination of a Supreme Court Judge – hearings all day long for two weeks. They think that is important enough. In Barbados we would think nothing of cricket for four or five continuous days on the television and on the radio.

Certain remarks made by the Honourable Member for the City were ordered by Mr. SPEAKER to be expunged from the record.

Miss B. A. MILLER: Mr. Speaker, Sir, this is no mini-budget, this is the most maxi-budget Barbados has ever had. The Government Information Service has been feeding us with a lot of propaganda from the IMF about Ghana and Mexico. What about Barbados? I don't listen to all of that trivia. The Minister of Finance is also the Minister of Information, he only has to give the instructions.

Hon. B. M. TAITT: On a point of order, Sir. I object to the Honourable Member, when I gave the House facts, calling it trivia, Sir.

Miss B. A. MILLER: Mr. Speaker, Sir, part of our problem is that the media in the Caribbean has not seen fit over all of these years to keep us abreast in the detailed way that they might have done to help us to monitor what happened in Jamaica, what happened in Guyana, what happened in Trinidad and Tobago and that is why today a lot of Barbadians have no concept of what the Budgetary Proposals of this maxi-budget has for them.

I was so interested to hear the Member for St. John saying that confidence is built on truth! Truth, Sir! Mr. Speaker, Sir, deception and danger, Sir, are the two words that I would like to use to characterise the performance of the Government over the past year. I am not going back to

1961, or 1971 or 1981. The Member for St. John is suffering from arrested development, he stopped at 1981. We are in 1991. I am dealing with the present.

The Prime Minister and the Minister of Finance has tried to blame everything on everybody. I believe there was even a suggestion of some comparison with a hurricane. That means now we are to blame God? Hurricanes are acts of God, acts of nature. Devaluation is not, that is an act of mankind. He has blamed everybody except himself for where we are at today.

Mr. Speaker, like so many of the speeches emanating from that side of the House, by the Prime Minister's very actions he is confessing that he has a lack of control over the economy of Barbados because he says that everything and everybody has superseded him and it is their fault that the economy is in a disastrous condition because they have made it so, not he, he is not in control. He is a mere bystander and observer.

But most important, Mr. Speaker, this is where the deception begins, that the Honourable Prime Minister and Minister of Finance and Economic Affairs, the only one, starts off by deceiving himself and then by extension he is deceiving us all, including this Honourable Chamber. Since October last year, Mr. Speaker, the Prime Minister had to know, and I am using his own language now of his Budgetary Proposals...

4.50 p.m.

Mr. SPEAKER: I just wanted to hear what the Honourable Member was saying. A reference to a Member in this House, as I understand it, contravenes the Orders of this House. No Member should be accused of deception.

Miss B. A. MILLER: I just said it. I said that the Honourable Prime Minister and Minister of Finance starts off by deceiving himself.

Mr. SPEAKER: Deception – that is what I heard. I can only say what I heard. I carefully listened to you.

Miss B. A. MILLER: I have it before me. The Honourable Minister of Finance and Economic Affairs – I am not reading, I have my notes before me and I am not speaking different from what is in my notes – has started off by deceiving himself and by extension is deceiving all of us.

Hon. B. M. TAITT: On a point of order, Sir. You cannot teach her what to say. The Honourable Member cannot say that any other Honourable Member is deceiving the rest of the House. If the Honourable Member wishes to say that somebody is deceiving himself or if she wishes to say that she is deceiving herself, she can say that. But she cannot say that he is deceiving the rest of us. That is contrary to the rules.

Miss B. A. MILLER: Mr. Speaker, Sir, since October last year the Prime Minister had to know that the collapse of the Barbados economy was imminent. Their rush to hold a general election was a deliberate act of political partisanship intended to put political party interests paramount above the national interest of Barbados. The month of January 1991 was the time to start serious corrective measures so that we would not be where we are today. But the Prime Minister took a deliberate decision to have a general election instead and whatever would be done after would be done after. By April 1991 when the Prime Minister and Minister of Finance was delivering his Budget and I quote:

"Despite the dip in 1990, Barbados has emerged from the decade of the 1980's with an economy capable of generating the levels of output and employment needed to be maintained and improve our standard of living. We have been able to build a well-balanced economy based on tourism, manufacturing, agriculture, construction, and the financial business sectors."

It goes on and on about the challenges of the years ahead. Even when the Prime Minister of Barbados knew at the beginning of April when delivering his Budget, he had to know that the IMF was seeking meetings with him to discuss the fact that the Barbados economy was in a serious state of deterioration. He had to know that and he had to know that these Budgetary Proposals...

Rt. Hon. L. E. SANDIFORD: On a point of order, Sir.

Mr. SPEAKER: The Honourable Prime Minister has risen on a point of order.

Rt. Hon. L. E. SANDIFORD: The Honourable Member for the City is imputing improper motives to me and furthermore, Sir, she is arrogating unto herself the right to say what I must have known and that the IMF was seeking meetings with me at that time. I am saying that both the imputation of improper motives to my way of thinking as well as the statement that meetings were being sought with me by the IMF officials at that particular time are untrue. On both counts I would ask that you rule, Sir, that the statements are out of order and should be struck from the record.

Mr. SPEAKER: As I cautioned the Honourable Member, she was very close to what you have just phrased. That is imputing improper motives and that is one of the Standing Orders of this House. I prefer the Honourable Member to withdraw those statements or re-phrase your statements in such a way that they would not infringe that Order.

Miss B. A. MILLER: I am trying to say, Mr. Speaker, that at the time when the Prime Minister delivered his

Budget in April of this year, it had to be within his knowledge that what he was proposing in this Budget could not even get off the ground nor ever see the light of day.

Aside.

Miss B. A. MILLER: Mr. Speaker invited me to use different language and I did. Such was the magnitude of deception. I remember the Honourable Member for St. Peter asked the question during that Budget debate in April of the Minister of Finance: How are you going to finance the deficit? He has never answered the question, Mr. Speaker. Of course, we are getting the answer now with these maxi-Budgetary Proposals. In July of this year, by the Prime Minister's own admission, the IMF was setting deadlines and outlining its conditionality for Barbados. Mr. Speaker, Sir, IMF conditionalities generally fall into six broad categories:

- (1) Reduction of public expenditure,
- (2) Promotion of domestic savings,
- (3) Reduction of the state's economic role,
- (4) Liberalisation or freeing up of the economy, devaluation, the abolition of exchange control through the removal of import, price, and distribution controls,
- (5) Export promotion,
- (6) Promotion of private foreign investment.

The Prime Minister, to our certain knowledge, missed both the end of July and the end of August deadline and thereby passed up the opportunity for less harsh conditionality by insisting on what he calls "consultations with the social partners". Here we come to further deception. Certainly, the consultation with the Barbados Labour Party Opposition amounted to a short talk. The Prime Minister read from a prepared printed document. Some official from the Government Information Service was in attendance. Not even the lowest level person from the Ministry of Finance was there and that was viewed as a consultation. Goodness knows what happened in consultation with others of the social partners. Then, Sir, I come to the negotiations with the trade unions. The deception deepens as the trade unions have discovered to their cost in the form of direct and indirect taxes. The infamous negotiations with the trade unions were, in my view, another abuse of the rule of law in Barbados. I am deeply concerned about this, Mr. Speaker, Sir, and so are other right-thinking Barbadians. This is another abuse of the rule of law in Barbados and this is when the word "danger" ceases to be written in black and starts to be written in red for Barbadians to see the writing on the wall. When deception joins forces with danger that is part of what the Honourable Member for St. Peter referred to as the warfare that has been declared in Barbados. Could it be true that the Prime Minister can be taking advice from his main adviser who is a Dr. Sandiford to the effect that psychological warfare is the way to go?

But in the midst of all of these consensus of the social partners in the case of the trade unions, the Prime Minister goes behind the back of the collective bargaining process to individual members and says to them: "You ignore your trade union. You ignore your political party. You ignore your church. You ignore your credit union or whoever and you make a private deal with me to cut your own salary." Only in Barbados can that happen, Mr. Speaker.

5.00 p.m.

Then they were issued with one of these. I want to make this a document of the House. The heading says "Option Form". It turned out it was not any option, Mr. Speaker, it was a ballot paper in an election where nobody knew who the Returning Officer was, and still we do not know, nobody knows who the counting agents were. The count was done in secret. Bajans are accustomed to elections and they know that they are not conducted like that. That is what happens in countries where elections are rigged and that is why a lot of Barbadians today are concerned about the abuse of the rule of law and what next will happen. I am willing to make that a document of the House. That must go down in history, only in Barbados.

Mr. Speaker, that action has had the effect of castrating the Trade Unions in Barbados, of vitiating their viability as organisations which are dedicated to unity and orderly development. It is a recipe for anarchy, where individuals will feel that if you can come to me and deal with me alone I can do what I like, I can make my own decision. When these individuals begin to turn on the DLP Government and the Prime Minister, he will not then have it in his power to turn back to the mother organisation and say "help me" or "save me", because he would have castrated them and their voices would be dead. We are all waiting, not only on this side, Mr. Speaker, in the whole of Barbados to see how every trade unionist is going to vote on this.

We know that the parliamentary party of the DLP was told by the Prime Minister last Monday night that he is not accepting any abstentions, the only absentee he is going to countenance is Philip Greaves and they must all vote yes. We know that, but we are waiting to see. Men have to stand up and be counted now, in here.

But then, Mr. Speaker, of course, as the workers have found out to their cost, they were deceived. They thought they were signing this option form, which as I said turned out to be a ballot paper. They thought that by signing that form and agreeing to cut their salaries it would eliminate the possibility of devaluation. Then the Prime Minister had the boldness to tell them, after the secret count, that he could not guarantee any such thing. The same kind of deception, where it was written into this yesterday that he was not ruling out devaluation, but that part was not read until the Honourable Member for St. Peter got up and read

it out to Barbadians so that they could know the whole truth, and the Honourable Member for St. John....

Certain remarks made by Miss B. A. MILLER were ordered by Mr. SPEAKER to be expunged from the record at this stage.

Miss B. A. MILLER: Confidence is built on truth, he said, confidence is built on fairness. It cannot lie in his mouth, any more than it can lie in the Prime Minister's mouth at the end of his statement yesterday to say that unity is strength, divided we fall.

Aside.

Miss B. A. MILLER: He said that. It is here. This is not one of the parts he did not read out loud. He said this yesterday at the end of what should have been a peroration, "Divided we fall, united we stand" and yet by his own actions the Prime Minister....

Mr. SPEAKER: Are you saying the Prime Minister is lying? That is the key point.

Miss B. A. MILLER: No, I am saying that he says one thing and does another, that his actions do not conform with his words. He has sought the old colonial political trick of dividing and ruling the trades unions, and we will know by their vote in here – there will not be any secret ballot counted by secret agents – because they will call your name in here and we will know how you are going to vote today, or whenever the vote comes on this matter.

Mr. Speaker, Sir, when the old colonial masters used that kind of tactic with the people of this country, they rose up and the Barbados Labour Party was born and so was the Trade Union Movement. We are going to see if the trade union bosses in here are going to betray that.

Mr. SPEAKER: There are Honourable Members in this Chamber.

Miss B. A. MILLER: These are Honourable Members, they are very honourable.

Mr. SPEAKER: Honourable Members are in this Chamber as representatives of constituencies.

Miss B. A. MILLER: Truly, Sir. They know who they are. Now, Mr. Speaker, the most elaborate deception of all, and the most dangerous one too, is the belief generated out there on the streets, in the homes and at the shop corners in Barbados that an IMF package such as the one we are debating today by itself, or a devaluation by itself, or either a bit of both by themselves, can be a cure for what is the economic disaster in Barbados today. There is no truth in that. If that was true, Jamaica would have been cured 14 years ago. Nobody in here can remember how many

devaluations Jamaica has now had. If that was true, Trinidad would have been cured already, Guyana would have been cured already, so by themselves these IMF packages and/or devaluation are no cure. The real cure lies in the fact that we are going to have to work and earn our way out of this, and nowhere in the Minister's speech yesterday did he use the word "productivity". There was no call to arms, you did not hear "Barbadians, get out there, you must work," no sense of urgency was generated. If the Prime Minister and the Minister of Finance's understanding, comprehension, of what the real problem is in Barbados is so fundamentally and monumentally flawed, he is never going to get it right, it is never going to come right.

I go on, Sir. Just let me use one example. The Honourable Member for Christ Church South made reference to tourism. The Prime Minister in his proposal yesterday tells us that he is going to make available some \$60 million – I forget how he put it, he never used the words "productive sectors", he does not use those words much, and certainly never the word "productivity", you will see the word "productive" but you will not see the word "productivity" – for what would be the productive sectors. We do not know how much of that tourism is going to get, but he goes on labouring this connection between the Gulf crisis and the shortfall in tourism. Do not let me misquote him, he said: "Earnings in the tourism sector declined by almost 11 percent, thereby vitiating expectations of recovery in the tourism sector from the Gulf crisis induced slump."

The truth is, Mr. Speaker, as the Prime Minister is saying by implication, that tourism had been in decline long before the Gulf crisis, and since the Gulf crisis other tourist destinations in the Caribbean, who we think are not even as well endowed as we are, who do not have the elaborate, sophisticated plant that we have and all of the other things that we have, and who are withstanding now not only the Gulf crisis but hurricanes, are doing better than we are doing.

Mr. Speaker, the Prime Minister said that this supplementary budget, as he calls it, is to address the deep-seated problems. That is his word. When we examine it carefully, it turns out that that is not the case. It is very clear that the proposals in this document are meant to be very short term. They are addressing what the Prime Minister needs to outline in a letter of intent to satisfy the International Monetary Fund in the very short term, within the next few days, but what of the medium term and the long term? Not a single word about divestment, not a single word about debt management.

5.10 p.m.

As I have said before, most crucially, not a single word about productivity. What are the hidden cuts, Sir? Millions, I forgot how many, maybe \$22 million, are to go

to the statutory corporations for them now to have the joy of implementing their cuts. The Prime Minister will not have it added to his burden for one to say that he cut bus fares, or he did this or he did that. Other people will do that.

There are people out there on the streets in Barbados who believe that this is it and somehow we are going to be cured. But this is not it. We are left now to see what is going to happen. We are left now to see what is going to happen in the statutory corporations. Is the Transport Board now going to increase bus fares in an attempt to manage its own deficit? The first thing the Transport Board needs to do, like the Barbados National Bank, is to get a chairman.

Mr. Speaker, is the Prime Minister aware that the Barbados National Bank, which falls under his portfolio, that its board's term of office came to an end on August 6 this year, nearly six weeks ago and that he has not put a new board in place at a time like this?

Aside.

Miss B. A. MILLER: He cannot find anybody in the whole of Barbados? Who is the new board at the Barbados National Bank? Tell us who the new board is and when it was appointed. I checked this in the *Official Gazette*. Its term of office expired on August 6. I want to know what is the legal status of all the activities in the National Bank between August 6 and today and until whenever any board is appointed. There is a question I would like to ask, Sir. Is this an indication that the Government is going to divest itself of the Barbados National Bank? Is that what we are looking to? These are questions. I can only hope that I will get answers. But a critical institution at a critical time like this is virtually rendered inoperative from a legal standpoint.

Mr. Speaker, I have to say this before I sit down. Let me make this point now. The women in Barbados have very serious concerns about the state of this economy. They want to know, in plain language, what are the implications of these Supplementary Budgetary Proposals for them on a day to day basis. They are entitled to know. You know why they are entitled to know? Because on a day to day basis the economy of Barbados is administered by the women of Barbados.

They need to know if they are going to lose their jobs. Remember that over 50 per cent of Barbadian households are headed by women. They want to know what is going to happen when they go to the supermarket in view of the increase in consumption and other taxes. Mr. Speaker, for generations, as I say, at the level of the family, women have been the day to day economists. They are the ones who are making the daily decision about what will go into the family pot. They want to know now if they have to make decisions about what is not to go into the

family pot. They are the ones who make the decisions about which child will get a new pair of shoes. They want to know now if this Budget will mean that no child will get new shoes. Management skills, Mr. Speaker, are very much a natural part of women's armoury in this whole battle for survival. The Prime Minister has used that word as well as the Honourable Member for St. John who is still hiding outside.

Mr. SPEAKER: You had better say he is not in his seat.

Miss B. A. MILLER: Mr. Speaker, another naturally occurring skill among women is that of prioritising. Women know how to order their priorities. They decide their priorities on a daily basis. Again, and for generations they have been making correct decisions. There is not one of us in here who is not in a position to make testimony to that. They have managed their budgets and managed them well. They have managed to feed, educate and clothe their families sometimes at great sacrifice. Why is it felt that women who manage so well at the micro level are not in a position to manage as well or better at the macro level? Because at the end of the day and sometimes even at the beginning of the day it is women who are going to have to implement and administer this bad medicine that the Prime Minister has doled out. He is like the doctor. He only prescribes it.

Mr. SPEAKER: One minute more.

Miss B. A. MILLER: Mr. Speaker, when this debate is finished at the end of the week, Friday, Saturday or whatever, and the pain has set in, it is my belief that the Government plans to go into a long recess, something in the order of, perhaps, two months. If I am wrong tell me so because many of the Ministers have to go travelling, a whole posse I hear of more than 20 people. That is why I had to ask a parliamentary question. A whole posse is going to Zimbabwe. Another posse is going to the UN. The Honourable Member for St. John is in trouble because he could not go to India because of this debate.

Certain remarks made by Miss B. A. MILLER were ordered by Mr. SPEAKER to be expunged from the record.

Miss B. A. MILLER: The point is, Mr. Speaker, that at the over-taxpayers expense these people are going globetrotting. The question I am asking is this. Who is going to be back home in Barbados minding the shop?

Mr. SPEAKER: You will have to say that in a half of a minute.

Miss B. A. MILLER: While the people suffer, and the Prime Minister has said the people are going to suffer, and the Cabinet is globetrotting, who is going to be minding the

shop? Mr. Speaker, let me say this before I sit down. Somebody has to be home minding the shop and monitoring what is going on. You want to know why? I do not want to hear at the end of the year, and it is here in the Prime Minister's speech as well for those who want to look carefully at it, for Barbados to be judged for passing or not passing the first IMF test. I do not want to hear that Barbados failed it because they dropped it and went running.

Thank you, Sir.

Mr. D. W. BOWEN: Mr. Speaker, I rise to make my contribution to the instant Bill, the Public Service Reduction of Emoluments Bill, 1991. Mr. Speaker, as far back as 1948 an organisation to which we belong, the International Labour Organisation, adopted two Conventions, Convention No. 87 which speaks to the right of workers to organise themselves into trade unions and a subsequent Convention, Convention No. 98 which speaks of the right to bargain collectively. Over time these two Conventions have gone hand in hand. The Government of the day subsequently ratified those Conventions. By ratifying the Conventions what the Government is saying is that it solemnly pledges to abide by the provisions of the Conventions.

I say that, Mr. Speaker, to say that from a philosophical point of view, from the point of view of a trade unionist, I find it impossible to support a wage cut. The industrial relations system in Barbados has been characterised by what is called volunteerism, that is, it is not institutionalised legally and, therefore, all the collective bargaining is carried out on a voluntary basis, on a gentleman's agreement. Any wage cut would have the effect of undermining the very fabric of the trade union, the whole question of collective bargaining which has been the bed rock of trade unionism and, indeed, of industrial relations in Barbados.

I would like before I proceed and while I dwell on the problem of the wage cuts to put a number of matters in perspective and to refer to some of the points made by the Minister of Finance in his presentation. I would like to deal first with the whole question of the unions over time and these are charges that have been made willy-nilly over time by Governments, by the private sector and persons in general when it suits the cause. The question that the trade unions and, indeed, the National Union of Public Workers as the largest public sector union, should take blame for the high salaries of public workers.

5.20 p.m.

I would like to remind this Honourable House that since 1976 there were seven wage negotiations, every two years, and on four of those seven occasions the wages were legislated. I would not go into whether it was more often than not it was legislated by the other side, I think that that

is beside the point. The point I am making is that they were legislated and therefore the Trade Union movement cannot be held responsible because the negotiations were not carried to their conclusion. That is the first point that I would like to make.

The second point I would like to make is on the closely related question, the question of the reclassification which took place a year and a half ago, the reclassification of posts in the public service. I led the union's negotiating team during the reclassification exercise and it is my contention, and I don't very often agree with the Honourable Member for Christ Church South but I have to agree with him on this occasion, that the reclassification was by and large elitist in nature. Representation was made for a number of posts – I recognise that we are in a collective bargaining scenario and there we can't get everything that we want – but I think too much emphasis was paid to the top at the expense of the bottom. I believe that we are paying for it now and there is a myth that posts like clerical officer cannot be reclassified and that certain artisans – once the category is set – cannot be reclassified. I fought against it, but again the whole reclassification was imposed without the acceptance of the agreement by the National Union of Public Workers.

This brings me to the point of equity. At worse given the existing scales from S1 to Z30, I have said that I am philosophically against wage cuts, but at worse, if we wanted to take X dollars from the Public Servants, I am submitting that it should have been graduated from the top to the bottom and that it should not be an across the board cut. That is the first point that I would want to make on the question of equity.

The other point that I would want to make, and I recognise that I have a knowledge of how the IMF operates. As a matter of fact, when I addressed this Honourable House in my maiden budget speech, I was at pains in the first ten minutes to dwell on the IMF and the harms of the IMF, so I understand how they work, but notwithstanding that, Mr. Speaker, for too long I believe that public workers have been called upon to bear a disproportionate brunt of any burden, whenever there is burden. Having said this, I also recognise that the public workers are paid by the Government who is the largest employer, so if there is any cutting the Government cannot cut the private sector. I recognise all of this, but at the same time, I believe that over time, public workers have been called upon to bear a disproportionate brunt of whatever is the burden.

Mr. Speaker, I am one who likes to make suggestions and alternatives and there are a number of recommendations from the Trade Union movement and certainly the National Union of Public Workers, and I am mindful of the fact that I am speaking on behalf of a constituency which has 97 per cent working class, the

constituency of St. Michael South Central. The fact that it was not represented for the last twelve years has nothing to do with this debate. I would not go into that, but I thought I would mention it because of the hot air that is being blown by the former representative.

The question of severance payments, Mr. Speaker, is the first recommendation I would like to make. I think it is time that there should be some law to ensure – and I know that back in 1971 it was the gist of a Cabinet Paper – that persons employed in the public service should be granted no less favourable treatment on redundancy than workers covered by the Severance Payments Act. This has been the union's position and we have continuously pressed for this and we hope that in the not too distant future that provision would be made so that when public workers become redundant after two years – just as in the Severance Payments Act, it is 104 weeks for private sector workers – they will be no less favourably treated.

I would also want to obtain, from the Minister of Finance in his winding up of the debate, the assurance that pensions, generally, would not be affected by these measures. This is an important point, especially as it relates to the Casual Employees Pensions Act. Now by the very provisions the Casual Employees Pensions Act those persons who entered the service before the 1st July 1971 are entitled to pension – as casual employees. We have a situation where there are workers, especially in the Ministry of Transport and Works, with 35, 36, 37 years service, who are on week on, week off. That has to be looked at. The whole question of ensuring and protecting the pensionability of these workers.

It should also be borne in mind too, Mr. Speaker, that under this Act, workers have to work 208 days every year in order to be entitled to a pension, so that has to be taken into consideration in the computation to ensure that the pension rights are protected.

I would also want, Mr. Speaker, to speak on the question of layoffs. The National Union of Public Workers, indeed the coalition of trade unions, which is headed by the Honourable Member for St. Michael Central would expect that the criteria for layoffs be made known and be discussed with the unions. We believe that it is almost a public sector culture when you are talking about layoffs, to pay particular attention to the question of seniority – years of service – this is natural but I think contemporary industrial relations demand that the whole question of worth and meritocracy be taken into consideration. I am saying that whatever are the criteria that they should be discussed with the worker.

5.30 p.m.

Mr. Speaker, when the question of wage cuts was brought to the attention of the union, we sought to discuss

it at length with the membership of the union in order to find some accommodation. As we know now is history, the possibility of the bond issue did not work. But needless to say, despite a Resolution which was passed unanimously not to accept the wage cut, and it was by far the biggest attendance ever at a union meeting three Saturdays ago, the public servants in their wisdom voted 75 per cent and agreed otherwise. Now the trade union movement has always been at the vanguard of democracy in this country. I only advise. Who am I to dispute that? They have spoken but that is their position. It has not altered my position as far as the Public Service Reduction of Emoluments Bill is concerned.

If I may move to a number of other measures in the Budget especially as it relates to public servants, for example, the rise in the cost of gas and petrol and the 20 per cent increase in tax on the motor vehicles. This is going to have implications for our travelling officers. I raise this because for the last two and a half years the travelling rates and car loans have remained constant. If some semblance of motivation must continue to pervade the Public Service, then I believe that we are going to have to look at these rates again.

In closing my contribution on this aspect of the Budget regarding salary cuts, I want to say that despite the fact that the voluntary system of industrial relations has worked reasonably well in the past, the time seems to be right for the establishment of some appeals body. I believe that after the Public Service Commission has had its say the only means of appeal thereafter is to the Privy Council and the appeal to the Privy Council is by paper in writing. You do not get a chance to appear before the Privy Council. While I recognize and I am not one who is going to call for the establishment of an Industrial Court – I have seen how it has worked in Trinidad and I do not think that it has really been successful. I still believe that there needs to be some independent body to hear certain appeals.

I would like to turn my attention, Mr. Speaker, to the role of the private sector in the overall scheme of things especially as it relates to the Budget. Now I would want to appeal to the private sector. I am one who believes that the public sector employer, which is the Government, should be seen to a large extent as the model employer and I would like to appeal to the private sector not to embark on any wide scale lay-offs or whatever as a result of these measures. Whenever there is an increase in public sector salaries in the past, members of the private sector called for the pay scales and to a large extent they gave their workers the same increases that the public sector received. Therefore, what I am saying is that because there might be a wage cut in the public sector, it does not necessarily mean that there has to be one in the private sector.

I believe that the private sector has a pivotal role to play in the resuscitation and restoration of the economy. I

have already gone on record in the past of accusing the private sector, and I stand by my words, of not being creative and not showing any great degree of ingenuity. One only has to cast one's mind back to 1986 and 1987 of the extensive consultation that took place between this Government and the private sector prior to the Budget and the concessions that were given.

It is my humble opinion, Mr. Speaker, that the private sector responded slowly and inappropriately. They responded to a large extent by building malls. Plantations Limited built three and I do not think that has gone anywhere towards enhancing the economy, the productive capacity of the economy, and the whole question of foreign exchange earnings.

It is my submission, Mr. Speaker, that whenever there is a drop or you are in trouble with your foreign exchange that it is a private sector failing. That is my position. Whenever there are problems with foreign reserves, it is largely a private sector failing.

I do not believe, Mr. Speaker, that all is lost. We believe that the people of Barbados generally are resilient people and they will rise to the occasion and to the task of rebuilding the economy. I would hope that in this rebuilding process the Minister of Finance would see the wisdom in ongoing consultations with the social partners. The union stands ready to be consulted on matters especially relating to the well-being of their membership. I believe that these consultations could only redound to the upliftment of morale in the Public Service.

I would want, Mr. Speaker, before I close to take issue with the point made by the Honourable Member for the City in respect of the count. The count was done by public servants. The public servants who did the count are members of the National Union of Public Workers. So if the Honourable Member attacks the persons who did the count, the Honourable Member is obviously attacking the National Union of Public Workers and casting aspersions on their integrity.
5.40 p.m.

Miss B. A. MILLER: On a point of order, Sir. I was not listening, but I have been made to understand that it is suggested that I am casting aspersions on somebody's integrity. All I said at the time, Mr. Speaker, was that we do not know who they are and that it was a secret count. That is all I said, I am not casting aspersions on anybody.

Mr. D. W. BOWEN: Mr. Speaker, I would always be sensitive to any criticism emanating from the Honourable Member for the City about public workers, because on my very first contribution in this Honourable Chamber I had to take issue with the aspersions when the Honourable Member referred to public workers as fat, lazy drone bees.

Miss B. A. MILLER: Mr. Speaker, on a point of order. I did not so refer to public workers, as the Honourable Member well knows, and shouting it will not make it any different. That is something they would like to perpetuate.

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

Miss B. A. MILLER: Ask the Honourable Member to withdraw his remarks, because I never said that.

Hon. B. M. TAITT: Sir, on a point of order further to that point of order. It is my recollection that the Honourable Member for the City did refer to the public officers as fat, lazy drone bees.

Miss B. A. MILLER: Mr. Speaker, Sir, I said that what we do not want in the Public Service are fat, lazy drone bees. I never said that they were.

Mr. SPEAKER: What I want to say is that that is no point of order. It is not relevant to the debate. What I want to say is this. When an Honourable Member gets up and objects to a statement, and that statement has been clarified by the particular Member, then there is no need for me, since that reply from that person would have balanced out the argument or statement.

Miss B. A. MILLER: Mr. Speaker, I am asking for those remarks to be withdrawn.

Mr. SPEAKER: Which remarks?

Miss B. A. MILLER: The remarks that I got up and said were untrue, Sir.

Mr. SPEAKER: Well, if you say they were untrue, I accept that they are untrue and that is the end of the matter.

Miss B. A. MILLER: Yes, but Your Honour has the power to have them removed from the record.

Mr. SPEAKER: Not necessarily.

Mr. D. W. BOWEN: I remember the words distinctly. In conclusion, Mr. Speaker, while I recognise the efforts of the Minister of Finance, and indeed the efforts of the Government, while I recognise the mass support for these measures as indicated by public workers, and indeed generally through the constituency, I must end by saying that philosophically, again, as a trade unionist I would find it difficult to support a wage cut.

Thank you, Sir.

Mr. D. A. C. SIMMONS: Mr. Speaker, today ought to be a sad day for most Barbadians. It ought to be a day of reflection for most of us, because I think it was in the

late sixties the late Errol Barrow said: "One morning you are going to wake up and find that you do not have a country," and today that is exactly where we are. Barbados is being directed from Washington. We no longer have the freedom to make decisions that formerly we were able to make in the interest of the people in this country. Mr. Barrow also used to talk about repatriation of the Constitution from overseas. I beg the Prime Minister to bring it back into Barbados also.

I say it is a day of reflection, Sir, because we ought to wonder how it is that we have come to this sorry pass in just eight months. In January this year in this document, which is a document of the House, all of you subscribed to this document promising on every page a bountiful Barbados, and as I listened yesterday to the Prime Minister, I was forced to turn to page 8 of the Manifesto, because it is written in this document: "Our opponents call for reduction of expenditure. We contend that the DLP Government has managed the national resources prudently. The DLP is committed to keeping our people in jobs." And then in bold print: "What Can We Cut?" Listen to this:

1. "To cut the largest expenditure items (wages and salaries) is to create more unemployment, and create conditions more conducive to crime and other social ills which will undermine our economic and political stability. It is simply not true that the private sector, in its current state, has the capacity and the ability to absorb the persons who will be laid off by the Government, if large scale retrenchment is pursued."

This is what you told the people of Barbados in January. You cannot cut anything. This came in January, this was the last Manifesto out. We see this, Sir:

4. "If subsidies and transfers are cut, we jeopardize important social services such as HOUSING, HEALTH, EDUCATION, TRANSPORT, HOME HELP SERVICE, and all WELFARE PROGRAMMES.
5. If the capital works programmes are cut many businesses and workers will suffer, and the progress of the country will be seriously retarded.

In 1986 we promised to uplift all Barbadians economically, politically and socially. The record shows that we have kept our word."

Now, yesterday, these people that eight months ago could not cut wages and salaries because it would create more unemployment, crime, prostitution, corruption or crookedness, all of that will fall in the weight of this. Wages and salaries are to be cut to produce \$32.9 million. Transfers that they said could not be cut because it would jeopardise important social services, cut by \$22.9 million.

The Prime Minister is probably right that it would cause pain, but the effect of the package that was introduced yesterday is not so much like what the *Nation* headline was last week, castor oil, that was a dose of economic gramoxone.

5.50 p.m.

The Minister of Finance has virtually murdered the working-class of this country. He is about to destroy within 18 months the rising middle class. The young people working in the public sector who have just had a home have mortgages to pay. Those are going to be the ones to be destroyed. Those are going to be the ones whose homes are going to be sold out.

Aside.

Mr. D. A. C. SIMMONS: No buyers? The Democratic Labour Party will find buyers. Let me give you an idea, Sir, because nobody is bringing this debate down to the nuts and bolts. A maid in the Civil Service, Z.38 – I want to hear the unionists on these. The unionist spoke. He did not even mention any of these. He spoke in a lukewarm kind of way. Z.38 – her current monthly gross pay is \$1 114.23. Now, after the 8% cut it will be \$1 025.09. On top of that she has deductions of stabilisation tax of \$15.37, and NIS of \$105.06. Work out that. From \$1 114 to \$1 025.09 and then take out another \$120.43.

Look a little higher up the scale, the Z.10 appointed Senior Executive Officer. His current monthly salary is \$2 528.73. After the 8% it will be down to \$2 326.42 with NIS deductions of \$218.68 and stabilisation tax at 4% of \$93.05. He then has to pay income tax out of that. I am going to give you another one later on.

A graduate teacher Z.5, current monthly salary \$2 917.48. After the 8% cut she or he is down to \$2 684.07 with NIS deductions of \$252.30, stabilisation tax of \$107.36. Let me give you a typical real life situation of a single person at that kind of level, Z.5. They have a little car like a Daihatsu, Suzuki Swift, one child, and a mother to support.

Certain remarks made by Mr. D. A. C. SIMMONS were ordered by Mr. SPEAKER to be expunged from the record.

Mr. D. A. C. SIMMONS: ...the savagery and brutality visited upon the poor people of this country. Take out murder and substitute those two. A monthly salary of \$2 917.48, NIS – now, Sir, I did these before the cut – \$231.40, PAYE \$375.22. You must have an insurance premium – \$227.38. Stamp tax was at that time \$43.76. They have to pay the unions, and I am not going to forget them in my presentation this evening – \$10.00, car loan \$533. We encourage you to take shares in a credit union to get a tax benefit so you subscribe to the credit union \$100

a month. Your total deductions – we started at \$2 917 – thus far are \$1 520.76 leaving you with a net after those deductions, of \$1 396.72. You have to pay the garage for the car \$200 a month. You have a little water heater, those got licked up in the taxes yesterday, \$200 a month too. Nobody can bathe in cold water. You get a tax break if it is solar so you go and take the solar and pay your \$200. You have some nice cutlery and crockery and you are paying about \$150, some Vitacraft saucepans and those kinds of things. You are giving your mother \$300 a month because she is helping out looking after the one child you have. Telephone is \$36.50, gas for cooking – \$18, electricity – \$45, groceries – you have to eat – \$225, very cheap. There is nothing special in that at all. Petrol is \$150. The total of all this is \$1 324.50. That leaves in your pocket, like me, nothing at all – \$72.72 for a graduate with that kind of responsibility. This person does not have a mortgage. What would happen if he had a mortgage that has now gone up 11%? He is going to end up, as sure as tomorrow will follow today, in the hands of the bailiffs and before the courts. Somebody is going to sue him. Somebody is going to threaten and sell out his house if he has a mortgage.

Now, Sir, I have not added to those expenses the water bill, about \$30 a quarter. The road tax on the car is \$265, the car insurance is \$1 600 and is going up. I have not even included something for bus fares for the little child to get to school. I am dealing with a person who, like the Government of Barbados, is clearly in deficit. Now from that serious position of deficit you are reducing the salary by over \$300 a month. Could that be fair? And you are asking me to come in here and support that? No, Sir. I am not supporting any pay cut for anybody in the public or private sector.

I want to just place on record, Sir, so that I do not have to go into all the reasons my own personal position. I received from the Clerk of Parliament a circular and option forms to cut the couple of pennies that we get. I am going to make this letter a document of the House, Sir. I replied to the Clerk on September 12, in these terms, Sir:–

"Your letter of 91-09-08, together with enclosed circular and Option Forms has been received and the contents noted.

It is my intention as a citizen of Barbados and Member of Parliament to continue being patriotic especially in these times of grave economic crisis in our country.

However, I am obliged to advise you that I find it impossible in conscience to sign the Option Forms agreeing to a reduction in salary for the reasons following *inter alia*;

- (1) The circular is intimidatory and inhibits the exercise of free choice – paragraph 6;

- (2) It is deceptive and utterly misleading. For example, it is not true as expressed in paragraph 9 that an 8 per cent cut is "the cost of the cure for our economic ills".
- (3) It is insulting that the Prime Minister should request signatures accepting the 8 per cent wage cut when he has not condescended upon the details of other measures which he has publicly stated that it is his intention to introduce.
- (4) It is unjust and discriminatory to require only persons working in the public sector to bear the brunt of sacrifice at this time.
- (5) You will recall also, that I voted against an increase in parliamentarians' salaries in March 1991 and the Prime Minister must have known then that the state of the economy and Government's fiscal position was such that austere measures would become necessary sooner, rather than later. To have persisted in legislating an increase in March having regard to the obvious trends and forecasts is the epitome of hypocrisy from which I beg to disassociate myself.
- (6) Above all, the economic and financial realities which have precipitated the current crisis were ignored by the Prime Minister and Minister of Finance or were deliberately contrived by him in defiance of all sound advice.

6.00 p.m.

In view of the foregoing I regret that at this time I shall not exercise an option either way and reserve all my rights, including my right to litigation."

I want it also recorded in here.

I have made it clear that if this legislation to reduce public officers salaries becomes law, my name, as Plaintiff, will go on a Writ to test the constitutionality and the legality of this. The public workers can't do it. They will be victimised. One of us has got to bell the cat and stand up as a man and be counted. I have reserved my right to litigate.

What is disgusting about this whole exercise dealing with the reduction in salaries is that the Prime Minister on Saturday evening responded to a question as to whether there was pressure brought to bear on public officers to sign in favour by saying that there was no evidence.

To another question later on he answered the interviewer to say that he was pleased that the advice and urgings of his Ministers had had an effect.

It was thoroughly improper and wrong and unconstitutional for Ministers to go into departments and say as one said on Culloden Road, 'if I were you I would sign because if you help us when we come to send home and you have helped us we will be able to take that into account'. Two officers from a Statutory Board went to the NUPW and made statements about that. Then you boast that you got ten thousand signatures. There are twenty-five thousand public workers. You got ten thousand – so you say – three thousand were against, that is thirteen. Two hundred and twenty-six were spoilt deliberately. Let me tell you about the ten thousand, don't you believe that was a free exercise of choice. You started with 5,600 temporary workers who were fearful for their jobs and who voted to trick you. They told you yes, but they don't mean yes. You think they could mean yes to take 8 per cent out of their packets? You believe that? I went down Speightstown the Sunday night before and told them clearly: 'Temporary workers break for yourselves, holler yes, but mean no. Appointed workers vote no.' Don't be fooled by that. There is a large body of about 11,000 to 12,000 public workers that did not spit on you all by returning the forms. That is the majority that did not want to have any part of you.

Aside.

Mr. D. A. C. SIMMONS: The police? The police have a lot of sense. There are 1,200 of them. Five hundred returned the forms. The vast majority had nothing to do with it. They have good sense.

Sir, don't let us be bogged down with the question of cuts alone, because in this matter the role of the trade unions is important and as the Honourable Member for the City has indicated we are waiting and watching to see and hear whether the trade unionists in this Parliament are going to stand with their consciences and on high principle in support of the workers, or whether political expediency will override their sounder judgments and principles.

An attempt has been made, not by the Barbados Labour Party, but by the Democratic Labour Party, to break the system of collective bargaining as we have known it through the years. You have not made any big fuss about that. The Member for St. Michael Central is a very highly principled man, he has spoken, spoken well so far. His colleague on his right, deafening me with silence, you can't hear anything out of him, but in this debate he will have to come forward.

Let me tell you, I want it clearly understood. I don't want any misunderstanding on this at all, Sir, that if the interest of the working class in this country and the membership of the unions are being compromised at all by their representatives I have no difficulty when we call for the demonstrations – they are coming shortly – when we call to address the workers of this country and tell them straight, out of all of these things here that come out of

your salary there is also something called union dues and you need to hold on to every cent because that fellow he got all.

Aside.

Mr. D. A. C. SIMMONS: I have spoken on a platform already and I have not said it. I said don't push me otherwise I will say it, because if the time comes I will say it if I feel that the unions have let you down. It is my duty to say that and say you are giving 8 per cent, 0.5 per cent, 1.4 per cent, just hold the \$10 or \$15 that you give to the union, keep it for yourselves, withdraw the membership and....

Aside.

Mr. D. A. C. SIMMONS: No, No, No. I am not dealing with the Honourable Member for St. Lucy at all. He is no longer active in the Union. He is active in the Cabinet and he gives the strongest possible support to these anti-worker measures introduced yesterday by the Minister of Finance. I am not dealing with him at all.

The Prime Minister and Minister of Finance will go down in history as the one Prime Minister and the only Minister of Finance who has carried Barbados to the depths of economic disaster. His place is assured in history, the worst we have ever had. That is his place in history. The worst Minister of Finance we have ever had. A man who in 1988 on page 21 and page 22 of his Budget presentation that year said these words:

"Conventional ratios used by international institutions to judge the debt when applied to Barbados indicate, therefore, that its foreign debt burden is considerably lower than that of many other countries. We can, therefore, safely say that by international standards our debt service and debt to GDP ratios are not in the danger zone. Our international obligations are within manageable limits."

6.10 p.m.

This was in the 1988 Budget. Three years later I go away for a month and when I come back I see everyday that he is addressing some group or the other about this situation. If I had not gone away, all of that foolishness would have killed me. I had to go away and get a rest from it. I see in every speech that he makes a long list of debts seeking to blame today's problems on Barbados' debt obligations, well knowing that in 1988 he had said they were manageable. How all of a sudden under you, the Honourable Prime Minister, that they have become so unmanageable within the last three years? You know who I mean, Sir. How can you explain to the people of this country that the Honourable Prime Minister said that the debt obligations were manageable three years ago? Nobody has taken your place for the last three years. You have

been in charge. How all of a sudden they have become unmanageable? The blame must rest with you. Do not seek to pass the buck.

The Honourable Prime Minister must have known when he read out that long list of debt going back to 1973 that included in that were several cases where the debt had been paid for ever since. He did not even have the grace to tell the country that the Prime Minister last year came down here and forgave Canada's portion of that debt. The only significance of reading out that list of debt is to befuddle the popular mind. But it has another significance that nobody is considering. Do you know what he is saying?...That Barrow, Adams, St. John, and even Haynes were able to borrow, but he cannot borrow. Well, something has got to be wrong with him. They were able to borrow from 1973. You cannot borrow now. Whose fault is that, Skipper? Not ours. The fault again rests with you.

When you read out the list of debt, that list of debt leads to the inescapable conclusion that during the years when they were contracted Barbados was credit worthy. What has happened now? None of us over here has been in charge of the management of Barbados' economic affairs. Just as you took credit when things were good and boasted about it in 1989. When you went to Independence Square on January 6th this year, he said these words, Sir:

"The Barbados' economy has been performing like Sir Garfield Sobers in his style. We have been batting like Gary Sobers has batted throughout his career, creating records all of the time. In 1989, GDP reached a record level."

Yes, I agree with that. What you did in here was also a record. The first time in the history of Barbados that we find ourselves in a structural adjustment programme with the IMF. "It is my fault" — that is what IMF means.

Mr. SPEAKER: I am sure that I do not want to remind members in the gallery that it is not their lot to be part of the proceedings in this Chamber. You are only visitors.

Mr. D. A. C. SIMMONS: Sir, we have a number of Bills and I will be speaking everyday on everyone. This is my first innings in this test match.

I wish to say, Sir, that the Budgetary Proposals presented yesterday have the capacity to retard the economic growth of Barbados even further than we have been retarded within the last year. Even though the Opposition recognises that it has to play a responsible and constructive role in the rebuilding of Barbados, it sits very uneasily with us to hear the Minister of Finance refuse to accept any responsibility for the slippage of Barbados into the situation where it is tonight. We have a philosophical

question to answer. Should we give our support bearing in mind that the Prime Minister has said that we represent only 42 per cent of the electorate like that is some netball team? Should we give our support, well knowing that the Prime Minister himself knew all along from August 4, 1989 when I raised it in here one night with restraint, as he said, that Barbados' reserves were in jeopardy and between August 1989 and now all kinds of people have warned and offered advice? In spite of that, the Prime Minister deliberately, recklessly, and negligently allowed the foreign reserve situation of Barbados to be depleted in the interest not of the country but of the Democratic Labour Party. Should we now be asked to rally behind him?

Mr. SPEAKER: There is no more time.

Mr. D. A. C. SIMMONS: It is a difficult moral question to answer. I am obliged to you, Sir.

Mr. R. L. MORRIS: Mr. Speaker, I rise to make my comments on the Bill before us. I would like to state from the outset that I have been consistent in my analysis of the public finances of this country as I have spoken to this Chamber over the last few years that I have been in it. I believe that if I quote from my Budget address a few months ago you will recall my position at that time. I said then and I have some notes to refresh my memory that I believe that we are reaching consensus in Barbados at the level of Parliament and I believe that we are reaching consensus on the fact that we have to take very strong preventative measures before curative measures are prescribed for us by persons that we do not necessarily want to have to deal with. That is the statement that I made in April.

I went on to say on that occasion, Sir, that we have been living on debt throughout the 1980's. If you look at the bunching of debt repayments that has faced this particular Government and this particular Minister of Finance, it is a situation that will cause fear in the hearts of many except the doubting and those who are steadfast in their understanding of what has to be done. I said that between 1986 and going right down to about 1993 or thereabouts this country has been and will be faced with debt repayments of staggering proportions. I also said then, Sir, and I quote: "We cannot continue borrowing. In fact, we will not be allowed to continue borrowing. There is no doubt about that." My suggestion then, Sir, was that we have to get our tradeable goods set if we are going to get out of this particular problem.

Sir, in addresses before that, whether looking at the Estimates debate or Budget debate, I have been very careful in analyzing the statistical and economic trends in this country to say always to the population of Barbados we have to look carefully at the facts to recognise here we are.

20 p.m.

This is no position I reached today, it is not something I reached in April, but through a careful analysis. When I looked at the Estimates debate of last year, Sir, it was clear to me that if you looked at our trading patterns, if you looked at our imports and you looked at our exports, we were building up a very strong negative balance of trade, and that has been going on over the years. When I looked at the economic classification of what is spent on goods and services, it was clear to me that the amount that was being spent on debt repayment was moving so drastically that it was forcing us back on the amount we can pay in terms of things like wages and other goods and services.

These trends were crystal clear to all Barbadians. Any person with a modicum of economic understanding – you do not have to be an economist – anybody who gets the statistical reports from the Central Bank of this country – and I dare say that I have trust and faith in the level of statistics that are turned out in this country – in Barbados we have reports of good standing, we are not like some countries that cannot generate the kind of reports that are necessary to make decisions of a public nature – and it is clear to me that those who are involved in this exercise, those of us who are parliamentarians, would have been charged with the duty of reading clearly the signs in terms of where they were sending us, and we have a second duty of speaking to our constituents, whether they are business people, or consumers or trade union members. We have a duty of informing them where we see the trends going.

I dare say, Sir, that it was like a crystal ball. Anybody could see where Barbados was heading. I have no doubts in my mind about that.

Asides.

Mr. R. L. MORRIS: You knew the same thing in 1981. You saw the ball coming at you clearly in 1981 in terms of where the country was going, and anybody in this administration who says that they did not see the ball coming too, that could not be quite correct, quite frankly. All of us knew what was going to happen. Let us understand these things very clearly. In 1981, even though you saw the ball coming clearly, you could not get the bat in front of the pads quickly enough. We have the same difficulty. You know the difficulties as they unfold, but basically we are in the same situation in these administrations in these small developing countries.

I perceive that there are a number of things that we Barbadians have to get in our heads. One is that we have been living way above our means as a people. That is the first thing. We have to talk some straight, straight points to each other. Secondly, we have not been as productive as we can be. Thirdly, the so called private sector in this country lacks aggressiveness and at the same time also it is not as broadbased as it should be.

Aside.

Mr. R. L. MORRIS: When you get up you can talk to the people of Barbados as you perceive where we have to go as a people. This is no political talk now, this is straight talk to the people of our country. There is an extremely unfavourable external climate facing countries like our own. We have gradually changed our patterns of trade. Where we used to trade with the United States of America and so on, we have gone on to Japan, et cetera, and that has placed certain difficulties on countries like Barbados. Also, where we used to borrow our money in certain markets near to us, like America and so on, we have now to go to Japan and that has its own kind of difficulties. There has been almost a drying up of foreign investment in this country. That is a difficulty too. We have the powerful stimulus locally of advertising and public relations. I think they say they spent about \$32 million in small Barbados last year on advertising and public relations firms, and that will relate to how people will consume goods and services. All these things have an impact. We have the deleterious five year election cycle, where every five years we have to get the feeling that we have to come up with goods and services that we cannot produce for people that we are making dependent on these things, making them feel that we can produce miracles as politicians. That is something that we have to watch clearly, otherwise we will find our economy going up and down every five years. That is something we have to watch clearly and I have no bones about it. The regrading exercise posed a certain difficulty at a specific point in the development of our economy and that has to be addressed very clearly. That is not casting blame at anybody, that is the objective reality.

Let me say that the things I have just talked about are only symptoms of clear structural problems in our economy that we have to address. The Honourable Member for St. Peter talked about how the Minister of Finance has a glorious opportunity in a crisis time like this to transform the economy. I would like to hear some more from him in terms of where he wants to see this transformation going. I want him to set out clearly, as an academic or whatever he wants to be, where he sees the transformation coming. In my view that is true.

Aside.

Mr. R. L. MORRIS: He will be Minister of Finance? I guess that we are around the same age, we will be all hoary and grey by that time, I believe. It is entirely possible.

Mr. Speaker, we have an agricultural sector that needs transformation. It is narrowly based in terms of ownership. It has an inadequate leadership structure. It is now riddled with debt. It is almost feudal in terms of its operation and it lacks imagination to take us further. It has been really a sugar agriculture industry and it has to be moved away

from that. It is still largely family based, with private limited liability companies operating, and we cannot move into the 21st century and get the transformation of agriculture unless we get modern farms operating. We have to move to a modern farm structure. That is where structural change has to come about, and that is the challenge facing Barbadians. It is a challenge facing the political structure, the political directorate, to have the political will to deal with that particular situation. That is one of the major challenges in any structural adjustment, not taxing poor people out of their skulls. The transformation that has to come about in this country is not dealing with small people, it is dealing with the real resources of this country that are locked up in few hands that are unimaginative and do not care really about the small people in this country. This is where the structural transformation has to come about.

Secondly, Mr. Speaker, there is a tension in this country between the distributive sector and the manufacturing sector, and it looks to me like the distributive sector is winning out, because the manufacturing sector will get some blows that might make them disappear altogether. The distributive sector is at the basis of a lot of the problems in this country. Let us understand that. There should be a natural nexus between the distributive sector and the manufacturing sector, but they say there is some kind of competition. You can see some nice developments, you can see a man like David Seale, who is a distributor, doing some manufacturing and selling. Not bad. The Goddards do some of that too, but you need a lot more of that. The moguls in the distributive sector probably have the largest cash or wealth collection in this country, whether they are selling Suzuki cars and all that sort of thing, or fish cakes, or whatever, these are the people with the money, these are the people with the foreign exchange. They have access to it. I do not know what they do with it. These are the people with the money and they are the people who should be bank rolling manufacturers and making markets available to them, but they do not. They have never done that in this country. When you get the small manufacturers, the Barbadian craftsmen who will become manufacturers and so on, they try to buy them out or run them out. You want structural adjustment? That is why you have to have structural adjustment in this country.

6.30 p.m.

You look at CLICO and see how CLICO is working using a financial base out of Trinidad. They are going to be putting Trinidadian manufacturers all through this country. Then they are going to be buying up our plantations and see where they move from there. CLICO understands that you can take financing and put it with manufacturing and move Trinidad forward because I see CLICO as a Trojan horse that is going to come into Barbados and eat us out if we do not watch ourselves. And where is Barbadian financing with all the money in the insurance companies et

cetera? A few little land deeds here and there, building a few houses but they cannot get together with manufacturing and provide the substantial money they have to push our manufacturers forward. You want structural transformation? That is where it has to be.

The distributive sector is a very vital sector in this country. They drive consumption patterns in Barbados. We are almost dependent on them when they go and buy whatever they buy in America and Canada and drop them on the shelves and then combine that with public relations and advertising making Barbadians eat what they should not eat, drive cars that they should not be driving and wear clothes they should not be wearing. The distributive sector has a powerful influence in this country. They are the ones who determine where the foreign exchange is going. They do not create it. They use it.

These are serious things you have to talk about in this country as statesmen, politicians and leaders of the country. You want to change patterns? Talk about those things. They are the people that are making the fortunes. They are not going to access the market to sell the kinds of goods that are relevant here. We have to buy the cars they bring. Everything they control and we are on the receiving end. After a time we become so accustomed that we do not even challenge them. We just use them all the time. We have to do serious rethinking in that respect.

We have to look at the tourism sector. We have to be very careful in analysing tourism because it is a very important sector in our economy and will be for some time. We have to be thinking in terms of the financing in hotels. We have to set up a regime to finance hotels because we have to do some new building in this country. We need to modernise the buildings in the hotel sector. We have to improve the standard of service to our visitors.

We have to be very competitive in tourism. Even more so as Cuba may be coming back in, Eastern Europe opens up and so on, we have to be thinking of the future, of how we are going to make tourism in Barbados attractive for visitors to come here and spend some money. We have to encourage the Caribbean based tourism approach and tourism product. That is where transformation has to be, at the level of our tradeable goods sector, liberalising the sector, making it move forward, putting in some more ownership in all of these areas which are very restrictive, training our young people in the correct areas, training them to get in there and move out the feudal structures that we have in Barbados. We have to get past this feudalism. Stop sending our children to be involved in degrees that are going to put them at the tertiary sector where they are nothing more than extremely expensive high level clerks. That is what our children are going to be and always dependent on somebody else. We have to get them out there in these particular areas, invest in them and control them. This is where transformation has to be.

Now, it seems to me that we need to understand that we are at a critical juncture in the development of this country. It is an accumulation. I am not casting blame or responsibility on any one group of persons. I have said so several times in here. I will stand on that. This is not a DLP or a BLP thing. It goes past them. I make no bones about it. My own view is that the IMF is like a vulture waiting by for all of these countries to fall in their grasp and they are actually driven into their arms. It is just a matter of: when Trinidad? when Jamaica? Guyana? Or proud Barbados? Do you really think Grenada is going to escape or Antigua, St. Lucia, St. Vincent or Dominica? Dominica is there already. But what are we saying to ourselves? Who is this thing called the IMF? What institution? At the reality of everything it is people. People set up institutions to do their bidding.

The IMF is the face of the United States of America. It is a North Atlantic configuration of attitudes and values. It is detrimental to people like ourselves because they believe we have come too far. When they come down here, they wonder how this small group of people feel they can live with these kinds of standards. Who do they think they are? You think we should be going through the pain we are going through because we cannot pay back a loan of \$34 million and because of negative terms of trade that we cannot sell goods to people but we have to buy theirs? You think as a people we should be going through this punishment? And this is real punishment! To anybody looking at these measures these are killing measures. They go further than repairing the damage that has been done. These are critical to our own psyche. These are damaging measures. These are murderous measures.

Aside.

Mr. R. L. MORRIS: Body and psyche. This could not give pleasure to any Minister of Finance, whether he is DLP or BLP. He would have to be a madman to come in here and inflict this and feel good about it. You think that a Barbadian Prime Minister produced by us could feel happy bringing in these measures on either side, Mr. Speaker? It could not be so. It hurts the heart of anybody to be involved in these measures. They are extremely difficult measures.

When you look at the impact on the people who are being laid off, the 4 000 or 5 000 that are going to be sent home, the ones with the cuts – I am talking now about cuts in working time, then cuts in money, then cuts in standard of living – my fear is that this is going to wreak havoc on the people of this country. It can open this country to serious social dislocation. This will happen particularly if the elements that are disruptive see that there is a crack or a difference in those who are controlling the country because that is when social dislocation will come about, when it appears that those of us at the top in the sense of controlling the country disagree violently, then the room is

always open for others to manipulate and bring about the kinds of difficulties that we all fear. So we have to be careful in the signals that we send.

At the same time too, Mr. Speaker, I am very much afraid that at these times a kind of right wing reactionism will come in. Reactionary forces will have a headache. They will say, "we gave it to the Barbados Labour Party, they carried us to the IMF. The Democratic Labour Party carried us there. You people do not know what you are doing". They will use their guile to say that somebody else should be running this place. They will be very reactionary.

Aside.

Mr. R. L. MORRIS: Certain columnists in the newspapers who tend to favour the other side, apparently; I do not think the Members on the other side like the favouring but they get favoured by them. I always say that if I want to take direction of where I have to belong, I only have to read certain people who speak very often in the newspaper. I know that if they are out there I have to be out here. They give me a certain direction in life. But, strangely enough, they always seem to be writing on the side of the people out there. I do not know why, although I am sure that some of my good friends over there could not associate with them. But they seem to like out there very much. For some certain reason those freelance writers whom I consider to be reactionary and right wing seem to be favouring your policies. I am sure you are not reactionary and right wing.

What you will find if you are not careful is that that reactionary right wing group of people will want to take over the country and the business people all of a sudden would feel that they should be able to control Barbados again, that they have the answers and that so-called "politicians" do not have any answers and should not be allowed to control except in a very superficial way. Beware of that right wing reactionary development and attempts to roll back social legislation in Barbados. That is going to come very strongly. The opportunity will be used by some to try to push back the social legislation and the social package that has been developed in Barbados.

I want to make it clear too. Some will try to think now that because trade unionists are in the Democratic Labour Party all of a sudden now we should attack the Democratic Labour Party and try to destroy this institution. There are some people waiting for that sort of thing, to see if we in the Trade Union are going to be the instruments of destruction for the Democratic Labour Party. They want to know how the Honourable Member for Christ Church East Central is going to talk, how he is going to vote. These are things that are going to be revealed. He is a person who is very consistent in his life and how he speaks and what he does. There is no question, and there is nothing out there in my personal life or otherwise that will determine how I

act. I act as man all the time – full consciousness, on principle, nothing else. I have no personal animus about anybody, no axe to grind. I am a man, I stand full on these two feet. When I make decisions very seldom do I let personal things cut across, I speak on principle all the time. 6.40 p.m.

In the case of these particular measures, Mr. Speaker, there are some that I can give my support to and there are some I cannot give my support to, on principle. It is as simple as that. When the time comes my vote will be recorded but it will not be a vote against the Democratic Labour Party, you have got to understand that. Whatever it is, if I say yes, no, or abstain or whatever, it is not saying to anybody that I do not consider the Democratic Labour Party to be the most suitable party to run this country, but it will be a vote about measures, some of which I can take and some of which I will not support, I want that to be clear to everybody in Barbados. It will be based on principle ...

Aside.

Mr. R. L. MORRIS: ... the one we are debating which I will be voting on very soon. You will see my vote on that one. I stand for the workers of this country, the masses of people in this country, I will consistently support them, anything that I think will be detrimental to them, anything that I feel is being used in a way to undermine principles that stand behind them, I will have to take a position on those matters.

Mr. Speaker, I hope that we understand very clearly that what we are dealing with here are options about how to move this country out of the impasse and move forward. I have said before, I don't want to see devaluation and I will say also that I am convinced that there were some elements in this country who were trying by one means or the other to push us to devaluation. There were elements in this country that were trying consistently by psychological and other methods to push this country towards devaluation. We have had to fight rumours about devaluation for the last five or six years, consistently. In the newspapers of this country, every time you wake up, a headline about devaluation, that is neither patriotic or sensible because devaluation is largely controlled by people's feelings and attitudes ...

Aside.

Mr. R. L. MORRIS: ... that too, but don't let us deny that you can panic people into these situations. There are interests in this country that have been behind that all the time. I am not part of that exercise. We have had a situation in here, Sir, in 1989 when we were debating salaries. I think the salary bill was \$355 million. The NUPW was holding out for another \$3 million to settle and the Opposition was saying, why you can't give the people

the \$3 million more. The same people that were talking about how you were squandering money and responsible for this and that.

Asides.

Mr. R. L. MORRIS: I represent workers every day. The Honourable Member for Christ Church South is a man who stood up in here and spoke as a man today and he has acted as a man on several occasions. That is true. Some other people have to do that, they have to speak as men sometimes and not as politicians.

Mr. Speaker, when we were trying to settle negotiations because the Government felt, and the union at that time ... I represent the Barbados Workers Union and the Honourable Member for St. Michael Central represents the union. We felt the settlement was just. I think it was something like 2.5 per cent at the top and 8 per cent at the bottom, and another union was out there fighting for three per cent and eleven per cent at the bottom or something like that and it came to something like an additional \$3 million and we were hearing from over there: "Give them the money." It was such a sweet thing from that side that whenever people asked for more money, give them.

I remember the Honourable Member for Christ Church West, I remember in a debate and I will remind him that we have to be careful as public people ...

Asides.

Mr. R. L. MORRIS: Let me remind you of what you said. You said this in the debate Tuesday April 24, 1990 when we were discussing public sector salaries and so on. You said on page 5288:

"I do not want it to be seen as though the Opposition is delaying the civil servants getting their money. I have to make my position clear. I am a politician as well and I do not want to hear it said that we are holding up the civil servants getting their money".

It is a clear statement. We understand that.

Listen, we can be pushed by pressure of the group of people to do things that in our reason sometimes we know we should look at again. Nobody would dare hold back a regrading easily – a regrading for twenty something thousand people – especially in the year before elections. Both parties are hard put really under that kind of pressure. Let us understand very, very clearly these things can have effects that we will rue at some later time. It is sometimes better to be wise before the event than to be wise after the event. I am on record in the debate about regrading, that a regrading is not the same thing as a salaries revision so that what happened there seemed to be more a salaries revision than a regrading.

The Honourable Member for Christ Church West also took exception to the regrading because he said it did not have the elements of job evaluation and all the other things that we thought were the right things and I am saying that we have to be very careful sometimes whether we are representing workers or not, always to stand on a firm basis on the advice that we give people. I was not satisfied then and I am not satisfied now that that regrading was done in the way it should have been done. I know why it was done. It was done because in 1979, 1981 and 1984, Mr. Adams then, as Minister of Finance, carried out some limited regrading where some people at the top got some push ups and so on and he started up a thirst and an appetite in the rest of the public sector, so that by 1986 we had to promise them that we had to do a regrading and eventually we did it. So it is a domino effect. Once Mr. Adams had started playing around with the system he changed relativity and we were forced to go further and maybe we went too far at that particular point in time.

Mr. Speaker, I believe that at this time in Barbados we need clear heads and we need frank discussion and we need advice and we need most of all to give leadership and guidance to the people out there who will be more confused if they find that their leaders are not clear where we should be going in the future. I thank you very much, Sir.

Hon. B. M. TAITT: Mr. Speaker, Sir, I believe that it would be reasonable for us to give Your Honour a break and I beg to move that this House be now suspended until 8.00 p.m.

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

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

RESUMPTION

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

Mr. R. C. EASTMOND: Mr. Speaker, Sir, on or about April 2nd of this year, I indicated to Members of this Honourable House that the Budgetary Proposals as enunciated on April 2nd had, for the large size of the fiscal deficit along with the fact that at that time the Budget did not promote the productive sector, features that required supplementary measures. True to my word, Mr. Speaker, we have seen supplementary measures proposed in this Honourable House and particular objectives outlined.

Sir, it has been admitted that the objectives of the supplementary measures which we heard yesterday were influenced in large part by negotiations with the International Monetary Fund. Sir, it has become

commonplace for all types of commentators to speak when talking about the International Monetary Fund about the Fund's programme of structural adjustment. But I think, Sir, that the term structural adjustment is unfortunate because on a close reflection, Sir, the IMF programmes for Third World countries do not really impact on the structures of the weak economies of these Third World countries; at least not in a positive way.*

The Honourable Member for Christ Church East Central was to my mind quite clear when he indicated that our economy is not sufficiently broad based and he went on to suggest that if ever there was a time to implement genuine structural adjustment that the time is now. The main theme, Sir, of the contribution made by the Honourable Member for Christ Church East Central was that our economy is by and large far too dependent. He went on to suggest in very clear terms, Mr. Speaker, that at a time when experience has shown that IMF measures have done little good or in fact no good for small Third World countries, that represents a particular case, Sir, for us in this part of the world to think of genuine structural adjustment. Not the type of structural adjustment that the IMF recommends but the structural adjustment that will redound to the benefit of these economies.

Ever since colonial times, Mr. Speaker, we have had in the Caribbean economies that were terribly open and subject to the vagaries of the international world. Of grave concern, Mr. Speaker, is the fact that these economies have often imported in excess of seventy per cent of their needs. These economies have been used as economies for the production of primary goods and by and large, Sir, these economies have been weak. In private discussion, Sir, with the Honourable Member for St. George South, we formed the view that much of what was said by the Honourable Member for Christ Church East Central had some merit in it. If ever the Government of Barbados should take steps to redress previous economic imbalances, the time has come now. The Government is called upon to find the courage to help itself and ourselves, because a number of international institutions are philosophically guided by considerations which are self serving. Even though in the short term they appear to render token assistance to these fragile economies, a lot of them ultimately do things that do not assist our cause at all.

Sir, the Budgetary Proposals as announced yesterday suggest that the International Monetary Fund can use "big foot" scale tactics and that stern and even draconian measures should be taken in what the International Monetary Fund considers to be the interest of structural adjustment but which when you analyze the measures, Sir, do little or nothing for the suffering poor. In my contribution, Sir, I will speak under the influence of patriotism. I must caution Honourable Members that that sense of patriotism will still permit me to be critical of some of the statements and proposals that I heard on the

floor of this Honourable House yesterday. The objectives that were outlined are these, Mr. Speaker:

- (1) A reduction in Government's expenditure,
- (2) An increase in revenue,
- (3) The rebuilding of our foreign reserves,
- (4) The resuscitation of the productive sectors.

To some extent the effort to raise in excess of \$62 million will go towards reducing Government's expenditure. But at surface value, Sir, even though the reduction in expenditure that is fostered somewhat by the increase in revenues that will be attained, we have to look at the effect of this reduction of expenditure on a whole wide range of sectors of the economy. Even though the IMF would have suggested to Government to close the fiscal deficit, we must ask ourselves at what price should we adopt measures that will please the IMF but which might very well impact severely on our poor people and those in the middle income range.

When I look, Sir, at the proposals made by the Honourable Minister of Finance, I noticed that repeatedly in his speech he said his emphasis was on curbing the level of domestic demand and to curb that level of domestic demand he introduced a wide range of taxation policies with the intention no doubt, Sir, that by curbing domestic demand some foreign reserves would be saved. He obviously was informed by the fact that in Barbados, whenever there is money in the economy, about 70 per cent of that money goes towards purchasing imports. By his policy to curb domestic demand through high taxes he was virtually suggesting to this Honourable House that if I, the Minister of Finance, do something to try to restrict demand, then it can have an effect on our foreign reserves; meaning that people will be less able to spend or people will not be able to spend as freely as they would have previously and that a lot of our foreign reserves will be saved.

From my own estimation, if the lay-offs in the public sector and the reduction in civil servants salaries go towards any savings, it would hardly be savings of a magnitude higher than forty or fifty million dollars. Even though the state of our foreign reserves would commend that some savings in foreign reserves be achieved, I am still of the opinion that the Prime Minister and Honourable Minister of Finance was adopting defensive tactics to protect the foreign reserves without at the same time embarking on positive tactics to take the offensive in earning foreign reserves. At Page 37 of a document which was circulated earlier in this Honourable House today, there is a section called, "Rebuilding The Reserves". Nothing in that section which starts on Page 37 and goes through to Page 38 indicates what new initiatives the Government would take by way of earning foreign reserves. Mr. Speaker, even if the cut-backs and the attempts to save foreign reserves impact to some extent on our balance of payments position, from the point of view that no new

enlightened policies have been cited here in this document to show us how we will earn fresh reserves, I have reservations whether in the short run of six months or nine months that Barbados' foreign reserves will improve. I have grave reservations. It seems as though either the Prime Minister is saying that at this stage he cannot risk capital to invest to promote agriculture, tourism, and manufacturing or perhaps he made an oversight there. If he made an oversight, he can be condemned for it, Sir, because at this time in crisis we have to look to those sectors that can help to save our economy and we should do our best to promote them.

Sir, one criticism that could have been made of the Budget in April can be made again of this one. But there are other shortcomings as well, Mr. Speaker. One other shortcoming is that the whole package tends to suggest a down-turn or a halting of economic activity.
8.10 p.m.

I get the impression that in the absence of injections to get the engines of growth in our economy going, we can reach a situation where, far from achieving increases in real output and the national income, we are either barely marching and not achieving any increase in real growth or perhaps might slide back further into recession.

Over the years, Sir, Americans have always looked to the State of the automobile industry, and if that is going well Americans see that as a sign of positive growth and that the economy would be healthy. In the Barbadian situation over the years there has been a body of opinion that suggests that when construction activity, when building is progressing at a rapid rate, that our economy is growing and is blossoming. Nothing in the statement yesterday suggests any measures to promote construction. Indeed, far from it. We have had a situation where since 1989 contractors and builders who wanted to acquire capital to finance their businesses have been hard hit by a credit squeeze, and potential owners of buildings seeking finance have been confronted not only by a credit squeeze but by high mortgage interest rates, rates which went up in relatively recent times.

The effect of not pushing and promoting construction will mean that if indeed construction is going to be taken as a sign of economic health, perhaps our economy is destined for stagnation. If there is a slow down in construction, it will impact further because, based on the type of labour force we have, with a large body of electricians, carpenters, masons and plumbers, it will mean that opportunities for fresh employment for these persons will not arise and that the boast that Honourable Members on that side made some years ago, that a vote for that administration was a vote for jobs, will not be achieved. I recall vividly a certain Honourable Member over there, who is looking in this direction now, a couple of years ago indicating, and being adamant about it, that that side had

the cure for the unemployment problem, and rather than see a cure for the unemployment problem we not only had a situation where prior to yesterday unemployment continued at the level it has been for some ten or so years, but we have a situation now where the unemployment position has been compounded with the laying off of 2,000 in the Government's figures, but on the street people are saying 4,000 in that 364 teachers went home and 1,200 went home recently from MTW.

Aside.

Mr. R. C. EASTMOND: Sir, at the risk of breaking the rules and calling the Honourable Minister of Education a heckler, I need to remind him that in an answer to a Parliamentary Question the Honourable Member for St. George North said that there were 764 teachers of whom he wanted 400, and anybody with a modicum of common sense could work out that 764 minus 400 gives you 364.

The point that is being made is that the stated policy of Members on that side was that they would have done their utmost to promote employment opportunities, but I am suggesting that in a situation where much to the dismay of the unionists in this Honourable House we have seen layoffs, that along with other budgetary measures will not only see unemployment continue, but unemployment will assume a character of even greater magnitude than it did before and I dread the sociological impact that an increase in unemployment can have, because it is not impossible, based on these measures, that unemployment can go as high as 20 or 25 per cent, and in a situation where we are already becoming restless in this country with crime, if unemployment is the precursor or cause of crime, I rather think that the Government should be cautioned to rethink its policies in the interest of not allowing social dislocation to occur.

In a sensitive economy like that of Barbados, where a good rumour about violence in these parts can hurt, we cannot afford to scare away tourists. I am suggesting that the measures in this budget will cause a measure of economic contraction that will ultimately cause unemployment to increase. There are other effects as well, Sir, one of which is that based on the fact that our budget has been seen as raising fresh duties in the form of stamp duties and consumption duties. With these duties being imposed on raw materials for the productive sectors, and with some concessions for the productive sectors more or less abolished, Sir, we will see a situation where our investment climate will not favour a situation where fresh foreign investors, and even new local investors, will come to set up businesses.

The Honourable Member for Christ Church East Central has suggested that there is a drying up of foreign investment. In situations where investors can go to Hong Kong, Singapore, Taiwan and even some Caribbean

countries where costs are pretty low, we are going to have to rethink our policies on manufacturing, if only to encourage a cadre of local people of enterprise to engage in manufacturing.

It was suggested earlier in this debate that a lot of businessmen – the Honourable Member for St. John called them glorified shopkeepers – have traditionally seen business as buying to sell at a profit, but we have reached the stage in this country where we need to capture the creative enterprise of Barbadians and promote manufacturing, because it is one of the sectors that can absorb the unemployed, can lead to greater national income and can also lead positively to exports. But far from that, Sir, a number of concessions traditionally given to manufacturing have been ended, possibly because these concessions used to engage a measure of Government spending. Sometimes you have to spend to earn, and I am suggesting that even though we heard yesterday that those businesses that export will not lose their concessions, it is possible that some that lose may very well, if they had continued to get the concessions, be allowed to produce to surplus, which they cannot do now, and where they may have had an export potential, that potential would now be severely dampened.

These measures which our newspapers gloried in describing as painful and such like, and which have otherwise been attacked as murderous, will also see a number of undesirable social effects. We have seen a situation where some persons who, through the sheer dint of hard work and educational achievement, and who would normally be categorised as middle income earners or middle class people, some of whom are civil servants, are already subject to having to pay higher mortgage rates. If they are civil servants, they are going to be subject, for the time being at least, to cuts in their salaries and at the same time these people are going to be called on to pay an increase in the stabilisation tax, not to mention that they too will be hard hit by the stamp duties and consumption taxes that have been imposed across the board.

8.20 p.m.

Sir, I am suggesting that I am sufficiently familiar with that category of persons to know that even though some of them at this point in their lives are wage earners, a lot of these people had been manifesting an interest in becoming investors in this situation. Talking about investment, Sir, the measures here as outlined will, in my view, curb the total level of national savings. I am suggesting, Sir, that in a situation where the economy has been taxed and taxed, the total pool of aggregate savings in the commercial sector will decrease, meaning that the total amount of loanable funds available to our own people here will decrease with the consequential result that Barbadians seeking to get involved in business will not be easily able to do so.

At this time too, Sir, my heart goes out to our women and our youth. Like the Honourable Member for Christ Church East, my heart always goes out to the women. He is out there emphasising the point. Our women, many of whom, are unemployed, will find that through the consumption and stamp duties the prices of basics, like toilet paper, cheese and a whole range of goods consumed on a daily basis will rise to a point where their disposable incomes, if they have them,...

Aside.

Mr. R. C. EASTMOND: Sir, the Honourable Members are urging me to talk about biscuits and cheese, what economists call complementary goods but I was not identifying goods in a complementary way. I was just merely enunciating a list of separate goods that had no nexus with each other. I believe you will permit me to continue in peace without the noises from Honourable Members from the other side who at this time of the night, clearly having been bored earlier by the contributions of their own side, are now looking for light entertainment.

Sir, I am respectfully, suggesting that in a situation where in July this year at least 5 000 young people left the classroom, many with very high expectations, some, no doubt, having earned great qualifications, I see nothing in this Budget to give them hope. Even though it can be rebutted that the purpose of this Budget is to meet particular conditions from the IMF, I believe that, generally speaking, Barbadians have come to look to Government, not necessarily to dispense welfare, but to provide the type of environment in which each Barbadian can feel part of the country and look forward to actualising himself in the field of work of his choice.

Talking about welfare, the stage has been set out of these supplementary measures where it is clear to me that the days of gratuitous grants by Government of social services, health, education, transport and such like could very well be nearing an end, where clearly, this Budget confesses that Government is walking a tight rope and that a lot of amenities that Government would have been able to dispense earlier, especially in the interest of the poor, will not now flow freely as Barbadians have become to expect them. My only suggestion to this would be to call on all Barbadians come what may, to practise thrift, even though it is not going to be easy to save, to do their utmost to develop a sense of self-reliance because we can no longer turn to Government to be this do-gooder and godfather who like Santa Claus comes around dispensing largesse freely and liberally.

Now, Sir, to look at a few things towards the end of the presentation which deserve comment. We heard the Honourable Prime Minister say yesterday that tourism has been over the years an engine of growth, having said earlier in his speech that agriculture is a retardant. I think

that the suggestion that agriculture is a retardant is unfortunate. What, Sir, we need to understand is that apart from our human resources, the most plentiful resource we have out there is land. Even though the Honourable Prime Minister indicated that he was going to turn to the IADB for assistance to resuscitate agriculture, at the point when he made his proposals on that, the proposals were so vague as not to be able to allow Honourable Members to know precisely what specific programmes and policies he would have embarked on to resuscitate agriculture.

Indeed, Sir, I have noticed from my own analysis that with the increases in the cost of diesel and consumption taxes and stamp duties, our agricultural equipment will be more expensive for farmers to be able to operate. In a situation where agriculture has a potential to increase the national income and even earn foreign exchange, I am suggesting that some of the measures, especially in relation to the imposition of consumption taxes and stamp duties, serve as a definite damper on our farmers' legitimate aspirations to do their utmost to resuscitate agriculture.

Sir, we have heard a lot about the problems and crises facing the sugar industry but we know that even if some of us might have our observations about the *modus operandi* of some of the sugar farmers, and even though we heard some farmers being blamed for not being able to produce better, over the years sugar agriculture has been able to earn some foreign reserves for us. This is what we want at this point in the history of Barbados, foreign reserves.

I do not subscribe to the view that going to a bank in Britain, Japan or America and borrowing U.S. dollars should be the policy by which you earn foreign reserves. I feel that the productive sectors should be made to earn foreign reserves. Even though we are hearing that the unfavourable economic climate is impacting upon Barbados, I believe that Honourable Members on this side have as far back as two years seen the storm clouds lurking on Barbados' economic horizon and had cautioned the Government then, Sir, that even though the economy of the world could have very been declining, in 1989 Barbados' economy was not yet affected by any international factors and that if corrective measures were taken in 1989 then we could have got ourselves out of the morass that has inflicted itself upon this country.

Mr. SPEAKER: One minute more.

Mr. R. C. EASTMOND: I go on, Sir, to urge the Government to consider the future of our tourist industry in circumstances where competition in the Caribbean, high costs, crime and a whole host of other variables are facing us.

Finally, Sir, my view is that even though out of this presentation the problem with the fiscal deficit would be narrowed somewhat, the most glaring deficiency in the

Budget as an economic tool is its inability to generate foreign reserves. This has nothing to do, Sir, of course, with the severe social impact that it is going to have on the poor and those who belong to the middle income category.

So, Sir, even though this has been presented to this Honourable House the prospects for Barbados over the next three years or so are going to be prospects which invite little optimism and where all of us Barbadians are going to have in our own ways to see if we can do our utmost to save this country from any further decline which can occur in the absence of enlightened economic policies.

Thank you, Sir.

Mr. L. L. BRATHWAITE: Mr. Speaker, Sir, my intervention in this debate is somewhat tinged with a feeling of relief on the one hand and on the other, one of sadness. Of relief in that the pictures which have been painted ever since October/November/December, 1990 as of today are not manifest. I am speaking of the negative pictures which had been painted in this country which had the tendency and whose aim was to give people a feeling that they should, in their choice of a government in the forthcoming election, take these particular claims very seriously. And to some extent, Sir, in that regard I think that the kind of behaviour that was conducted in this country over that period has helped to generate and to develop the kind of problems that we are today facing, especially from the point of view of our foreign exchange, through a drain from the many angles that it has occurred. 8.30 p.m.

I want to say, Sir, that when the point is made that these problems have not come on us overnight, it is abundantly clear when I look at the Budgetary Debate for the year 1983 on the 26th April, and statements made by the then Prime Minister and Minister of Finance regarding the state of the economy in 1981/1982 and the kind of measures that had to be taken into consideration for the 1983 budgetary proposals. In fact in that same statement, Sir, the Honourable Gentleman took the opportunity – and it seemed to me, for the first time – to lay some facts there as regards the arrangement with the International Monetary Fund.

I will wish at some point, Sir, to quote from this speech but for now suffice it to say that what he had been saying at that time was that Barbados had come through two years of decline and that because of certain conditions it was necessary for Barbados to seek the assistance of the International Monetary Fund and therefore that arrangement had been negotiated and reached in the year 1982.

I want to say, therefore, Sir, that when one makes the point that with Barbados at this stage having to negotiate

an arrangement with the International Monetary Fund it is one of disaster, I believe that it is very possible that the persons who would say that now are not cognizant of what took place in that first exercise. It seems to me from what the then Minister of Finance had said, it seems to be presenting itself today in terms of the condition of the economy and the reasons why the economy had gone through the pressure which it has gone through and specifically what was necessary for the revival. Suffice it to say, Sir, that the Democratic Labour Party came to office in 1986 and the claims that are made now, by the Honourable Members on the other side of the high level of taxation, the Democratic Labour Party found that it was necessary in 1986 to give some ease in the level of taxation so that people in our country could desist from the cries of pressure and virtual torture by the then administration. In fact the result of the election at that period was 24 to 3. So, Sir, I believe that the Democratic Labour Party, in those circumstances, was in duty bound to carry out some of the promises that were made to the people of the country.

Everyone expects, Sir, that when things are good we can all smile and shake hands and believe that we can share in the goodies. It is the normal human situation where, as soon as things begin to tighten up and you are asked to carry any part of the burden, that you can complain, you can resist and sometimes I think you can do some of the things which I think as redounding to the discredit of people in this country who would like to see a very stable country in which to live.

Indeed, Sir, when the Honourable Member for Christ Church South made the point in words to the effect that he does not mind being called someone who stirs up – I don't remember the exact term – but I understand him to say, he does not mind being called one who is stirring up strife, something like that, it is very strong language, Sir, when you recognise that as the Rt. Hon. Tom Adams said in 1983, it was necessary for a united and cohesive effort so that the economy of this country could find its feet again. I believe it is no less a situation on this occasion that all serious and responsible citizens of this country should strive to give that kind of support.

I want to say, Sir, and I am not much for using figures and that kind of thing, because I believe they are bandied about so often that sometimes you tend to confuse people when too many people try to use them – therefore I am going to use the situation as I see it. I see it as one wherewith this country is in a position in which it needs the assistance of all of its citizens. In what way is that to be done, Sir? Some of us will have to give up what can be described as the lavish habits that we have, some of what we can describe as the upper taste and realise that if we are not producing those things in this country then they have a cost and we must be producing locally in order to meet that cost.

I don't want to feel, Sir, that anybody can believe that my contribution is any way anti-worker, but I want to say that the workers of this country are part of the inhabitants of Barbados and if my contribution is seen by me, Sir, to be one for the citizens of Barbados, then I would like to think that the workers of Barbados are so included. But there is no way you can opt out of the situation when things are bad but bask in the glory when things are good. I believe, Sir, that we have to take a less selfish approach in the normal and national life of our country.

I said, Sir, I would want to do one or two quotes from the Official Report of the House of Assembly dated April 26, 1983 when the then Minister of Finance of the Barbados economy in 1982 observed that the only sector where there was real growth was non-sugar agriculture and fishing. Therefore, Sir, it seems to me that is not the first time that sugar showed no growth. It also says to me, Sir, that when in November, December and January the sugar producers in this country had predicted a certain level of sugar production, that either they knew what they were saying or they didn't, or there were certain variables that they had no control over. Therefore, I believe the Government itself could not be seen to have control over those variables.

So when you have a fall-off in production from the productive sector, you really have to understand that if you accept in one breath as they have been saying that the lack of rainfall at a particular point was the result of the shortfall that there was, then I do not believe that the Government nor the Minister of Finance could be blamed for such shortfalls.

8.40 p.m.

I want to say further that the manufacturing sector failed to produce. While it is true that Government must create an atmosphere in which manufacturing should survive, there are also human hands that work to make manufacturing a success. Whether it is at the level of management or ordinary worker, whatever presents itself as a problem in the manufacturing sector must be looked at. But again you have a situation where the Government is blamed for the fall-off in the manufacturing sector.

The fact is that there are a number of areas in which even for local consumption, some areas of local manufacturing need to be looked at and seriously upgraded. That cannot be done only by talk, Sir. I hear in this country that people have a preference to purchase goods which were manufactured outside of Barbados, because there is a question as to the quality of the goods that are manufactured locally. I have to admit, Sir, that I do share that view at some point. However, I have the feeling that as nationals of this country we would wish to maintain and sustain the level of employment that local manufacturing can provide for our people. But I think there is a responsibility for local manufacturers also to recognise that

they cannot pass off second rate goods on the people of this country and believe that they must have the kind of protection that they ask for so often. The general public, Sir, should be protected in that regard.

I want to say further that I believe that mandatory standards become a reality if we are to look up and out into the world market. No longer can we determine that because goods are manufactured locally we cannot produce good quality products. Therefore, I would like to see a situation where manufacturers understand that unless goods are manufactured to certain quality standards that they will not be able to be sold as first rate goods.

I want to say, Sir, very seriously that many of the problems that we face in this country have been generated by Barbadians ourselves. When you leave this country, Sir, and you go overseas and you spend the amount of foreign currency that you must spend because you cannot spend Barbados' dollars out of Barbados except for one or two Eastern Caribbean countries, I am saying that you are contributing to a drain of foreign exchange. When you come back into this country, you want to make sure that the Customs authorities do not see that you have these items. You are not even contributing at that stage to the tax revenue of the country and it is a matter of trimming off of the top at many stages. I feel, Sir, that Barbadians in general should recognise that their responsibility to the development of their country demands much more of them than that kind of attitude.

I want to say also that in the very Public Service there is need for a considerable improvement in some of the attitudes of some of the Public Officers. There are some very good Public Officers but there are some of whom very much is left to be desired in their behaviour and attitude to the people whom they serve. I believe, Sir, that all of these are areas in which this country can show considerable improvement. If we can see that kind of improvement, Sir, then we will be coming closer to reducing some of the problems that we have.

Back to the quote, Sir, from the Hansard. On the matter of tourism, Sir, the Minister of Finance mentioned the fact that stay-over arrivals were down by 13.5 per cent and that cruise passengers were down by 20 per cent in 1982. Since 1981 and 1982, Sir, this country has seen growth in the tourism sector. If at this stage, Sir, there is a decline which at this point has not reached the levels that it was when the then Prime Minister mentioned they had declined, I want to say that we have to accept the fact that tourism is not something that we have absolute control over. As has been mentioned by the Honourable Minister of Finance, external factors have a part in on what we can do by way of persons who have to come to share with us of their wealth and their ability to spend money with us. If in Barbados we say that it is necessary for some control as to how people are permitted to spend money if we are to

control our economy, those countries from which our visitors come also have a say in what their countrymen can do and spend overseas.

All I am saying, Sir, in this regard is that Barbados is the kind of economy that depends largely upon what is happening on the outside world. If we are to capitalize as fully as we ought to, then we have to use what resources we have. It seems to me that those resources are minimized to some extent and brought purely within the realm of human hands and human feet. We have to use that to our best advantage and recognise that if we spend an extra amount of time in the production of a garment or whatever we produce we are carrying up the cost of that product and therefore it makes it less competitive in the field in which we want to sell it. But it is not only at the level of that production, Sir, because a lot of talk is made of the removal of the concessions for manufacturing, although the Honourable Member for St. James North agreed that there was the consideration that when they export, they get a rebate. But it did not seem that was understood from the presentation made by the Honourable Minister of Finance, but we know as Barbadians that there are a number of manufacturers who have taken the concessions but have not produced the goods. There are a number of manufacturers who have had duty-free concessions on items, but they have not exported. When are we going to learn, Sir, that we must take our responsibilities to the development of our country seriously?

No kind of grandstanding on this issue, Sir, can help Barbados. None whatsoever. We are in a position where we need to pull ourselves up by our boot straps and go forward. The fact that we can say that the medicine is the right one but not enough – I think that is what I deduced from one of the speeches that was made earlier today – gives some consolation and some reasoning, Sir, for my saying that I am relieved. Remember I began by saying that I feel some sense of relief, because what had been going the rounds in this country made it appear that the Minister of Finance was going to start up a funeral establishment where everybody would need some sort of funeral arrangement to take care of their remains. Fortunately, Sir, I believe that these measures which have been announced yesterday by the Minister of Finance will give us some scope to begin to work towards our own improvement. As he said, nobody owes Barbados a living, Barbadians must understand that they must provide for themselves the quality of life that they require and the quality of life that they would wish to have. In that regard, Sir, I have no problem in supporting the measures outlined by the Honourable Prime Minister and Minister of Finance. My problem is to determine to what extent will the forces of opposition allow that package to work, so that when the question is asked whether he can guarantee that there will be no devaluation, it should be the duty of each and every Barbadian to prove that there will not be a devaluation

because of the level of production that they are prepared to offer this country.

8.50 p.m.

When we have people going about this country and telling people they should not accept this and they should not accept that, I want to ask the question, are they going to live outside of Barbados? It is possibly arguable that when all this talk about going to court is bandied about, some of the legally trained people in this country will benefit as a result. I do not wish to think that that is the motive for encouraging the people of this country to go to court in order to seek redress, while in 18 months' time we hope they will begin to see the benefit of the sacrifice they are making.

I think that the message is abundantly clear to us. A number of persons on both sides have indicated that Barbadians have tended to live a lifestyle which was above their means. If I drive any part of this country I will see evidence of the kind of development and the kind of improvement in this country over the years, under all administrations, that the people of this country have made. When you look at the quality of housing in this country, apart from cement which is now a product of Barbados, and possibly the stone which is a product of Barbados, all other components in that house have a foreign exchange element because they have to be imported. For a level of improvement, any level of development that we see in this country, we will have to understand that there is a price we have had or will have to pay for it, but the time comes when those who pay the piper are the ones who can call the tune. If Barbadians have been living beyond their earnings, then it is very clear to me that the time will come, and I think it has come now, when they will have to stop, reorganise and remarshal their resources and determine how we can push from a position of strength rather than rally through from a position of weakness. I think very seriously, Sir, that that is today the responsibility of all the people of this country. Therefore, Sir, as I said, I have absolutely no problem in supporting these measures.

Just before I close, Sir, I should like to reinforce my argument by the speeches that were made by the Honourable Gentleman. On page 3440 of the same document, the Minister of Finance noted this fact, and I quote:

"Notwithstanding the facts, efforts have recently been made to discredit the economic performance of the Government in relation to the IMF Programme. In particular, the Press and the broadcast media, both local and overseas, have carried a report that the IMF and the Government are locked in a battle over a new Agreement because, it is alleged, the Fund has recommended that the Barbados dollar be devalued and that the Government is resisting this recommendation. I have already commented, Mr. Speaker,

that I regard this totally false allegation as the most dangerously irresponsible statement I have heard in 20 years of public life; for there are few things more damaging to the immediate financial comfort of a country than a deliberately false rumour of devaluation."

I think, Sir, that a word to the wise is enough.

Aside.

Mr. L. L. BRATHWAITE: This was the Honourable Prime Minister, Tom Adams, in 1983 who was talking about the Press, who had been carrying a message of devaluation of the Barbados dollar and he thought then, I think rightly so, that it would have been damaging to the chances of people coming to this country to invest. If I might repeat, Sir:

"Notwithstanding the facts, efforts have recently been made to discredit the economic performance of the Government in relation to the IMF Programme. In particular, the Press and the broadcast media, both local and overseas, have carried a report that the IMF and the Government are locked in a battle over a new Agreement because, it is alleged, the Fund has recommended that the Barbados dollar be devalued and that the Government is resisting this recommendation. I have already commented; Mr. Speaker, that I regard this totally false allegation as the most dangerously irresponsible statement I have heard in 20 years of public life; for there are few things more damaging to the immediate financial comfort of a country than a deliberately false rumour of devaluation."

Mr. SPEAKER: One minute more.

Mr. L. L. BRATHWAITE: I want to say, Sir, that when so-called responsible people in this country and political people in this country can start a rumour about the possibility of devaluation in this country just before an election, it is no wonder that we have seen the flight of capital that there has been or we have heard of in this country. I have said very often that persons in responsible positions must take those positions very seriously, and until we as leaders in this country recognise the level of our responsibility, then we can have the kind of problems that we face so often.

Just in closing, Sir, I want to look at the closing remarks of the Honourable Prime Minister and recognise the point that he had made asking the whole country to recognise that it was necessary not only to make the contribution they were asked to make, but really to.....

Mr. SPEAKER: I think the Honourable Member's minute has gone.

Mr. L. L. BRATHWAITE: My major point, Sir, the words of the Honourable Prime Minister on page 3455:

"Mr. Speaker, 50 years ago President Franklin Delano Roosevelt said to the American people 'the only thing we have to fear is fear itself'. He said this at a time of major international economic crisis which was shaking the world. Today, as we face similar economic disorder I repeat his words to Barbadians. We have nothing to fear once we place our trust in God and good government. So let us put aside the petty hatreds that petty politicians promote that serve only to pull us all down in confusion. Let us remember what we have achieved and look forward to what we can achieve and will achieve. We can see a new light; let us go forward together onward and upward to meet it."

9.00 p.m.

Mr. Speaker, I believe that those are words of wisdom and I think that we should follow them today, Sir.

Thank you, Sir.

Hon. B. M. TAITT: Mr. Speaker, Sir, there is nothing like words of wisdom from President Roosevelt.

SUSPENSION OF SITTING:

Hon. B. M. TAITT: Mr. Speaker, Sir, is the Leader of the Opposition ready now? I am ready to suspend but I do not wish to stop the Leader of the Opposition from speaking.

Sir, it is 9.05 p.m. We have had a fairly long day. I believe that Honourable Members, more particularly the reporters would be showing signs of fatigue. I believe it would be unreasonable to ask them to go on longer.

I now move, Sir, that the sitting be suspended until 12:00 o'clock noon tomorrow, September 19, 1991.

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

The question that the sitting be suspended until Thursday, September 19, 1991, at 12.00 o'clock noon was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.
9.05 p.m.

RESUMPTION

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

Mr. DeL. O. BRADSHAW: Mr. Speaker, I rise to register my negative support for the Bill which is before this Honourable Chamber. It is not an easy thing for me to speak on matters such as these and, Sir, I would hope that during the course of my presentation some commonsense or message is sent clearly to the Members on that side and in particular the Minister of Finance, the Right Honourable Prime Minister of this country.

There is no way that I could support an 8 per cent or any reduction of public workers salaries. It is against my philosophy. It is against my conscience. It is not right. I consider it improper to ask people in the circumstances to accept the imposition of a wage cut on them. What bothers me most, Mr. Speaker, is that a certain section, a particular group of people are targeted which, in my view, is discriminatory and I really could not with all the conscience that I have support such a measure.

I want to say from the outset that not only do I consider the measure as vicious and discriminatory, but I too feel that it is wicked. To have arrived at a position which has been the background or one of the influencing factors for introducing this measure borders on what I feel, Sir...

Mr. SPEAKER: May I enquire of the Member if he is saying that it is wicked for someone to introduce this Resolution? I am not clear. I am trying to get the clarity of what you are saying.

Mr. DeL. O. BRADSHAW: I am saying that the measure is wicked. That is what I am saying, Sir.

Aside.

Mr. DeL. O. BRADSHAW: I have a little more commonsense. Mr. Speaker, for the information of all, it is the manner in which things were done where votes were solicited and, in my view, this is nothing short of being fraudulent. There is a calypsonian called Observer and his Tune of The Crop, a very popular tune this year, was the "Cat O' Nine" and he asked to swing the cat o' nine in peoples' tails.

Mr. Speaker, I feel that if there was ever an occasion for the cat o' nine to be used it is appropriate for this occasion. Because this would do more damage to the worker and to Barbadians than any criminal offence. I will withdraw that, Mr. Speaker.

Mr. SPEAKER: No, I am not saying to withdraw it. I am saying that I do not want the debate to develop into

the kind of level which I do not think suits this debate. The Honourable Member could very well use other language. I would just like to remind you that one of the concepts of parliamentary language is that it must be filled with moderation and a kind of temperate language. Extravagant language is not very often the best way. I am only suggesting to the Honourable Member to keep the debate on a certain level.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I started off by saying that I must speak the way I feel but within the confines of the rules of this House. I am no hypocrite and I am going to speak. I represent a constituency and I am mindful of persons living in that constituency whom I meet daily. Only yesterday one of my constituents who has four children cannot send the children to school. She has no money. Her husband was fired as a result of these measures and I am being called upon as a representative or good-minded citizen to help buy books to send those children to school. How otherwise could I come in here and speak, Mr. Speaker? I am saying that I am not taking any hypocritical stand on it. That is the way I see it because it redounds to hurting people. I must say the degree of hurt, pain and suffering that it has caused people. There is also a certain amount of grief to it. That is why I say that people must understand that it is all right for us to impose measures and talk about rescuing this and that. But when the Honourable Minister who introduced the measure talks about this is causing pain, it is not only pain. It is causing grief.

I have heard reports, Mr. Speaker, of persons who have actually attempted suicide. No hope. There are persons who are walking about begging. No hope. People cannot find jobs. No hope. People are called upon to pay rents. No hope. All of this is as a result of what we are dealing with today the proposals to cut salaries. How can I forget them coming from my poor humble origin, Mr. Speaker? I know the agricultural labourers. I am from that background. What about the maids, watchmen and cooks? I am talking even about that category, also the lowly paid civil servants whose maximum pay is in the vicinity of \$1500 a month.

Mr. Speaker, I am speaking from experience. I know what it means to ask a cook or a gardener to take home less. The watchmen have been complaining all along who work on a period system and have got to be out there in the night facing all sort of criminal elements, Mr. Speaker, yet they are now asked to endure a salary cut. What I am saying is this. If there has to be any cut, I say that I am opposed to that. Those people ought to be exempted, Mr. Speaker. They deserve it. They were not considered last year in the regrading exercise and I came in here and I voiced my concern. I said that it was not fair that those people at the bottom should be overlooked in a regrading exercise. All they were getting was a mere 7 per cent last year. What is worse, Sir, is that while they did not benefit

they are now being asked to give up eight per cent of their salary and even more because of the other deductions.

I stand on this matter side by side with the trade unions and in particular the Barbados Workers Union. I must say that I am supportive of their position. Their spokesman has been consistent in this Honourable Chamber. The one who spoke yesterday was consistent. They were opposed and have said time and time again when the Unemployment Levy was introduced by the Barbados Labour Party Government that they were opposed because it meant an erosion in the pockets of workers. They also hinted that it would have caused social distress and social discomfort in the country. That is what the Barbados Workers' Union was saying then. They were opposed also to the transport levy and they were opposed to wage restraint. Now, then, Sir, if you are pro worker you must go along with the Barbados Workers' Union on this, because they did not stop there, they made their voices heard loud and clear and they had the support of the workers of this country in 1982 when they went to Mangrove and drafted three resolutions. Permit me, Mr. Speaker, to read those resolutions. "On May Day....." 12.15 p.m.

Mr. SPEAKER: Now how are you going to read that? What are you reading from?

Mr. DeL. O. BRADSHAW: Based on my recollection, Mr. Speaker. Those three resolutions were introduced at Mangrove in 1982 and I recollect very clearly that the Honourable Member for St. Lucy, who was then the Assistant General Secretary, introduced the resolutions and asked that there be unanimous support for them, and they were passed.

Mr. Speaker, what I am saying then is that the position of the Barbados Workers' Union should not be altered on this occasion. If they were saying then, in 1982, at the time when Tom Adams and the BLP were taking Barbados to the IMF – it does not matter whether he informed anybody or not, he went – the Unions were opposed to going to the IMF and Tom Adams told the Unions, they were informed that he was going there, and he offered them on that occasion \$25 million, the NUPW as well as the BUT (the Barbados Union of Teachers) demonstrated. They were not prepared to agree to any kind of wage restraint or salary freeze. They marched. What I must say for the Barbados Workers' Union is this, Sir. They felt they would go along, but they were asking for \$5 million in the second year, irrespective of whatever the situation was. They said no, they do not care whether it improved or not, they wanted the extra \$5 million.

Mr. Speaker, if you are going to compare like with like, I cannot understand how Honourable Members from that side would seek to convince the public and this Honourable Chamber that the situations are similar, because

in 1982 Tom Adams gave \$25 million to public servants as an increase, \$108 across the board. I will go a little further. Unemployment in Barbados was not as high as it is today, it was 10.8%. There is no way that the records could show that he came on the radio and dismissed 2,000 workers.

Mr. Speaker, it is all right for Honourable Members on that side to take comfort, but I want them to understand that what they must seriously look at is that one can see some wisdom in trimming the Public Service, but at the same time the Government must see the wisdom and have the wisdom to make sure that in the private sector that mechanism is created so that they could generate employment, or even maintain employment, so that they could absorb the workers that are sent out of the public sector. That is clear. You are sending home people from the public sector, but at the same time the private sector in Barbados is disgruntled.

I want Honourable Members to understand that what they saw last night on television is just the tip of the iceberg. When Ministers now are openly challenged and there is a war of words, people are angry out there, particularly in the manufacturing sector, and that is sending a very dangerous signal to this country. Those are the ones, I submit, who will have to rescue Barbados and everything ought to be done to listen to them, to their causes, to their concerns and try to help the situation.

It serves no good purpose for us in this country to talk about alienating the manufacturing sector. There are black businessmen as well in the manufacturing sector, there are small businessmen in the manufacturing sector, there are people who are self-employed in those areas, and that is why I am saying that we cannot on this occasion feel comfortable with what is going on out there. The economic climate is bad, and what worsens it is when manufacturers in Barbados realise that you can import at the moment cheaper goods into Barbados from Trinidad and Jamaica and it is difficult for Barbadian manufacturers to sell at competitive prices in Barbados. That is what hurts, Mr. Speaker.

I am in the real estate business and I do repairs from time to time and I know that you can buy a door, for instance, coming in from Trinidad cheaper than one built in Barbados. I know that there are some manufacturers who work for the Government of Barbados, who have decided to sell out, to sell off even their real estate. I have been commissioned to do that, so I am speaking from experience. It is a sad state when we realise and recognise that people who had used their real estate for collateral in order to carry on business are now resorting to selling. In other words, do you know what that means, Sir? They are shutting up shop and there will be loss of jobs. It is all right for Honourable Members out there to sit down and toy with it as if it is a toy gun, this is serious. It is going to affect all of us. Those small black business people who

were promoted with the Export Credit Guarantee scheme are allowed to bring in raw material from the IDC and subsidised so that they can get on with their business, and now they stand to perish. All of us stand to suffer as a result.

I want the Government to look at the competitive position of Barbados *vis-a-vis* Trinidad and Jamaica and tell me if they do not see that there is something wrong. I am asking the Government to reconsider the reintroduction of subsidies. It has made a blunder and it stands condemned until it corrects that.

But, Mr. Speaker, what is even worse, you have a situation where the public servants were asked to indicate their intention to vote "Agreed" or "Not Agreed" to the salary cuts. As I said earlier, this measure is to deal with that, it is seeking to implement the response for which the Prime Minister said he received massive support. Now, my understanding is that there are 25 000 public workers.
12.25 p.m.

Aside.

Mr. DeL. O. BRADSHAW: Well, there are more than 25 000. We vary on that. I do not know. All I understand is that all who are paid out of the Consolidated Fund become public servants. This is the first time I have known that I am a public servant. They used to tell me that they do not deduct any National Insurance because I am self-employed. All of a sudden I get two forms to fill out. I want to know how many people got two forms. I would like to check the credibility of the outcome of that particular vote.

Aside.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I am telling you that I had two of them and I am asking how many people cast two votes. I could have cast two.

Aside.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I got two. This is no joke. One was delivered at my home and one was posted to me. I got two so I could have said twice "No" or twice "yes". And if Honourable Members on that side similarly got two they would put 36 votes when there should only be 18.

Mr. Speaker, seriously, this matter will have some very serious repercussions. The Honourable Member for St. Michael Central holds a very important position in the Caribbean Congress of Labour. I think he is the President. I must say one thing for him. I have admiration for him in the manner in which he conducts industrial relations. I have

said it outside and I will say it in here. That has nothing to do with any politics. I am saying it because I have had the opportunity to observe him operating.

What I will say is this. There is something wrong. A very wrong signal is being sent to the ILO and the people who constitute the International Labour Organisation and Caribbean Governments as well and the labour movement generally when you can have a situation where a government endorses a convention of the ILO and then, at the same time, finds ways and means of getting around it and not honouring it. Now, that is something which I would want to have referred to the ILO.

The NUPW have, on occasions, referred matters like these to the International Labour Organisation. When the Barbados Labour Party was in Government it referred a matter to the ILO, when one of the statutory corporations refused to recognise them and again under this administration they approached the ILO.

Mr. Speaker, I am wondering what is going to happen when you undermine the trade union movements in Barbados. The future of trade unions, workers unions in particular, is at the crossroads. When you ignore the voice of the workers or the collective bargaining agency and you go around in such a way that you approach the workers directly something is wrong in the State of Denmark. This is not a matter to play hanky-panky with.

The unions who represent the workers in the private sector will now experience a bit more difficulty in dealing with employers because employers in the private sector usually follow Government's lead. That is the question before us. How do you expect the most powerful unions in Barbados to approach their matters with the private sector when they set wage restraints, when they say they are going to dismiss people summarily? When they do that, what do you leave the unions to do? Are you saying now that you are setting a bad example, sending the wrong signals to people, that all they have to do is to undermine the unions?

I leave that for the unions to look at because it would mean, Sir, as one Honourable Member said yesterday, "look out". I have heard members of those unions say, and I have tried to persuade them not to go that route, that they would withdraw their contributions to the unions. It is bad. It is foolish because the unions still have some clout. I would not want to see the discontinuance of the Trade Union Movement in Barbados. We should always try to promote tripartition in Barbados where the workers, the employer as well as Government observe the Rules and Conventions of the International Labour Organisation. We should sit down together in a tripartite body now. The Honourable Member for St. Peter has called...

Aside.

Mr. DeL. O. BRADSHAW: Mr. Speaker, when you are asking for this task force, I am suggesting that these three bodies, in particular I would say Government, have to be represented, obviously, but the workers' organisations as well as the employers should be represented. I always viewed it with some degree of scepticism and reservation when I heard one particular workers' organisation asking the Government to be included in an IMF delegation. I sat quietly by and asked myself what is going on? Where is the principle and commitment to tripartition in this country? I am saying that the workers should not be left out. They have a very integral part to play in this exercise.

This takes me to a step further. Having advised, rightly so, the members of the workers' union, the public servants, not to agree, the union bosses are in here.

Mr. SPEAKER: I thought I made it clear yesterday that all Members in this Parliament are elected representatives of the people.

Mr. DeL. O. BRADSHAW: Mr. Speaker, there are people who have connections with the workers' unions. I have no doubt in my mind that they are fully aware, they are mature enough in that voting "Aye" for this measure means "Aye" out of existence. That is what it means. The beginning is the tip of the iceberg. What will follow? Having set the bad precedents of going directly to workers, who can say that in future that this will not be the order of the day. It is a bad signal being sent. I would invite Members who have interest in the workers' union to send a signal, not abstaining...

Mr. SPEAKER: One minute more.

Mr. DeL. O. BRADSHAW: The signal must be sent loud and clear to the Government that this is an anti-worker measure. Let the workers' will prevail. The voice of the people is the voice of God, Mr. Speaker. Let us not fool ourselves. We have to understand what is going on today. The workers out there are looking towards leadership. I have no doubt that they have people who are ready to assume that mantle like Sir Frank Walcott.

Mr. Speaker, I will make this plea on behalf of the civil servants. They have done nothing wrong. If they want to find comfort, find comfort in the Book of Isaiah Chapter 50 verse 7:-

"They were oppressed and they were afflicted, yet they openeth not their mouths. They are brought as lambs to the slaughter and before their shearers are dumb, so they openeth not their mouths."

They need not open their mouths but rest assured Psalm 23. Even though we go through the valley of the

shadow of death, we will fear no evil for we have the BLP with us. They shall not leave us.

Thank you, Sir.

Hon. E. E. GREAVES: Mr. Speaker, I rise to make my contribution to this debate which, as we all know, is a very important debate. The Right Honourable Prime Minister when he introduced the measures in the Supplemental Budget indicated that they were painful measures. Indeed, I think we all recognise that they are very painful measures. I am convinced that no Minister of Finance can feel happy or comfortable about having to introduce measures such as these. However, Sir, on account of the critical situation which Barbados finds itself in today, it is necessary for the Government to take some drastic steps to try and halt a deteriorating situation. Barbadians to a man must also recognise that because of the gravity of the situation, corrective measures have to be taken.

12.35 p.m.

The Bill before this Honourable Chamber deals with a reduction in wages and salaries in the public sector. Mr. Speaker, I have agonised about this, but I recognise that in the interest of our nation this action is necessary. It is very painful but it is necessary, for how else can Government expenditure be reduced in a situation where wages and salaries constitute about 50 per cent of that expenditure, unless there is a combination of a reduction in the wages and salaries bill and a reduction in employment?

Public servants who voted so overwhelmingly for the reductions have demonstrated their concern for, and commitment to assisting in pulling Barbados out of this difficult situation. We have to admire them for that.

We can argue now, Mr. Speaker, until the end of the world about who was responsible for putting us there. All I am saying, Sir, is that we are there. We have to deal with the problem. It is a fact, Sir, that we have all benefitted, that is, all Barbadians have benefitted from, as it were, what I would call the goodies which were dispensed over the years by both administrations, which goodies have come from public expenditure. The time has come, and certainly it would have come, where we have to, as it were, look very carefully at that and make a decision about how we are going to be able to finance the expenditures which were indulged in by the various administrations through the process of the borrowing of money.

The Honourable Member for St. Peter made a very interesting admission yesterday, when he stated that evidence suggests that a lot of our problems have come from the nature of our old political arrangements in Barbados where the evidence shows that political parties have tended to bulk expenditure around election time, and the evidence is there. I think, Sir, the time has come for us

as politicians and as leaders of political parties to adopt a very serious attitude towards this whole question of politics and the whole question of development. I think we have to admit that it is going to be financially impossible for this country to be able to provide for all of the needs of the various representatives and the various electors and the various constituencies at one and the same time.

In truth and in fact, Sir, I think all of us who have had the privilege of sitting in Ministerial office would know the kind of pressures to which we are subjected to deliver activities, to deliver projects, to do various works in various constituencies, to carry development across the country and obviously to ensure that there is some evening out in that particular arrangement. I think that we have to, and electors must understand, that it is going to be very difficult for us, to be able to cope with all of the various demands and requests which are made from time to time. So, I think, therefore, as politicians this is one lesson which we must learn from this critical situation that we find ourselves in.

Mr. Speaker, as a nation, we have to change our attitudes and maybe, Sir, this crisis ought to be seen as a blessing in disguise. Let me explain to you why this crisis ought to be seen as a blessing in disguise. I think it is a warning for us, as individuals and as a nation as a whole, to stop and take stock, to look to see where we have come from and really chart a course for a new direction.

Indeed, Sir, the Honourable Member for St. Peter made a point where he said that the opportunity has been presented to the Government to do some very serious restructuring of the economy. I think this is very important. But restructuring of the economy, Sir, means taking some very hard decisions. It is my considered view, Sir, that a lot of the problems which confront us in Barbados are problems of an attitudinal nature and certainly one of the areas in which this attitude will have an effect is in the area of productivity. I have stated many times in the past, and I have repeated it, that one of the very serious problems which we have to deal with is this problem of productivity. This is something dogging us and we have to revise our whole thinking, we have to modernise our approach towards getting the highest productivity out of the country. Indeed, Sir, I was reading a newspaper article recently and I will give it to you for what it is worth, where it was claimed that over the past ten years, whereas wage levels in Barbados rose by about 75 per cent, the productivity levels have only risen by 10 per cent. Whether that is true or not, even if it is half true, then I am submitting, Sir, that we really have a serious problem. We have a problem where, obviously, with all the credit due to the persons who negotiate wages and salaries on behalf of wage earners, we have a problem in being able to match that with productivity. So we need to address this particular problem where we can deliver our goods and services in

the most efficient manner. It is so in the public sector and it is so in the private sector.

Public service productivity, Mr. Speaker, must be managed, and managed in such a way as to eliminate wastage, and to get the best out of the people who are employed in the public service. It suggests to me, Sir, that the management systems in the Service must undergo some radical change. If we continue with the way in which we have been going, we will not be able to take advantage of the opportunity which is provided to us. The institutions which also have to make decisions relating to the Public Service must be seen and certainly must be able to function and deliver decisions in as urgent a manner as possible. Public Service managers must also be able to take decisions in the way in which we will be able to deliver the services as effectively as possible, because it is a question of being able to get the best out of productivity. 12.45 p.m.

In the same way, Sir, the private sector has to look at this particular point. Before I just move on to the private sector, I had a very interesting experience once with a lady who was working in the private sector and who, as she described it, became a little tired of working in the private sector because she said that she had to work too hard and she wanted a job in the Government so that she could take it easy.

Now if that kind of attitude continues to prevail and that kind of approach to the public sector continues, then I am saying that we have a problem deeper than we really think that we have. I am saying, therefore, back to the thesis which I raised earlier, that we have a very serious attitudinal problem with which to deal. Sir, the private sector also must recognise that they have to deal with that particular problem.

The programme which the Government is putting in place is fiscal measures which are part of an entire package which when finally put together would see World Bank support which is designed for investment and re-organisation in the three major productive sectors of the economy, agriculture, tourism, and manufacturing. It is interesting, Sir, and it is a point which I forgot to raise when I was talking about the public sector, and I will just put it in now, Sir. The Honourable Member for St. Michael South East in his speech stated as follows: "I can see the wisdom of trimming the public sector." I looked at the Honourable Members for St. Peter and St. George South and I noticed the way in which they shifted in their seats. The Honourable Member said, "I can see the wisdom of trimming in the public sector."

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

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

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I think the Member for St. Lucy should withdraw my intentions because he is completing the full statement which was made by the Member for St. Michael South East, but he was about to mislead the House.

Mr. SPEAKER: That is no point of order.

Hon. E. E. GREAVES: The Honourable Member is assured that I would have given the complete quotation. I would not have stopped just there. I repeat that the Honourable Member for St. Michael South East said and I quote: "I can see the wisdom of trimming the public sector." Then he went on to say, "The Government should ensure that the private sector is able to take up the slack. That is, there should be measures in place for the private sector to take up the slack."

I do not think that one has any particular grouse with that particular point. I think that what is coming through from Honourable Members is that the public sector has become too bloated and part of the reason for that, I submit, is because the private sector was not responding to the various offers and attractions which the Government offered to the private sector and the hope that they would have expanded employment opportunities.

It is clear, Sir, that there is need for very deep and serious restructuring of our economy and these particular sectors. Agriculture, for many years, played a very important role in our whole economic system, indeed, Sir, agriculture was the major earner of foreign exchange has now slipped into a very minor position. But I believe, Sir, that agriculture can be restored to a position where it can play a very significant part in our whole developmental process and certainly in the earning of foreign exchange. We need however to ensure that the environment is created where there can be greater investment and where in the same time there have to be some new people with new thinking brought into agriculture. We will not be able to move agriculture into the modern age and to modernize agriculture with the people who dominate that particular sector. I am saying, Sir, that any restructuring of agriculture, as indeed there has to be, must also see a restructuring of management and if a whole set of arrangements and indeed of the thinking of the people who are at present running that particular sector.

There are a number of opportunities, Sir, for this and later in my speech I would hope to be able to establish the very clear linkage between agriculture, tourism, and manufacturing as you very well know. The same thing, Sir, can be said for the tourism sector where there is need for considerable new investment in a number of areas both in hotels and also in the ancillary services which are provided to this vital sector. We recognise that tourism is vital. We recognise that tourism can play and does play a very important task in terms of employment and earning foreign

exchange. We, therefore, have to pay tremendous attention to this sector. It is a sector in which with effort, guidance, and commitment and with some new investment and approaches we will be able to see the gains in a very short time.

But we recognise still however that there is fragility in that particular area and I think that it is incumbent on all Barbadians to recognise the importance of tourism, to recognise that they have a part to play, and also to recognise that we have to make the kind of contribution which we know it has the potential for making if this particular sector is to succeed. Then we have to go about this in a very creative and collective manner.
12.55 p.m.

For the manufacturing sector, I think it is very clear that this is an area which is also in need of modernising, but we have to make the point that Barbados has gone beyond – and I would agree with the Honourable Member for St. Peter – the point of 25 years or so ago. Anybody who thinks that we can still continue in this modern age to attract industry or investment in the industrial sector with the approaches which were used many years ago is really living in the past. But our manufacturing sector, for purposes of description, has gone beyond what we traditionally have associated with the manufacturing sector. There is a whole new area of investment opportunities which exist now. The area, for example, of data processing and the whole question of being able to utilise the skills of our people, or developing skills to meet that particular demand which is out there, has proven to be one of success and one which we can continue to pursue, recognising that it is one which is fraught with many changes because we are dealing with modern technology and modern technology changes at such a rapid rate that we have always got to be out front and in a position where we are able to adapt ourselves and adapt our promotion efforts to the demands of the present time.

I am saying, Sir, that we therefore have to have some new people in this area, manufacturers or people in this particular sector which will be described as the manufacturing sector, who are out there looking for opportunities, who are creating opportunities out of situations which arise from time to time. I would repeat my call, which I have made previously, for the injection of a new cadre of entrepreneurs in Barbados. I think this is vitally important. We cannot proceed only with the existing people, we have to look for some new people. We have to create some opportunities for the new people who are really entrepreneurs, who are prepared to take the chance, as indeed entrepreneurs are; some will succeed, some will fail, and we should not get bogged down in this business of who fails and who does not fail, because it is something which happens in the world of business. It is not everybody who goes into business who will succeed. I think this has to be recognised. But the point is that once the opportunities are there we should be able to create the

environment and have the people trained and people who are prepared to take the opportunities which arise and indeed to manage that situation, because I think that that is one of the very serious problems that we have.

Sir, this also relates very seriously to the question of productivity, which I believe must be at the basis of everything that we are doing in this restructuring programme. The Government has continued the policy in trying to establish the important linkage between manufacturing, tourism and agriculture. We have encouraged the establishment of an agro-processing plant. Through the Industrial Development Corporation we have established a food processing facility at Wildey. I am saying that that is a direction in which we recognise that we have to go, because there is a feeling that we have opportunities, particularly in the area of food products and related products, to link agriculture with the manufacturing sector and of course with the distributive sector. I am saying, Sir, that the distributive sector has a very important role to play in all of this, and if we are going to get serious about restructuring manufacturing, if we are going to get serious about getting tourism and agriculture going, then I say that this cannot be done unless the distributive sector, which distributes and markets the goods coming out of these three other sectors, becomes deeply involved in what is going on, for then we will be spinning top in mud.

I am saying, Sir, that there is need for a very close linkage, indeed a marriage, between the distributive sector, agriculture and manufacturing. There has to be investment coming from the distributive sector, and by investment therefore a very serious commitment on their part to distribute first and foremost the goods and services which are produced from our sectors here in Barbados.

A couple of examples I would want to give. Often I have heard people make reference to the fact that we in Barbados have become so proud now that we do not even want to mix fish cake batter and you can go into the supermarket and pick up your fish cake batter. I do not have a problem with that, Sir, the problem I have is with importers in the first instance, who would import them, and the consumers who would use them. It is my contention that if this is foreseen to be a niche which has developed, and which could be developed, surely some entrepreneur, small business person could get involved in the production of this and could link up with one of the distributors to distribute that product, in the same way that it has been found that there is a requirement in the market place for this kind of activity. I am saying that it shows me there is some laziness on the part of our production people, some backwardness on the part of people who do not see the need or the wisdom in taking this chance or this opportunity and turning it into a profitable operation.

There has to be a linkage, and I am saying that the distributive sector has a very important role to play in all

of this restructuring we are talking about. If we go into a restructuring programme and we do not involve the distributive sector, or we do not ensure that they also play their part, then I think we will be doomed. I am told that the private sector has been asking what they can do, they would like to help in the restructuring programme, they want to be involved. I am saying that they have to be able to seek out these opportunities and give encouragement to these small business people.

I have had reason also to recognise that there is a small businessman who produces some very good items. He uses mainly local products with a blend of some imported products in producing toilet ware – face basins, bath tubs and that kind of thing. He uses coral stone dust and mixes it with gypsum and some other thing to get his product, but he is crying out for some help in terms of investment and also outlets. I am saying, Sir, that this is just an example of another opportunity which could be taken advantage of where the particular individual would be able to have access to capital, where he can retool his operation, where he would be able to produce for the distributorship which would have been arranged between himself and the particular distributor.

Mr. SPEAKER: One minute more.

Hon. E. E. GREAVES: These opportunities exist for our small business people, or ought to exist, provided the distributive sector plays its role. We have, as a country, to tap resources which are available in the area of services and services promotion. I think the Government recognises this and we are making approaches through the Lomé 4 Convention for resources to develop services, because the services sector is one which is going to help us very much, whether it is in the promotion of financial services, the promotion of our data services or the other kind of services which we would want to promote.

1.05 p.m.

In the end, Sir, the problems which confront us are our own problems and we as a nation have to solve them. I am confident that collectively we can. It calls for a considerable amount of understanding, tolerance and cooperation. It also calls for hard work. It calls for fundamental attitudinal changes in Barbados from the top to the bottom. It calls for our being able to improve our productivity by leaps and bounds so that we can hold our own in this competitive world.

I thank you.

Mr. C. LeR. TROTMAN: Mr. Speaker, my entry into public life has been based on my representation of workers within the Barbados Workers' Union and, indeed, my representation of workers in Barbados generally. My entry into representative politics resulted from this my first work of love. In fact, the good people of St. Michael Central

selected me as their parliamentary representative particularly because I had by 1986 gained the reputation for being a fair, honest and uncompromisable trade union officer.

That work record, Mr. Speaker, gained for me the attention of the Regional Labour Movement which has honoured me by making me its President General. More recently when the trade unions of Barbados and the staff associations in the public sector formed themselves into a council this council in the making invited me to serve as its chairman. When today I speak to the Bill before this Honourable Chamber, therefore, I must speak from a position that recognises my first commitment. That commitment to the workers of Barbados compels me to advise you that I cannot and will not support the legislative measures now before this House.

Applause.

Mr. SPEAKER: I want to interrupt at this point to remind visitors in the Gallery that they are not part of the debating Chamber and, therefore, they cannot participate at any other level than to sit quietly and listen. I will warn that if my eye should observe that particular commitment to this House is broken, I shall ask the officer to remove that person. Continue.

Mr. C. LeR. TROTMAN: Thank you, Sir. I would imagine that those ten minutes would be taken into consideration.

It is, perhaps, symbolic, Mr. Speaker, that the current issue before us at this time is before us at the time when the Barbados Workers' Union is climaxing its exercises to mark the birth of that union.

When Grantley Adams stood for the first time to defend the position of the Barbados Workers' Union, he must have felt, as I do today. He was taking a stand, Mr. Speaker, which, in some ways, was different from that of some of those persons whose general political views he shared. He was taking a stand which must have angered some of those employers, especially the planters for whom he held briefs as their attorney. Of course, no one among those who are mischievously being misled recognised any conflict in Sir Grantley's position for, after all, he was a lawyer, and a good one too. He was holding briefs for employers whom he would meet in his conflicting role as the president of the workers engaged by those said employers and he was a politician. But then, you see, Sir, it was all right for him. He was not capable of having a conflict of interest. He was not capable of being corrupted. It is only trade unionists who are politicians that are in that very unfavourable position.

I think that when we debate matters of this sort, Mr. Speaker, those people at all levels must be careful to

recognise that when they point their finger in one direction, that is to say, when they point it at trade unionists who are not politicians, or doctors of medicine, by so pointing that accusing finger they are pointing another one at themselves and they are causing people to become suspicious, not of trade unionists, the professionals alone, but they are causing people to be suspicious of all professionals.

I think that it is about time that professionals recognise that whatever our jobs in this country happen to be, we can be exemplary in the way we do those jobs and we can do them efficiently and professionally. I think that is the position, Mr. Speaker, in which the distinguished General Secretary of the Barbados Workers' Union, Sir Frank Walcott, would have found himself. He would have found himself standing in the breach, taking the position of his first constituents, the workers of Barbados. The General Secretary's distinguished career is replete with examples of those kinds of stands – the windfall issue, Sir, of 1964, the struggle for a minimum wage for sugar workers, 1969 through 1971, and his position against the imposition of wages in 1976.

This Honourable Chamber, Mr. Speaker, has recorded other occasions when Honourable Members have found themselves taking positions which differed from those positions of principle being taken by their parties. Indeed, our distinguished Prime Minister has found himself in a position when, whereas his party was taking a certain position on the matter of salaries, he himself found that he was not able to support that position and he voted against the measure where his party was supporting that position.

I wish, Mr. Speaker, to express my gratitude to those several constituents of St. Michael Central who have telephoned me or who have met me to indicate to me that they are aware of the position that I shall have to take and who have taken time to assure me that I have their prayers and their continued support.

Speculation is rife that I am leaving the Democratic Labour Party or that I am being dismissed. I know nothing of any such dismissal. Regarding the matter of resignation, I wish to make it clear that I do not consider the action I have taken today or the action that I will take today to be action which makes it necessary for me to resign. My action, Mr. Speaker, is based on the credo of honest representation for the workers of Barbados. This is a creed by which I have lived and it is a creed that I am prepared to die politically for. I cannot deal totally, Sir, with the reasons for my disagreement in the time that is left to me, but I wish to highlight some of those reasons which make it impossible for me to support the legislative measures before this House.

1.15 p.m.

First of all, Sir, the measures are measures which in my opinion serve to marginalise the trade union movement.

The Prime Minister, Mr. Speaker, is to be congratulated for entering into dialogue with the social partners, that is say, with the employers and the trade unions. The level and the tenor of those initial meetings was satisfactory, and even though the answers that we sought were not forthcoming we have to record that this was the first time that any serious dialogue with the trade unions had ever taken place.

Having said that, Mr. Speaker, I have to record my astonishment that the Prime Minister should have broken off those talks and should have gone directly to the workers of Barbados in those same issues which were on the table during the course of those meetings.

Even as I speak to you, Sir, Dominica is contemplating reintroducing the Civil Service Act. This is a piece of legislation which brought down the Patrick John regime. Trade unions there consider themselves, as a direct consequence, to be under severe threat and this is so because, as I understand it, that reintroduction is being sought to satisfy conditionalities of the IMF.

The trade unions in Jamaica, the trade unions in Trinidad and Tobago and in Guyana have all similarly experienced this threat of marginalisation. The trade unions coalition, as one of my colleagues was good enough to call it yesterday, will not sit back lightly and permit themselves to be reduced. They hope to send a strong message to this Government and indeed to any Government, and that message is intended to say that the trade unions and the trade associations in Barbados must be recognised and respected as hopeful co-equals in a social partnership which is absolutely necessary if Barbados is to progress.

I am also concerned, Mr. Speaker, at what might be referred to as an adjunct to this matter of marginalisation. I refer to the matter of consultation in industrial relations matters. I am obliged to denounce the action of the Government in rejecting consultation as the proper path in the resolution of industrial relations matters. This is all the more unsatisfactory, Mr. Speaker, since the Democratic Labour Party Government has consistently consulted with capital.

The talks which the unions were holding with the Prime Minister represented consultation at a level that the trade unions and trade associations considered to be proper. We are satisfied that if there is a problem in the country, and if that problem is going to be resolved, it is necessary for the main actors in the country to be able, together, to examine that problem, to be able, together, to recognise what are the parameters within which that problem must be dealt with and to be able to work together towards finding a solution.

We think that consultation is the underpinning of the principles of the right of association and the right to

bargain collectively. If the Barbados Government adheres to, as we are sure the Barbados Government adheres to, the principle of the right to organise and the right to bargain collectively, then the Government must, by extension, be fully conscious of the need that exists for the consultative process to be respected and honoured at all times.

We are very alarmed, Mr. Speaker, that we should have been advised, via the television screens, that those discussions we were holding with the Government regarding the matter of an approach which we were satisfied would help us to find the least among the evils that confronted us in the austerity measures that were before us, we were alarmed to find that they were suddenly cut short and we had to have a different approach.

The position of the trade unions, Sir, was not a position where the trade unions were trying to get as much as they could out of those consultations. We were endeavouring, obviously, to represent our membership in the best way that is possible and our understanding of collective bargaining or discussions or whatever you want to call them – our understanding of the consultative process is one which makes us respect and recognise that if talks are being held and those talks are coming to an end, because there is not a meeting of the minds, that one or the other, or both of the parties must signal that they cannot see how there could be a resolution along the present paths that the parties are going.

We are therefore not at all happy that the consultations were broken off and this is why we were forced to say that we could not participate at the level that previously we participated and could not assist at the level we wanted to assist in trying to sensitise the people of this country to the problems which are before us and to the measures which may be necessary to help us to get out of this particular crisis.

I wish to say, Sir, that I am very anxious and I know that the trade unions and trade associations are all very anxious to play their full role in trying to ensure that Barbados is able to come out of this particular problem with credit and that we are able to develop in a manner which will do justice to the efforts of our forebears and the efforts that we, ourselves, are currently putting into the struggle to build a bigger and better Barbados. But if we are going to do that, then we believe that the institution of trade unionism has to be respected for the vital role that it has to play. I am impelled to say to you, Sir, that we are very unhappy that both of the leading political parties which have formed the Government of Barbados have over the years shown totally unsatisfactory respect for the trade unions that operate in this country. I wish to express the hope that, from hereon in, the pivotal role that we have to play will be respected and that it would be recognised that the trade unions and trade associations have certain

fundamental rights even at the same time that the employer has certain residual management rights that they have to exercise. The one cannot go without the other and it does not make any sense for the trade unions to try to abrogate and take unto themselves the rights that the employer has. By extension of the same argument, it is highly improper for the employer be it private sector or public to take unto himself all of the rights within the system of industrial relations. Once that happens, Sir, the question of contract management becomes a very vital problem which will be very, very sadly lacking in terms of the management of the relationship between the employer and employee.

1.25 p.m.

No employer, Sir, and certainly not the Government should put the trade unions in such a position. The Government has got to respect the fact that in our voluntary system the Government is considered to be the model employer. Even now, Mr. Speaker, the trade unions as seen in Barbados are full of examples of private sector employers who try to find ways and means of bypassing the industrial relations procedures and practices in Barbados. Even now as I speak to you, Sir, they are trying to avoid the principles of good faith collective bargaining. They are trying to avoid the matters of consultation. They are trying to arrogate unto themselves the total rights within the work place and they want workers to be seen and not heard. They want to bypass the trade movement and go directly to the workers. We are saying that the Government as an exemplary employer should be showing those employers in the private sector how to behave.

But when the Government itself becomes an employer and when the employer does not respect that those same tenets I have addressed have got to be respected, then that Government as an employer opens the floodgates for all kinds of misbehaviour by employers in the private sector. When that begins to happen, Sir, the smooth tenor of labour management relations that we have known over all of the years, the kind of labour relations that have allowed us in Barbados over these past fifty years to do without legislative procedures for conducting labour relations, that same environment is likely to be compromised and cause particular difficulties not only for the workers of the country but for the employers of the country, and for the country as a whole.

Now I can go on and on about that, Sir, but there are some other things that I have some difficulty with and I wish very quickly to address them.

I mentioned the point, Mr. Speaker, of the need for consultation and I wish to record here my concern that in this effort to have consultation the workers and their representatives have never said that consultation, if properly conducted, would lead to hard lining or lead to positions where they would not try to understand and try to assist.

But even at the same time that we have been trying to assist in matters of this sort, we have had to be faced with a situation where, even before the Government told us that there were problems, we were faced with lay-offs in some of the Ministries and some of the statutory boards. We have tried to discuss how they would be implemented and the managers of Departments have not managed to get back to us yet. We have kept our calm up to now. People have gone to the four day week. We have sought to discuss those matters and before we can get a properly arranged meeting we are confronted with a situation in one example where one statutory board on a four-day week sends a very peremptory note saying, with effect from a few days after the note has arrived, that people will be going on a three-day week.

Now Sir, I am talking about the principle of consultation. It is just possible that in that movement there might have been the interest of saving jobs or having nobody go home. It is possible. But whatever the underlying reason for the move, it is not fair nor reasonable nor in keeping with the practices of dissatisfactory employer for that kind of letter to go out to somebody with a note afterwards saying, "If you want to meet me, I am available".

I cannot associate myself with that kind of management styling because even though it has not come from the Cabinet or from the front bench here it has come from the manager of a statutory board. If it comes from a manager of a statutory board, then by extension for these purposes it has come from the Government and I must reject it as being totally improper.

Asides.

Mr. C. LeR. TROTMAN: He might not have known the form of the letter and I am talking about both things.

I am also concerned, Sir, with...

Mr. SPEAKER: Two minutes more.

Mr. C. LeR. TROTMAN: Well, very quickly in that two minutes, Sir, I am concerned as well with the matter of those option forms. Now clearly you would recognise, Mr. Speaker, that we could not as a union deal with those because we were going in a different path. But we are not at all happy that in the first place the option forms should have gone out. We believe that in any event the Government would have had to send out some kind of indication to find out how people would respond. But the forms were a direct response to discussions with the trade unions and, therefore, might easily be considered in much the same way as any other employer who wanted to get around the business of collective bargaining might have been able to use them for those purposes.

I will not develop that because I want to get in two more points in the three minutes that you said that I have at my disposal. I want to address the matter very quickly of there being a consideration of asking workers to make a contribution towards the payment of severance. When the Severance Payments Act was passed and when the debate was dealt with, everybody recognised that strong international labour organisation principles dictated that the workers could not and should not be required to pay towards their own severance. It is a contradiction in terms. This is why, as I understand it, the Government of the day in a Cabinet Paper of 1975 instructed managers of Departments to set aside funds from the public purse, so that in the event that Government had to make anybody redundant there would be a fund from which that severance should be paid.

Aside.

Mr. C. LeR. TROTMAN: Okay. It was 1972 – the same Government, the same Minister but the principle was that there was such a provision. When once that provision had been set, it adhered to principles which were satisfactory. You cannot now ask anybody who is a worker to put aside any amount of money however much the amount may be or however little the amount might be to contribute to his own severance. I would wish to suggest that that is a measure which must be recognised for the difficulties that it poses.
1.35 p.m.

I should have liked to be able to say, Sir, something about the matter of the across-the-board approach to this matter of wages being cut back, but I cannot deal with that except to say that in any position which the Government is now going to impose it should remember the point which was made long ago by the Trade Unions to the Prime Minister. That is, that the private sector has not brought the country to any position where it now is. If we are going to be able to get out of it, all of the peoples of Barbados must be able to contribute to the recovery, and it is therefore not fair to ask the public servants to contribute at one level – that is to say, by the slash in salaries and wages – and then at the same time to ask those same people to bear the other taxation measures.

We were always of the view that there should be some discounting of whatever programme was being used, so that the public servants would have some easement relative to their earlier contribution in immediate give-backs by bonds or whatever other measures there might have been, and it is not too late for that to happen, in the same way as it is not too late for the banks and the mortgage companies to recognise that they are going to get a higher percentage, and to recognise that when they meet their mortgagees they are meeting people who have not put themselves into a position where they cannot meet their commitments, and it is not impossible to work out a regime

by the banks and the lending agencies in which, during this austerity period, they could allow for a smaller repayment by those people who are going to be affected in the country. The banks would not lose, the mortgage companies would not lose, the persons would only pay for an extra year or so, and I am urging those people who are there and getting ready to let their friends know that their houses are available for sale to look for a new regime to assist these poor, disadvantaged people in such a way that they will not find social dislocation in our country.

I am obliged to you, Sir, for allowing me these few minutes in which to state my position. I wish to reiterate that I am committed to working on behalf of all the people in Barbados, to making this country a better place, but at the same time I am strongly of the view that the Trade Union Movement must be respected for what it has done for over 50 years and for whatever the next 50 years, God being our helper, we are prepared to do, Sir.

Mr. L. R. TULL: Mr. Speaker, Sir, I have listened with great interest to the dialectical discourse of the Honourable Member for St. Michael Central. I would have thought that after he had spoken for the first two or three minutes he had nothing more to say, he made his point. I have also listened to the Honourable Member for Christ Church East Central and I think that what both Honourable Members have said is worthy of a great deal of consideration. Unfortunately, I do not have the time to reflect on what they have said on this occasion, but that the representatives of the workers have now gone at variance with the position of the Government is extremely significant at this stage.

The Prime Minister talks about government by consensus. Consensus is his favourite word, Sir, and all through the past two or three weeks we have been hearing a lot about the discussions with the social partners with a view of reaching consensus. There is no consensus in Barbados today on this measure on which I speak. The representatives of the workers have gone one way, the doctors have gone away from the Government, the policemen have gone away from the Government, the teachers have gone away from the Government, the manufacturers have gone away from the Government, the nurses have gone away from the Government and nobody is left with the Government. All the social partners have now gone in a different direction.

One must ask, Mr. Speaker, whether the Government has any moral authority to continue to govern. That is a serious question. We have got accustomed in this country to the exercise of social democracy. It has evolved over a period of probably the same 50 years in which the Barbados Workers' Union was in existence and a number of norms have been established. I believe that we in this country can ignore these precedents and these norms at our peril.

The Democratic Labour Party Manifesto of this year, which is a very useful document and which I understand is already a document of the House, talks in the Foreword about the fields and hills beyond recall as now our very own. They say that that is now enshrined in the National Anthem, which it is, but all that has developed in recent weeks calls in question the validity of that very statement. The International Monetary Fund is not a social partner in the sense in which the Prime Minister speaks, the International Monetary Fund has a long track record of insensitivity to the problems of the people of developing countries with whom they do work. There has been no evidence, Mr. Speaker, of any heart at all in the International Monetary Fund when they are dealing with the countries of the developing world. Indeed, Sir, there is a clear sign of a new economic colonisation in which the International Monetary Fund is being used as the agent of others, and the Barbados situation today is no different from the others that have preceded it.

There is a senior member of the Fund, who resigned some time ago because he could not in good conscience continue to be an agent of an organisation that was wreaking tremendous havoc on developing countries, and in his letter of resignation he spelt out a great deal of ills of the International Monetary Fund. I am going to deal with just one aspect and I am going to tie it into the local situation.

I have asked in another place about the legality of these cuts in civil servants' salaries. In my view, Mr. Speaker, the cuts violate the law of Barbados. I have no doubt at all about that. Indeed, I have no doubt at all that the Government is aware that it is in violation of the law of Barbados. The Attorney General has a responsibility in this whole matter. The Attorney General is required by law to give a certificate to every piece of legislation that comes before Parliament.

Aside.

Mr. L. R. TULL: He wants to see the law. The Attorney General must certify, and does indeed certify, every piece of legislation that comes before Parliament. He must say "I certify that this Bill is fit for introduction into Parliament." I want to know, Sir, because these things are important, who as Attorney General signed that this particular measure was fit for introduction into Parliament. 1.45 p.m.

It is clear to those of us who think seriously about these things that a constitutional amendment should have been done to make it possible to ease a matter like this through Parliament that no plain majority can handle. I am sure that the Government is aware of that.

When I was making the point, Mr. Speaker, about the high official of the International Monetary Fund, I made it

in this context. The Government of Trinidad and Tobago had passed legislation abolishing the cost of living allowances in Trinidad when they were engaged in a programme with the International Monetary Fund. The public officers went to the Industrial Court. While the matter was before the Industrial Court, a high member of the Fund was sent off with a delegation to Trinidad and Tobago with a briefing to tell the Government of Trinidad and Tobago that the Fund was not concerned about what the courts in Trinidad and Tobago held, that those cuts must not be restored. That is what the Fund told its delegation going to Trinidad and Tobago. We do not care anything about the laws of Trinidad and Tobago. Just let the Government of Trinidad and Tobago know we, the Fund say that, laws or no laws in Trinidad, those cost of living allowances must not be restored to the workers.

Mr. Speaker, Sir, I read from a document dated January 27, 1989 which shall be made a document of the House. I read from...

Mr. SPEAKER: The title of the document.

Mr. L. R. TULL: It is an EIR feature. I am not reading all the subheading, Sir, but I will make it a document of the House. There was an interview by this officer and this is what he said:

"At the time, under the process of law, the cost of living adjustment was being arbitrated by the Industrial Court. The issue was whether the cost of living allowances given to civil servants were to be terminated. The Government terminated unilaterally. The public sector trade unions said that it must be something negotiated. They could not terminate it under law. It must be something that was agreed by them. The matter went to the Industrial Court.

When we were there in Trinidad, it was before the Industrial Court. No decision had been taken. Yet, in our briefing paper we had that irrespective of the determination of the Industrial Courts, whether they ruled in favour of the civil servants or not, we must inform the Government now that it must not reintroduce cost of living allowances even if the Industrial Courts tell them to do so, which is the law of the country, they must not do it."

Now, this is the International Monetary Fund that the Government of Barbados now decides to dance in step with. I am worried about it because the Government of Barbados has been doing a number of strange things in relation to its respect for legality. Now, I heard one Honourable Member, I believe it was the Honourable Member for Christ Church East Central, yesterday talking about opening the door, and social dislocation resulting, and all of that. All of us are concerned about that, Sir. I

also heard the Honourable Member for St. Michael North East talk about it.

Just as the Honourable Member for St. Michael Central can say that the Government is an exemplar when it comes to its position as an employer in relation to workers, the Government must also be an exemplar when it comes to adhering to the law. The Government of Barbados, this Government, the Democratic Labour Party, has a track record of ignoring certain aspects of the law. We only need to talk about the over-borrowing from the Central Bank but there are others. I do not want to get into that because there are several other points that must be made. This is the second one and this is a very important one. If the Government, with abandon, does as it likes with the Laws of Barbados then what kind of example is it to the rest of the people in the society. That is one of the main considerations in relation to this piece of legislation.

Now, I heard the Honourable Member for St. Lucy say that the situation in Barbados today is but a blessing in disguise. I sat down waiting to hear what the blessing is. The only blessing that the Democratic Labour Party could find comfort in is that they have finally showed the people of Barbados what they meant when they said that they were beginning to swing the cudgel with malice. That must be the only thing that they find honourable about it.

Aside.

Mr. L. R. TULL: The Democratic Labour Party spokesman.

Mr. Speaker, Sir, I do not see any blessing. I do not see any at all. I see a gulag. What I see, if I may spend five minutes on that, Sir, is an industrial waste land and we will deal with that now. This withdrawal of customs and stamp duty concessions to industry is a body blow to the manufacturing industry in Barbados. A lot of companies will close down. There is no doubt about that. A lot of people will lose their jobs. No doubt about that, Sir. Already, Sir, there is rising rebellion by the manufacturing industry against the Government measures and Bridgetown is alive with word that a number of the manufacturing companies are going to relocate in St. Lucia and Dominica. The word is out already.

Do you think, Mr. Speaker, Roberts Manufacturing Company! If you look at this Customs Tariff Amendment Order 1991 and you take a look at the number of industries that are being bludgeoned to death by these measures, everything you could imagine from food manufacturers and processors, furniture, textiles, livestock feeds, makers of mattresses, pillows, upholstered furniture, pottery, edible oil and milled rice...

Aside.

Mr. L. R. TULL: ...the Honourable Member for St. Lucy is not in his seat. He would be interested to hear about this unmilled rice, food, bread, cleaners, disinfectants, exercise books, rum processing and blending, agricultural equipment, fishing gear, machinery, spare parts for manufacturing – those among several hundred others have lost the protection that was afforded to make the manufacturing industry competitive to some extent in the region.

The raw materials and the machinery have now got the concessions lifted, stamp duties and customs duties. The precarious situation in which the manufacturing industry was before these measures that we got from the Prime Minister day before yesterday, made us wonder if they could have survived. This has now sounded the death knell to many of these. So the manufacturing industry is going to lose a lot jobs, along with the people who have already gone home from Government.

1.55 p.m.

The Prime Minister talks about 2,000 workers going home. I understand, Sir, that there will be 1,200 people from the Ministry of Transport and Works, in addition to those 2,000, and that the Ministry of Transport and Works capital vote has again been cut by an additional \$10 million, so they will hardly have anybody working in MTW, so all of them will be going home.

Now the reason, Mr. Speaker, why we have to be concerned about these things, Sir, is because of the important social costs that will be a consequence of these measures. When I heard the members of the Government talking very glibly as if nothing has happened, I wonder if there is any awareness at all at how pregnant these measures are with hardship for a number of ordinary people in this country. A three per cent increase in consumption tax is one measure and that will obviously affect the cost of living in a significant way. When you add on the increased cost as a result of the removal of the concessions, the stamp duty, the consumption tax to the manufacturing industry, we can see a very pronounced upward spiral in the cost of the goods that Barbadians have to buy on a weekly or monthly basis in this country. When we tie all of this in with the amount of money that is being taken out from their pay packets with all the increasing names that go on the list of cuts we can see, Sir, that we are going to be in for a very hard time. And all of this, Sir, at a time when the Democratic Labour Party Government promised the people a bountiful Barbados.

It is a document, Sir, that is worth reading from time to time because it is instructive.

Aside.

Mr. L. R. TULL: Yes, it is my bible. It teaches me how to be lying and hypocritical, that is why it is my bible. This bible, Sir, adopted by me says that the Democratic Labour Party does not intend to permit a situation to recur in Barbados in which employers can unscrupulously take harsh unilateral decisions which put workers at a disadvantage and insist that the latter passively endure the situation through fear and insecurity. That is exactly what is the situation in Barbados today. That an employer, to wit the Government, unscrupulously, and the lack of scruples, Sir, came from the way in which they conducted the vote last week, that Government is taking harsh unilateral decisions which put workers – the civil servants – at a disadvantage and insist that they passively endure the situation through fear and insecurity ...

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

Hon. B. M. TAITT: I am sure the Honourable Member would wish to rephrase. He said, Sir, in regard to the Government implementing the awards ...

Mr. SPEAKER: The question arises, Sir, which I always argue is that if a member feels that a statement is made in reference to him and he justifies that, then he could rise on a point of order and the Honourable Member who made the statement could probably adjust to suit what the Honourable Member has been complaining of. The Honourable Member claims that he is a member of the Government so he is claiming that the reference is to him.

Mr. L. R. TULL: I am at a loss, Sir, to know what it is all about because you can check the meaning of the word 'scruple'.

Mr. SPEAKER: I am saying that he made the point and I said if you happen to think it necessary to adjust to suit the point which he was raising – if it is an objection – well there it is.

Mr. L. R. TULL: I think the Honourable Member was just trying to rob me of my few speaking minutes.

Mr. SPEAKER: Or he may give you some more. The Honourable Member is saying that he thinks you could be a little milder with him.

Mr. L. R. TULL: I will soften the words, Sir. I am not softening harsh, mindless, brutal, inhuman, none of those.

The Democratic Labour Party told the people of this country that they would not have inflicted on our system of voluntary collective bargaining the invocation of legislation to halt negotiations in the public sector. This is why I made

a comment when the Honourable Member for St. Michael Central was speaking. I know he has been under a lot of pressure, Sir, and he has been reacting in a way that does not normally fit his character. But, the Government unilaterally ended discussions with the Unions on this issue. The unions met with the Government on a Friday, discussing a number of issues and things were left open-ended. The talks were expected to be carried on in the future. The Prime Minister went on television on the following Wednesday night and pronounced on the number of measures and said that he is not the head of any trade union. This is when he is slapping down the union leadership, Sir. He is not the head of any workers union, but he is the duly elected Head of Government of Barbados.

Aside.

Mr. L. R. TULL: That is a good word – feistiness. It is feistiness that he could slap down with a vengeance the representative of the workers in Barbados and saying I have no more time to waste with them, I am ruling from on high. The man who put all of us in the industrial relations programme of the Democratic Labour Party.

I would have been a most surprised man, Sir, if I came in here and saw the union membership take a position other than what they have taken. The Honourable Member for St. Lucy has not said anything. He spoke, but he did not say anything and the workers want to hear from him. They want to hear one word, not all of that talk that we heard today, Sir. They want to hear 'aye' or 'no'. That is what they are waiting to hear.

I would have been most surprised if the union members had taken any other position, because when the Prime Minister went over the heads of the union leadership and appealed to the union members at large he was in fact decapitating the unions and I was minded to play football with their heads if they had got in here today or yesterday and said anything other than what they have said. They have completely decapitated them and have ushered into Barbados a new kind of worker relationship, because the scars that will be left from the action taken by the Prime Minister in the last ten days or so will take a long time to heal. The workers can now tell their leadership we do not have to listen to you. The Government can call a plebiscite over your head and we can pass judgment on what you tell us. The Honourable Member for St. Michael South Central is in a very, very difficult position because he is a boss in his union. In fact, he was the acting General Secretary at the time instructing the members of the National Union of Public Workers not to vote for. The Prime Minister, Sir, went over his head and told the people to ignore him and now the Prime Minister gets on television and boasts at how he licked up the union leader, Sir. This is the situation. You cannot have the same kind of relationship in unions anymore. This kind of damage will take a long time

to heal. All these actions taken by the unions are deeply imbedded throughout this whole period and we have to consider all of it.

2.05 p.m.

Let us talk quickly about social costs, Sir, before my time runs out in ten minutes.

Mr. SPEAKER: If my arithmetic is right and I stuck to what I said that I will do, you are really getting the two extra minutes now.

Mr. L. R. TULL: Mr. Speaker, Sir, the Prime Minister is cutting the transfers to statutory corporations to \$22 million on the current side and another \$12 million on the capital side, so that he really is taking away \$34 million in statutory corporations. In other words, he is burying them. Thirty-four million dollars in statutory corporations is almost literally closing them down. There is a particular philosophy of the Democratic Labour Party that anything you must cut, at the top of the list is people's jobs. That is their philosophy. There are many things that Government spends money on from paper clips to high telephone bills made by Ministers of Government.

Mr. Speaker, Sir, one Honourable Member laughed. It is a fact, Sir, that the Government pays telephone bills for some Ministers to a sum in excess of what the second most senior officer in the department works for. I am saying that the Government pays some months over \$6,000 in telephone bills for Ministers of Government - for a Minister of Government \$6,000 a month. He probably is talking to Yeltsin one moment and Gorbachev the next.

When we talk about cutting costs, Sir, and chasing away people, \$6,000 in telephone calls could really give a few more maids a little bit longer work. I am inviting Honourable Members if they think that I do not know what I am talking about to get up and let me read out the bill. I will read out the bill and I will say each day where the call was made to and how much money it came to. Mr. Speaker, you said that I do not have much time. But I will speak again on other Bills because I have a lot to say, Sir. The Prime Minister said...

Mr. SPEAKER: Time has expired. I will let you finish your sentence.

Mr. L. R. TULL: I will finish my sentence, Sir. The Right Honourable Prime Minister said on January 21st that he envisaged a society in which the young, old, weak, disadvantaged, and the under-privileged are cared for in a concerned and caressing network of social support. I am submitting, Sir, in my final sentence that these measures before Parliament so far from caressing are squeezing the lives and breaths out of the vast amount of people across Barbados. For this reason, Sir, they will not be getting my support.

SUSPENSION

Hon. B. M. TAITT: Mr Speaker, Sir, we have been at it now since this morning. It is now 2:15 p.m. and I beg to move that this sitting be now suspended until 3.15 p.m. this day.

Hon. C. V. WALKER: I second that, Sir.

The question that the sitting be suspended until 3.15 p.m. today was put and resolved in the affirmative, and Mr. SPEAKER suspended the sitting accordingly.
2.15 p.m.

RESUMPTION

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

Mr. J. O. TUDOR: Mr. Speaker, I rise to join the debate at this time with a clear understanding that it is probably one of the most difficult situations that you would want to find yourself in at this time of the year in September. When I spoke earlier on in the year during the Budgetary Proposals, I indicated at that time that it was necessary for us as a people to work towards preserving our own destiny and, indeed, ensuring that our survival depended on our own individual efforts and not necessarily the assistance of forces not friendly to us.

Mr. Speaker, today I believe that Barbados, as a result of a build-up over a number of years, has found itself in a situation where it has to take austerity measures some of which are, in popular opinion, considered to be draconian and in some other ways by other people extremely severe. I am very concerned that with our present structure this trend will continue unless we, as a people, are prepared to take the fight on our own behalf.

I am aware of the measures that have been introduced. I believe that they will, indeed, be very painful. We may even have to, at some stage, ask the relevant authorities to postpone Christmas because, under these conditions, it is very difficult for any one of us to have a Christmas that is full and plentiful. I have no difficulty, Sir. The Jews and the Hindus do not have Christmas in December. They have it at any time of the year and maybe, it may be necessary for us to postpone it, but we will enjoy it. I think we have to work our way towards enjoying Christmas when it comes.

Mr. Speaker, I made the introduction because I really seriously believe that Barbados has had a severe problem with its balance of payments because of the attitude of our own Barbadian people. I think most of us recognise that we have had a serious imbalance in our visible trade and

surely with the present decline in the tourism industry, offshore banking and those other areas you would appreciate that these kinds of declines would place significant strains on our balance of payments position.

In addition to that, we have developed a habit in Barbados in recent times of ourselves negating the situation even further by our continuing desire to travel to North America, Miami, Florida, New York and Venezuela using valuable foreign exchange in the process and contributing to the decline in our balance of payments position. I am not suggesting, Sir, that we should not, in any way, enjoy our travel. But, surely, we can take a lesson from many other countries, including the North American continent, the Canadian Government. They themselves have tried vigorously through advertising campaigns to keep their citizens at home because they too have serious problems from time to time with their balance of payments position.

Mr. Speaker, there comes a time when we have to take a realistic approach to our problems. The Government changes from time to time. Sometimes the other side becomes the Government and this side becomes the Opposition. Sometimes we find ourselves in compromising positions where we have to say one thing at one stage and another thing at another stage. I have always held the view that we should be honest with our political opinion and when the position and the going get tough, we say so and when the good is on our side, we enjoy it.

The last time I probably felt like this, Sir, was on December 7, 1968, at 5.58 p.m. when my father, the late Joe Tudor, said to me as I was waiting for my wife to come up the aisle, that if I was a man or if I wanted to play a man I should remain and face the music or I could get up and run. But, Mr. Speaker, I chose not to run. Today, I will probably be the Member of Parliament facing the biggest battle and I will not run again. I will not be voting with my feet.

I think, Mr. Speaker, as a matter of policy, that we have to look very carefully at the preservation of the tourism industry and we also have to look at the restructuring of the agricultural sector. I would like to spend a little while on the tourism sector and then I would like to develop a programme on the agricultural part. I believe that tourism has reached the stage where it has to be developed in terms of numbers because, through numbers, we would be able to employ a large number of Barbadians who would have to be called into service. I know that would come into conflict with the views of the opposing side because they have always held the view that tourism would have a serious social impact on the society if the numbers are increased beyond what they were, I believe, in 1984. Maybe, Sir, it was a deliberate policy or a clear misunderstanding on how to run the tourism industry when the other side had it in total decline for four years.

We have to appreciate, Mr. Speaker, that this administration was able to reverse a significant trend in the tourism industry through the years 1986 - 1989 to the extent that 1989 was indeed a record year, both in arrivals and in the revenues that were derived from the tourism industry. I am submitting, Sir, that the revenue that was gained during those difficult years was able to offset significantly the balance of payments problems that may have occurred during that period.

It is unfortunate that we find ourselves today in a situation where we are in a decline. I believe that our own people, to some extent, are responsible for the decline. I really do not believe that the industry cannot be picked up or developed to the extent that we have about 700 000 tourists via our long stay visitor arrivals. It is about 420 000 now. I have no difficulty, Sir, with the arrivals going between 700 000 and 800 000. We would need to put in some more hotel infrastructure. We would need to put in some more restaurants and those kinds of facilities.

Sir, I have concern with the fact that some Barbadians seem not to understand that the tourism industry has a direct impact on our ability to live at a particular level. Barbados has been an importing society for a very long time, Sir. I do not believe that we will, in the near future, be able to change the pattern of how we live. We buy clothes, ten different tee shirts. Look in anybody's cupboard in Barbados you will find 10-20 dresses. That is our pattern. That is our habit. I am not suggesting that we change that. But if we want to maintain a level that is good, we have to pay the price. We have to pay the price by working for what we want to enjoy.

I do not think that it is fair for any one of us to be subjected to largess that is given out by anybody from time to time. I think we have to earn our keep. I am, indeed, upset that we find ourselves in the situation today that we are at the mercies of people who impose restrictions on us and force us to do things against our national will. So, Mr. Speaker, I would like to see an increase in the numbers of people that we have. It can be done. There are ways and means of how it can be improved. Barbados right now enjoys about .001 of the total tourism travel market, a very small percentage. I believe with an effort we can get our tourism going.

There is just one quick point and I am going to be very frank about it because this is a time for us to be honest and to remove some kinks out of the system. There are a few problems within the Board of Tourism that need to be corrected and looked at immediately. There are also some concerns to me at the level of output by our sales representatives in the overseas markets. I believe that all other Barbadians are depending on their efforts. There are some of them that work very hard but, on the other hand, there are a few that appear not to understand that they have a responsibility to the whole of Barbados because the ones

that remain here are depending on their efforts so that we can build our tourism industry. Tourism is a very brittle business. It depends on good public relations with people, you ought to be able to talk to tour operators and court them and make sure, not in a pejorative sense, Sir, you will have literally to woo people to your shores. I really believe that we have the ability, as a people, because we are indeed considered to be the warmest among the Caribbean people and we really do have an ability to succeed in the area of tourism development.

3.25 p.m.

Mr. Speaker, the sugar industry in Barbados is the oldest industry that is privatised. It is indeed, Sir, the only industry at this time that controls its own planting, its own reaping, its own transportation, its own manufacturing, its own exports and the disposal of its end products.

Mr. Speaker, Sir, the industry over the last few years has been given a guaranteed market with an allocation as follows, if you permit me to quote:

"The industry has under the LOME Agreement a quota of some 53 000 tonnes.

Under the USA Agreement it has some 14 000 tonnes."

For domestic consumption it has some 15 000 tonnes. The industry over the last 30 years has experienced a remarkable reduction in sugar yields per acre. In 1950, for example, the yield was in the vicinity of 4.2 tonnes of sugar per acre and at present the figure is somewhat 2.5 tonnes per acre. Against that background, Sir, our cane breeding variety station is still considered to be one of the better stations in the world.

Mr. Speaker, the sugar industry, up until 1982 was almost self financing. Since then the sugar producers made a case and they were given a subsidy. They made a case, they said their production costs were high, the wages were high and so forth, and they made a case to the then Government and they were granted subsidies and loans to the extent that they are today indebted to the National Bank in the amount of \$270 million. What is strange, Mr. Speaker, is that this industry and its producers have been given generous support in the past and they have failed to respond in a manner that would satisfy the available quotas at prices that would ensure they were not in a deficit position.

One should note, Mr. Speaker, that in the last 10 years the prices from LOME have always been above the world market prices and still there is no cooperation relative to production of sugar.

This sugar industry, Mr. Speaker, again is the only area over the last ten years where the yield has not

improved against other food crops. I can tell you, Mr. Speaker, the yield from yams has gone up, from potatoes, cassava, from carrots, vegetables, mainly because the Ministry has been able to add new varieties to the crop and certainly better fertilisers have been introduced to the agricultural sector.

I am submitting, Mr. Speaker, at these times when things are difficult and are going to be difficult, that with cooperation and a sustained effort we will be able to revitalise that industry, but we have to ask ourselves these questions. Should a government of the day do a refinancing programme of the sugar industry, which is privately owned and indebted to the taxpayers of Barbados and wastes the taxpayers money, and leave these plantations in the same hands as they are now? You have to ask yourselves these questions, Mr. Speaker.

I am submitting that the inefficient ones in the industry should be sold out, or we should be taking them over immediately. This is a time for a decision. The debt equity ratio is so high, Mr. Speaker, that these plantations are owing the banks more money than the plantations are worth. Nobody can purchase at the price required to clear the debt. Not one single person can purchase those plantations at the price that would clear that debt, Sir.

In my opinion a reasonable cost should be in the vicinity of \$1 000 or \$1 200 to \$1 300 per acre. The debt ratio at present, for some, Sir, is around \$10 000 per acre. I am submitting, Sir, that the Banks here will have to write off their book securities as a matter of policy. Again we ask, can a Government write off such debts and leave these lands in the same hands? Mr. Speaker the present owners are in so much debt that they are uncertain how the banks will react to them. They do not know how the banks will react to them. I am of the view that if they get X dollars at present for canes they are not putting that money back into the industry. That is my opinion. I am of that view. Some of them, their husbandry is very bad. They refuse to weed. At the annual conference of the Democratic Labour Party we had a very young articulate small farmer, who identified these areas and she said they are not weeding, they are not spraying properly, they are not fertilising, they are not replenishing, they are not planting. In fact, six and seven crops are left year after year with declining yields at a time when ordinary Barbadian people are hurting and depending on the production of sugar cane. One of the areas that we need to depend on, they are ignoring. When the workers of this country sought higher wages in the industry, they preferred to close their doors, because they do not understand that the time has come for ordinary workers to profit share. Whether you are in tourism, in the distributive trades or not, the time has come where we have to remove that slave atmosphere and our workers must be able to profit share in any venture we are involved in. That attitude can no longer be accepted in this environment.

3.35 p.m.

Mr. Speaker, I am submitting as a matter of urgency that we have to create opportunities to ensure that the affected members of our society are able to maintain a decent standard of living. Over the years successive Governments have been providing short term employment to some people in work programmes, but those programmes have to come to an end. Barbados is a very small place, if the programmes do not come to an end the work will run out sooner or later, and both Governments have been able to provide short term employment in the road construction industry. I have no difficulty with that, but I think as a Government and as a country we have to start understanding that we have to look to provide continuing employment to our general workers, rather than have situations where they are employed for one year and home for one year. Nobody can develop any strong base for a family unit working on and off or on an ad hoc basis. It is hard when people work so hard and are willing and able to give of their energies to this country, and there is no opportunity for them to perform. Everybody in this Honourable House knows that I stand against layoffs. I said very early that I am against layoffs in this country, because I understand that layoffs will have serious social difficulties for our society. I am sure you understand that, Mr. Speaker. If a man is working today and he is not working tomorrow, he is going to feel the pressure when he is out of office, because he would have had his commitments and he would obviously come under pressure when he is asked to leave his workplace. I do not think that it is a situation that can be tolerated for future generations. We have been spending a lot of money educating 99% of our children. They are not going to be prepared to stay in an environment where there is no opportunity for them to produce. I believe we have to change the mind set somewhat, because many of our bright students believe that they can go and study – they have a very selfish approach – and that after they have graduated they can go and look after themselves, and they do not understand that they are ignoring the very system that made opportunities available to them as they are now going on to greener pastures. I think we have to ensure that these opportunities are available for these workers.

Mr. Speaker, in Taiwan there was a programme designated as "the land to the tiller". It was not an Act, it was a programme so designed. This project allowed areas of land to be developed where the State had some control in its development and where assistance was given to group workers where they were offered shares in the project as a type of co-operative. The land to the tiller programme in Taiwan was extremely successful and I am submitting at this time, Sir, that the land to the tiller in my regard is the Belle area. The Government at present has a lot of land in the Belle and I would like as a matter of urgency to acquire all or most of the land in the Belle for my constituents. I have no intention of presiding over a situation where I am not able to create opportunities for people when they are disadvantaged, and I am going to

give every ounce of my energy to see that a programme of sustainment is available to people who are willing and able to work in that capacity.

Aside.

Mr. J. O. TUDOR: Yes, they have demonstrated a will. The youth of this country have demonstrated a will that they are ready to produce, by putting up little parks and villages. They are sending signals to this society, Mr. Speaker. They are saying that they are ready.

Aside.

Mr. J. O. TUDOR: You would not know about that, because you do not stop at them, you do not talk to anybody in there, but they are sending signals to this society. You do not pass through those areas. You go straight up the highway, Highway 7.

Mr. Speaker, quite seriously, I really am very concerned. I really do understand the circumstances that we find ourselves in as a Government and I do not believe that this is the time, as I said earlier, for playing provocative politics. The Barbados Labour Party, during their term of office, went through difficult periods and I believe they paid the price for it, but this is a time for us to face reality. We cannot simply determine that all is lost and that this is the end of the road. Now is the time for us to produce. Now is the time to stand up as people, with our own dignity, and earn our way out of trouble.

I would like, as a matter of urgency, to have this programme implemented. I have spoken to a number of people in my constituency already. I have spoken to some of the youth groups from the area and they are quite willing to start a small pilot project, but I believe that we will have to get urgent assistance, direction and control of accounts and so forth on behalf of these people. I have spoken to the Right Honourable Prime Minister about it and he says he will make sure that we are given the necessary assistance, because he understands that the time has come for us to take these lands that are left to die and place them in the hands of people who need them and who are willing and ready to go.

Mr. Speaker, I may have outworn my welcome, but I really at this time would like to make a very simple plea. I will not be caught up in the semantics of the situation. This day is a very heavy day for me. I will always remember September 19, 1991 as a day of serious decision where we all have to take a responsible position.

I thank you.
3.45 p.m.

Mr. SPEAKER: The Honourable Member for St. Andrew.

Mr. G. W. PAYNE: Mr. Speaker, I am not surprised that you have not identified the representative for St. Andrew, seeing that it is a parish which has always been neglected, the other Members on the other side would probably say not only by that Administration.

I rise, Mr. Speaker, to support the views expressed by Members on this side in condemning the draconian proposals spelled out by the Honourable Minister of Finance and Prime Minister in his supplementary Budgetary Proposals which we would prefer to call a maxi-budget rather than a mini-budget, also to support my colleagues on this side on their views expressed against the Public Service Reduction of Emoluments Act, 1991.

Mr. Speaker, I take very little comfort in these measures. As I said, I come from a constituency which has been neglected and in some respects is known as the abandoned constituency. A lot of remarks have been mentioned at the national level on these measures. But I think that because of the special circumstances of the constituency which I represent, which in some respects to some people appears as though it is the other part of Barbados, I must address one or two remarks regarding that constituency.

Mr. Speaker, I am somewhat horrified at some of the measures in these Budgetary Proposals, because if we in St. Andrew have been neglected as a constituency as part of Barbados having paid our taxes like anybody else over the years and particularly during the past five years, we shudder to think what will happen especially with the 8 per cent cut in Government's expenditure. Mr. Speaker, those of you who might have been to St. Andrew recently might have noticed the bad state of the roads and the bridges, some of which have been abandoned during the past five years. Our problem, Mr. Speaker, is compounded by the fact that St. Andrew being a rural village almost all of our entire work force is more or less Government oriented. Mr. Speaker, I speak of people employed at places like MTW, Soil Conservation, Transport Board, National Housing Corporation, NCC, ADC, the Ministry of Agriculture just to name a few.

Mr. Speaker, when we are talking about 2,000 lay-offs, I am wondering whether or not this figure is accurate because from the number of persons who have indicated to me as their representative that they have been laid off in St. Andrew, if I were to multiply that by twenty-eight, I probably would be getting a figure in the vicinity of ten thousand. But I can only assume that more people in St. Andrew have been laid off than in any other part of the Island in that I would not believe that the Honourable Prime Minister would go on television and get in this Honourable Chamber and mislead the House to that extent. Mr. Speaker, there are many families which have been dislocated as a result of these arbitrary lay-offs and in this respect, Mr. Speaker, seeing that the people who have

been laid off in the public sector are casual workers most of whom come from the bottom of the economic ladder, I would say that these measures by the Honourable Prime Minister are in many respects an attack on the poorest people of this country. I may use St. Andrew as that example.

It is therefore my view, Mr. Speaker, having been able to see the pain, suffering, and anguish of those people during the past few days. As a matter of fact, my telephone has been constantly ringing. It is really a pity that a proper study or some survey had not been done in the Public Service among the 5,000 casual workers so as to identify the ages of the employees, the number of persons living in the respective homes, and the amount of persons who were employed. Mr. Speaker, I take no comfort in the fact that in some households as many as four people have been displaced and we have not yet got to the salary cuts. We have not got to the effects of the increases in the stabilisation tax for those persons who have been retained. I dare say, Mr. Speaker, that in most cases, for many families in this area you have situations where in any given household both parties who have been retained are working in the Government sector. In this respect, Mr. Speaker, these measures and the manner of their implementation should be seriously looked at and I am wondering whether the representatives of the trade unions are aware of the problems which the people of St. Andrew are facing or not.

Mr. Speaker, as I said earlier, St. Andrew is a rural constituency. The Prime Minister in his Budgetary Proposals unfortunately used what I would consider insulting language in referring to the growth of agriculture during the past ten years, but I would not harp on that. I would not harp on the fact that he referred to it as being retardant to growth. But one would have thought when he did state that he was introducing measures for the resuscitation of the productive sector that we would have heard some good news about agriculture so that I, as the representative of the constituency which is dominated by agriculture, would be able to go and tell my constituents that at least, notwithstanding the fact that you have been laid off, there is some hope. I have been trying to read the document which has been presented to me as a copy of the Budgetary Proposals, Pages 40 and 41, and I have not been able to see much hope, especially as the Honourable Prime Minister indicated that he had to move quickly.
3.55 p.m.

He stated in that document: "The process of decline in sugar and non-sugar agriculture cannot be allowed to continue, especially in the light of our need to earn foreign exchange and to reduce the outflow from an excessively high food import bill. I intend to move quickly to secure the assistance of the Inter-American Development Bank towards putting in place a programme for the resuscitation of the agriculture sector. Among the key objectives of the programme will be the retention of agricultural land in

productive activity and the improvement of efficiency in the use of agricultural resources. The programme will provide for the implementation of a system of agricultural incentives which improves the opportunities for economically efficient and productive investment. It will include measures for arresting the decline of the sugar industry and restoring its viability at a socially acceptable cost. In addition, it will address the problem of improving the performance of the institutions which provide credit, technological and management support for the agriculture sector."

I have read that over and over. This is probably about the 20th time I have read it over, because I wanted to see what was in it so that I could tell my constituents that the Honourable Prime Minister is really moving quickly in order to aid those unfortunate families in St. Andrew. But then, Mr. Speaker, I was reminded, in looking at another section of the proposals as set out by the Honourable Prime Minister in his budgetary proposals, that he was actually revoking the concessions which were given to the agricultural sector in the past. So it seems as though there is no hope for the people of St. Andrew. I refer to Customs Tariff, as amended, paragraph 108. These are the items, and I will read them out, which are no longer subject to the type of concessions that will make those unemployed persons in my constituency happy: Ploughs, harrows, cultivators, planting machines, ditchers, tool barrows and ploughlines, grass rakes, grass mowers to be attached to tractors, bush cutters, fertiliser distributors, manure spreaders, tractor mounted boom sprayers, dump trailers, cotton picking units, mist blowers, root crop diggers and parts of any such items imported for use exclusively on land used for purposes of agriculture on the certificate to that effect of the owner or manager of lands; or if the owner is a company, the Secretary of the company on the approval of the Minister responsible for agriculture, subject to such conditions as to the keeping and rendering of accounts in respect of the use or disposal of the goods, as the Comptroller requires.

Could the Honourable Prime Minister be really serious? Even though I find difficulty in understanding what he meant in pages 40 to 41 of this document, even if I had given him the benefit of the doubt, could he be really serious? Is the Prime Minister really serious about what he is doing? I have my doubts as to whether the Honourable Minister of Finance really knows what he is doing in administering the affairs of this country. It seems to me, Mr. Speaker, as though in excluding these articles under paragraph 108, as I just outlined, the Prime Minister in making the supplemental provisions said he would exclude all the provisions in a particular paragraph without even reading the items therein. Do you realise the seriousness of having a Minister of Finance who is that careless – and I am not saying that the Honourable Minister of Finance is

careless – that he refuses even to read the section of the Schedule to which he is referring in granting concessions in an earlier part to people in a particular sector?

Mr. Speaker, this is a very serious situation. We have a Minister of Finance who in some respects is determining the lifestyle of all of us in here. I would hate to think that he is so irresponsible that he could be the architect of provisions such as these.

Mr. Speaker, as I said, I come from a rural constituency. It is a constituency in which Government owns vast acres of land. Since I have been a Member of this Honourable House Resolutions have been brought into this Parliament for the acquisition of land. I do not know whether or not the land has been paid for, but the point I am trying to make is that there is land available in St. Andrew. There has always been land available, even before these acquisitions. I am pleading with the Honourable Minister of Finance, notwithstanding the fact that it does not appear as though he is aware of the damage he is doing, from what I said earlier, to the agricultural community, to the farmers in St. Andrew, to make some of that land available to the small farmers in St. Andrew so that they would still be able to keep off the streets and make a living. The Barbados Labour Party had a programme with the EEC and it is hoped that, notwithstanding the abandonment of that programme, some assistance will be given to small farmers in this respect.

If I may refer to the earlier part of the document which I read relative to the attempts by the Honourable Minister of Finance to resuscitate the agricultural sector, it is hoped that loans will be given to the small farmers in areas like my constituency, so that they would be able to work the land effectively and make a meaningful contribution to the development of this country.

I do hope, Mr. Speaker, that notwithstanding what we see here in these provisions, the Honourable Minister of Finance, the Prime Minister, will see the wisdom of making some adjustments in the revocation of the incentives which he outlined on Tuesday. It is difficult to understand the Prime Minister at times. It is difficult to understand how a man who has travelled the length and breadth of this country, a man who by his own admission – and I stand ready to be corrected – is the best Prime Minister and Minister of Finance that this country has ever had, a man who by his own admission is very patriotic, could be the architect of the brutal measures we have seen in these budgetary presentations, which in my view constitute an attack not only on the poor people of this country, as I have just outlined, but represent a savage onslaught on most of the institutions and constitutional organs in this country which have been the pillars of this society since 1937.

4.05 p.m.

Mr. Speaker, I refer specifically to the Trade Union Movement, the business community, Parliament and the peoples' mandate. A lot has been said about the trade unions and I need not elaborate any further. But, Mr. Speaker, it is the duty of us, as Honourable Members of this Chamber, both on this side and that side, to ensure that the struggles and the gains of the legions like Sir Grantley Adams, Sir Hugh Springer and Sir Frank Walcott are not lost in the process.

Mr. Speaker, these measures – you cannot repeat this statement too often – are an attack on the Trade Union Movement in that the manner of the implementation of the wage cuts to public workers undermines the sanctity of the collective bargaining process. The manner of the implementation of these measures by the Honourable Prime Minister and Minister of Finance has also brought into question a very interesting point, the propriety of members of the Trade Union Movement belonging to a political party in today's Barbados. If the Honourable Prime Minister is allowed to get away with what it appears as though he is attempting, the Trade Union Movement, as it is today, would be no more.

I had proposed a few remarks that I had hoped to address to the Honourable Members of St. Michael South Central, Christ Church East Central and St. Michael Central, but I am happy, having heard them, that they have taken a stand which is a tribute not only to the Movement, but to the conscience and the calibre of the persons that occupy this Honourable Chamber. But, Mr. Speaker, I would still like to remind those Honourable Members of this charge. While we have not come to the vote as yet on this particular measure, I would hope that they would vote with their conscience and voting with your conscience is not an abstention. If you are against a wage cut, you have to say "No".

The Honourable Member for St. Michael Central was very quick to point out that the Honourable Prime Minister at some other time when he did not agree with a measure of his party he voted differently from the members of his party, but I am waiting to see whether or not the Honourable Members in this Chamber who are trade unionists are on the side of the workers or whether they are serving their own interests.

I would like to say to them that being loyal to their party is their constitutional right but their conscience in upholding the ethics and the high moral standards of the Trade Union Movement, coupled with the thrust and confidence imposed in them by the workers of this country as their representatives, should be foremost in their mind in making a decision on these measures.

Mr. Speaker, I hope the Honourable Member for St. Lucy has not misinterpreted the Honourable Member for St. Thomas when he said "Oh, you are a Member of

Cabinet and you are not in this". The Honourable Member for St. Lucy is, I would say, on sabbatical but it does not mean that because he is a Member of Cabinet that he does not have a conscience. He must have a conscience. I am waiting to see how the Honourable Member for St. Lucy will cast his vote on this measure. He will be judged by the workers of this country when he leaves office, which I hope will be shortly, like within the next few months, and he attempts to renew his stewardship with the Trade Union Movement, if, on this occasion, his vote is not in the interests of this country.

Mr. Speaker, I detect in these measures a veiled attack on the gains which the Trade Union Movement has made over the years. The Honourable Prime Minister and Minister of Finance, in giving the background to the current economic problems singled out the high wage settlements of the periods 1980-1989. Further, on page 9, after stating that Government's wages and salaries were the chief component in Government's expenditure, it is stated that between 1976 and 1980, spanning two separate salaries' negotiations, Government was called upon to find \$50.5 million to service those settlements.

Mr. Speaker, after stating the phenomenal \$304.5 million a year which Government must find to satisfy these wages and salaries, the Honourable Prime Minister and Minister of Finance goes on to state that these figures must be compounded year after year.

Mr. SPEAKER: One minute more.

Mr. G. W. PAYNE: That is why there can be no mistake as to why salaries and wages constitute the single highest element in Government's expenditure. One wonders, in keeping with the true language throughout these Budgetary Proposals, when you read the tone of the language of the Honourable Minister of Finance, whether he was not restrained in placing after that section I have just read "and it must be curtailed." The Honourable Members, who are trade unionists in this House, must ensure that does not happen. The survival of the Trade Union Movement as it is today depends, to a large extent, on how those four Honourable Members vote on these measures. Any vote, other than a unanimous vote, against these measures spells doom for the trade union movement as it now is in this country. Mr. Speaker, I thank you.
4.15 p.m.

Hon. N. K. SIMMONS: Thank you, Mr. Speaker, I think that most Honourable Members have spoken and I have had the benefit of listening to all of them, though not from in here because I always find it too cold for me, but from outside in one of the ante-rooms.

The one thing that has come across to me is that we have all agreed that Barbados' economy is very fragile. Therefore those who manage it have not got much room in

which to manoeuvre and must be extremely careful and very cautious. I guess this is true of all small, open economies. That is why when persons talk about mismanagement I believe we have to dismiss it, if only because this side has gone to the IMF and the other side had gone to the IMF already, so I don't want to dwell on that.

I am a layman in economic matters but I believe if we were to analyse the causes which made it necessary for this country to go to the IMF on both occasions, three things seem to me to stand out:

1. That the productive sectors, tourism, agriculture and manufacturing were not producing at the levels we had expected,
2. on both occasions, 1981/82 and 1990/91, Government's expenditure was unusually high, and
3. that the industrial countries were in recession, as indeed they were in 1981 and are now.

Whereas when things in the industrialized countries are good we could go and borrow money to, as it were, prop up our own economy, when things are bad, we cannot do that, and we resort to the institution to which we have made some contributions – the International Monetary Fund.

Whenever you have to go to the International Monetary Fund, especially as a third world country, the conditions which are imposed are so drastic that it makes life extremely difficult for the natives of that country.

I have had the privilege of reading a book on the International Monetary Fund and I must admit that it seems to me as though it is designed to keep us in our places. I would like somehow, if it were possible if all third world countries could come together, especially "South" countries, and make their presentation to the International Monetary Fund, so that they can understand our plight and try to make these conditions less harsh and more suitable to our situation.

The question, for example, to show how difficult they can make life. Concessions: They come to you and they say you must remove all concessions. But at the same time they say to you, you cannot ban imports. Now, on the one hand they are saying to you, you cannot give your own people concessions, if they are not in the export markets, but on the other hand they are saying you cannot ban imports, which is extremely difficult, because in essence what they are saying is, even what you produce at home because of the high cost of production, the imported stuff could be much cheaper. Like anybody else, if you are buying two products and one is cheaper than the other, you

buy the cheaper one, irrespective of where it comes from. This I find is exceedingly unfair and as it were they have your hands tied. That is why I am saying, that somehow the third world countries must come together to make a case before the International Monetary Fund, if not we will always remain under-developed and third world countries.

Having said that, I must say, as far as Barbados is concerned, although in nearly all the cases I can think about, whenever the International Monetary Fund has gone in they have asked for devaluation, in the case of Barbados, as I understand it, they have said that we have managed our economy so well that devaluation is not a consideration. That is my understanding and this is true of 1981 and 1991. I have not had the benefit of the files. Possibly if I had the benefit of the files ... It might have been different in 1981, I don't know.

The difference, however, between 1991 and 1982 was that whereas in 1982 the Honourable Prime Minister and Minister of Finance of the day, Mr. Adams, did not discuss with anybody, he went ahead, did what he had to do, and administered the medicine. Only some months after we realised what had happened. I understand that over three thousand people were laid off. On this occasion, probably it is a difference in style a different approach, the present Minister of Finance decided that he would go and discuss the matter with the social partners, to see if, together, they could come to some agreement. Obviously from my own interpretation of the situation they did not reach agreement and so he has had to take measures.

Now, again, we could always criticise the measures that have been taken because it is like a person in a pavilion watching a batsman, if he square cuts they say he should have hooked because you are inside, you are not playing the ball, so you could make any comment. If he plays back, you will say he should play forward, because you are not playing the ball, you are the critic so it is easy to oppose and so there were options. Some people have told me that you should lay off five thousand or six thousand people because it is time to prune the Civil Service and to reorganise it. We believe that was not the humane thing to do, the fewer people you lay off, the better for the people and so we opted for laying off and salary cuts.

I want to say this, and I think that a lot of people seem not to understand it, that we have had to cut Government expenditure and if people can focus on that ... People have said to me, what you should do is tax everybody 8 per cent across the board. That does not solve the problem in the sense that you have got to reduce Government expenditure and even if you were to increase revenue that does not cut Government expenditure, so first and foremost when this matter is being discussed, if you can say to yourselves, Government expenditure must be cut – that is a must – then I believe that we will be able to

at the present moment. I want to keep emphasising that the first thing that Government has to do and had to do in 1981 was to cut Government's expenditure. That is the first thing, and therefore, if you can understand that you can understand other things that follow from it.

So, even if there was an 8 per cent tax or whatever you chose to call it, however you tax it, it would not have achieved the same thing as by cutting Government's expenditure. You can only cut Government expenditure by one of two ways; either by laying off people or by people saying I am willing to give up something.

Let me say this as well, last year in Bermuda – I talk about Bermuda a lot – when there was a dip in the tourist industry in Bermuda the workers agreed that in order to keep their fellow workers employed they would cut their wages and salaries. So it is not new, they decided that they would prefer a cut in their wages and salaries than to allow their fellow workers to go home. It is not new, we understand that when there is pressure, everybody has to bear it.

Let me say this, my wife, myself, are paid by Government so I understand what is going to happen. We are both going to be cut by 8 per cent, so I have got to set my sails to suit the wind. A lot of people have not got that situation. I understand the hardships which people have to go through in this situation and we have sat down and we have discussed what we have to do because there comes a time in every man's life, or some woman's life where we have got to put country before self. I have decided to put country before self to save the country. I should certainly hope that it comes to an end quickly so that I can exist above survival. That is why I understand too why some civil servants did not vote for the pay cut. I understand that. I understand why the policemen did not vote for the pay cuts because our policemen are working now seven days a week – some fellows getting one day in ten days – twelve hours a day. So I appreciate the policemen's position. I understand that. I think we have to understand these situations sometimes, that sometimes you are in a situation where you think of self first because if you are under pressure as the policemen are now – I can understand a policeman saying no, I can't afford to have this cut and hope for the best. I understand that so I have no real quarrel with the civil servant who says, well look, if I am not able to make my mortgage let me take a chance and don't vote for it. I understand those things, but in a sober moment I think we have to sit down and ask ourselves what is happening. Trinidad, Jamaica and Guyana have had worse experiences than what we are having. If you go to Trinidad somehow they are surviving because man is a survivor. They are surviving. Let me say this too. I want to say this for all my colleagues in here because there are a lot of people outside who believe that we are

not capable of running this country. They talk about bringing in some businessman.
4.30 p.m.

Aside.

Hon. N. K. SIMMONS: I did not say so. I said a businessman. You heard it on the radio too. The politicians cannot run the country. Bring a businessman. But Trinidad had a serious experience and a calypsonian said, "If you cannot run the country, bring in Kirpalani". Do you remember that? That was the last days of the PNM. But do you remember what happened to Kirpalani? They found him under a bridge dead in a motor car and within three months his whole empire collapsed. If they think of bringing in a businessman to run a country, let them look at Trinidad's experience. I say that for all of us in here. When they talk about politicians, all of us are politicians not only the DLP or BLP but all of us. When they say bring in this businessman, they mean all of us. But ask them to go to Trinidad and find out what happened in Trinidad when they brought in Kirpalani.

I think, Mr. Speaker, what we should be trying to do at this time is to try and impress upon people the type of strategies they need to develop to deal with the problem. Secondly, see what lessons we have learned from these experiences both in 1982 and now so that we would not again allow them to recur. What can we do to cushion the shock or to help ourselves? I am of the view that in every Bajan household there is a lot of wastage especially on food. If we are careful, we can save some money. A lot of Bajans, especially middle class Bajans, go away every year. Cut it out. You have not got to go away every year. Cut it out. Mr. Speaker, people go to the video shops and they are taking up four and five videos an evening. Cut them down. I would suggest that we buy locally. A lot of stuff we see on the shelves is worth nothing.

Aside.

Hon. N. K. SIMMONS: All cars are imported. I am not getting involved in that. While I am on that, Mr. Speaker, we have a situation developing in this country where Banks Brewery is suffering because Banks Brewery has a deposit on its bottles and some supermarkets will not stock Banks beers. That affects the employment level at Banks Brewery. Banks has a deposit on their bottles for two reasons. Obviously, it is for recycling and it helps with the environmental problems. We have a lot of beers coming into this country where there is no deposit. But it is more convenient for the supermarket proprietor to put it up there in front of Banks. If you buy it, you do not have to return the bottle. Support local.

I also saw last week, I think it was, a supermarket proprietor on television and he was boasting that he sells 80 per cent of his stock which comes from overseas. I was

really shocked. I wonder what he buys in Barbados at all. I thought he would have gone on to say that in the future he would try to reduce it and make sure that more produce from Barbados is sold in his store.

4.35 p.m.

Having said that, let me say this as well. We have a problem in this country where as a people we are not producing as much as we should be and it has reached a situation where, even in the agricultural belt now, we have to import workers to work in the agricultural industry. Last year I think we imported nearly 1,000 persons to work reaping the sugar cane. That is not all. We are getting requests from those persons to remain in Barbados to work in the hard times, because as the farmers, small and big, are telling you, Barbadians are not producing, so although my friend from St. Andrew is talking about lands for the people in St. Andrew, it would appear as well that not even the people in St. Andrew are going into the land. We get requests from plantations all round, St. Andrew, St. Thomas, St. Joseph, St. Michael, all over the place, and therefore I would implore our people to be more productive than they are at the present moment.

One of the problems with manufacturing – I think I have said it before and we all know it – is that the labour cost in manufacturing is extremely high and therefore it does not make our products competitive enough. Again, I find in manufacturing that we cannot supply the quantities which are required in the extra-regional markets and this presents a problem.

I want to look briefly at the social services, because some persons are of the view that we need to look at our social services very carefully. Take, for example, as I have been having discussions lately with people, the question of school uniforms. I believe that we spend nearly half a million dollars a year giving people school uniforms for secondary schools, but the fact of the matter is that at elementary schools there is a system in place which would allow people to get school uniforms, and that too can be applied to the secondary schools. Therefore, I think that the whole question of social services needs to be looked at at this time to see if we can achieve our objective.

Mr. Speaker, I want also to look at the question of the earning of foreign exchange, because this seems to be an area in which we are slipping and there is some degree of concern. It has always been a concern of mine. I know that the Member for St. Michael East spoke about tourism. I wonder what percentage of the tourist dollar really comes to Barbados. The Minister of Tourism says that we made \$1 billion last year or the year before, but the trouble with the tourist industry is that a lot of bookings are made and paid for overseas and the people come down here with chits and they get things. You would come down and get your lunch, your skiing, whatever, but that is not money, so all that really come into Barbados are wages and salaries

and enough of the foreign exchange is not going through the system. I believe that if the correct amounts from the tourist industry were to go through the system, we would have little or no problem with foreign exchange. Therefore some method must be devised which would allow that tourist dollar to come. It is all right to say you get 500,000 people a year. What does that mean to our economy? Except for the people working, to the rest of Barbados as a whole, the rest of the Barbadians, it is a problem, so I think it is something we have to look at.

I also hold the view too that we have to look at giving people foreign currency accounts. I do not know what the problem is as far as that is concerned. There are other countries who have them, but there are a lot of people who are in the ancillary services of tourism who are only paid in foreign exchange, and I believe that if people were allowed to have foreign currency accounts we would see much more foreign exchange in Barbados. As my friend reminds me, I know that that is being looked at, but, Mr. Speaker, all of us have travelled and we know that when we go into some countries we have to declare our foreign exchange and when we leave we have to declare it. We do not accept that as feasible, for one reason or another, and I can understand it, but I think we have to look at all systems. I am not saying that because a system operates well in one country we should introduce it here. What I am saying is that we should look at all the systems to see how Barbados as a country can benefit from them.

When you go to some countries you have all the duty free goods one place and you can only spend foreign exchange there. In Barbados you can go down town with somebody who has a passport and buy duty free goods. I believe there was just a celebrated case in Barbados where somebody bought \$60,000 in china, which is still in Barbados. Therefore we have to look at that system. If 200 people go into the duty free shops in Barbados and spend \$300 and it remains in Barbados, we are not getting the foreign exchange because it is being paid for in Barbados dollars, so it is defeating the purpose. These are the things we have to look at and tighten up on to make sure that we benefit from our exercises.

I know that when it was introduced it sounded very good, but unless you go through the paces and have checks and balances, something which might have started in good faith can fail as well. That is something which we have to look at carefully. It is badly abused, it was not intended for that, it was intended to make foreign exchange and to make it easy for people as well. Rather than have to ship things to the airport you can take it with you, but what is happening now is a problem.

Another thing I think should happen, Mr. Speaker, with foreign exchange. A lot of people leave Barbados with foreign exchange, go to Puerto Rico, fill a suitcase and come back, but in the passport there is nothing to indicate

how much foreign exchange was taken out. Hundreds of people do it. We have to tighten the system so that we understand what is happening. Unless we do that, we have problems. Today I heard that there is one bank in which you can have an external account, pay Barbados dollars into that account and withdraw U.S. dollars. A professional told me so this morning and I could not believe it. I was shocked. He mentioned A, B and C who he knows are doing it.

Aside.

Hon. N. K. SIMMONS: It was not BCCI. He mentioned the bank as well, but I am only showing you what happens at times. I am not sure how it is done, but these are things we have to be careful with. We have to get around and listen to people to find out what is happening because if we do not take stock of what is happening in the country, then we are all the losers for it.
4.45 p.m.

Mr. Speaker, I want to make two final points. I think I did say that one of the problems which both administrations have faced was that we have had high Government expenditure. Obviously, when there is a negotiation between Government and the unions, sometimes they cannot reach agreement and there are times when the Government tends to give in. The Honourable Member for St. Michael South Central mentioned something about a review committee, or some committee – he did not say industrial court. But I believe there should be some review committee when the Government and the unions cannot come together for them to go to that committee. The criteria for the membership should be set out, so that you would know that they are experts in their own area. Then the decision of that body should be final if not you would find at certain times Government can bend to the unions.

Finally, Sir, I am asking that out of this exercise when we are finished we have some broad based committee to look into the pros and cons to see where we can go from here.

I want to thank you.

Dr. R. L. CHELTENHAM: Mr. Speaker, Sir, the first point I wish to address has to do with the notion of inevitability in relation to this crisis which we are experiencing and has been central to the presentation of all the Government's spokesmen. They have assiduously cultivated the notion that this crisis was inevitable. They have done that both in this Chamber and outside. We have had the metaphor of this crisis being like a hurricane. You could see it coming but you could do nothing to avoid it.

I wish to submit, Mr. Speaker, that there was nothing inevitable about this crisis. It was nothing pre-ordained. It is not some universal disease that is bound to affect us here

in Barbados in the same way as it has affected Trinidad and Tobago, Guyana and Jamaica. This crisis which we are experiencing is, in my respectful submission, the direct result of the faulty judgement of the Honourable Prime Minister and Minister of Finance, the tardy action on the part of the Prime Minister and Minister of Finance, and the failure to put the interest of Barbados before the interest of the Democratic Labour Party.

The last Honourable Member who spoke made the point that the management of this economy calls for a lot of skill and that the room for error is very limited indeed. In fact, I go further and often argue that it is easier to manage the economy of the United States of America than the economy of Barbados. You are always on a tight rope. What is needed here is good judgement in the management of this economy. We have been fortunate that in the years past we have had a connection between power and competence in this country, but in recent times, typified by the Democratic Labour Party administration in the last six years, we have had a disconnection between power and competence. No one typifies that more than the Right Honourable Prime Minister and Minister of Finance.

I do not deny that under our system of Government the incumbent party has an advantage at election time which it is expected they will use while, at the same time, protecting the national interest. They can determine when the elections are called. They can determine, within limits, how many jobs are available at election time. They can so pump the economy as to create a feeling of prosperity at election time.

The Barbados Labour Party has done it in its time in office. The Democratic Labour Party has done it before, but no one prior to 1991 did it to the extent of laming the national interest and bringing the country to its knees in a way that we are on our knees economically here today. In 1989/90 it was clear that defensive action had to be taken in order to protect our balance of payments. Yet the Government budgeted for deficit after deficit of a horrendous nature on a scale that we have never seen before, creating the imbalance on the internal account and fuelling the imbalance on the external account all because an election was in the air and it was necessary to create jobs to give the illusion that all was well within this economic realm when in truth and in fact, Mr. Speaker, the best interest of the country called for defensive action such as was taken by the Barbados Labour Party in 1982.

It is timely to make the comparison and the contrast between the Barbados Labour Party administration going to the International Monetary Fund in 1982 and our going to the IMF now in 1991. When we went in 1982 the country had not run out of foreign exchange as it has ran out now. We went there in 1982 having put a programme in place and all that we did was to ask the IMF to put their seal of approval on the programme. This Democratic Labour Party

Government is going to the IMF now on its knees, defenseless and without any bargaining power. That is the reason why the savage measures imposed which have been reflected in the Budget, for example, the liberalisation of trade to the point of ruining our manufacturing sector, that is why that particular condition was imposed on them and they had no capacity to resist. They had no bargaining power. If you want our money you have to put these measures in place. That is not what we were told. We presented a programme to them in 1982. They looked at it and said "It makes good sense and we are happy to put our seal of approval on it and give you the money which you seek."

I think we must continue the contrast between 1982 and now because at no time did we have to lay off people and to ask the civil servants to have their salaries cut by 8% as is the position obtaining now, nor did we prior to introducing the measures cast a blanket of anxiety, distress and anguish on the people of this country in the way that the Right Honourable Prime Minister and Minister of Finance has done to the people of Barbados. The banks never stopped trading in foreign exchange under the Barbados Labour Party administration. There is a way of doing these things prudently and competently such as was done by the Barbados Labour Party administration in 1982 or you could be clumsy and inept as has been the way of the Democratic Labour Party administration.

4.55 p.m.

Mr. Speaker, economies function on expectations and if people get the impression that a particular state of events will occur the people will organise their business in such a way as to cause that state of events to happen. I have never known of any Minister of Finance, anywhere in the world who by his public utterances induced a psychology of devaluation and worst of all the public utterance was based on a false option when he told the people of Barbados two weeks ago that it was a question of the 8 per cent cut in the Civil Service or a devaluation. It was a false option. It was never on in those terms. So he not only plunged the people in a psychology of a devaluation but he also misled the public servants and the people of Barbados on the whole. You can get nothing worse than that. But by plunging the country into a psychology of devaluation for virtually three months what has happened is that people have saved less, they have hoarded foreign exchange. They have arrested the foreign exchange en route to the banking system and they have hoarded it and the country has suffered severely as a result of the clumsy, incompetent and inept way in which this matter has been handled by the Democratic Labour Party administration.

Mr. Speaker, we have distributed the blame and we have indicated clearly where the blame falls but we are in the crisis. It is on us and it is a serious and grave crisis indeed. Clearly something had to be done if the country was not to be ruined. Our quarrel on this side is that the

package of measures put together has not been given enough thought and that the package will not realise the ends which it seeks to realise. To begin with more selectivity should have been brought to bear in the package. It is unfair to have made the 8 per cent cut across all of the categories of the public service without making any distinction for those who are at the bottom, those who are in the middle and those who are at the top. A man at the top can better bear the sacrifice of 8 per cent than a man who is at the very bottom. That approach was not only unfair and unjust but as we indicated it is regressive. That is the first quarrel we have with this package.

The second point that ought to be made, Mr. Speaker, is this: that in so far as the cut of 8 per cent is an attempt to introduce a wages and incomes policy in the public service, it is only partial, affecting only 23 000 workers, now far less, because they are being laid off every hour. But in truth and in fact there are over 100 000 workers in the country and an incomes policy that only affects 20 000 people is so partial that it cannot have the impact which it was intended to have of reducing demand, so causing less expenditure on imports and taking some pressure too off your balance of payments.

5.00 p.m.

The third criticism which we make of this Budget is that while it was necessary to depress demand and to spend with discipline here in Barbados, it was also necessary to lay the foundation for restructuring the economy. Because we maintain on this side that we have to earn our way out of the crisis. It scarcely matters how many people you lay off or the extent to which you cut peoples' salaries. That may help you to bring your balance on the domestic account into harmony, but it cannot help you to earn your foreign exchange. So that two or three policy measures had to be reflected in the Budget for the Budget to seriously address the problem facing the country.

It was necessary to cut back on your expenditure on buildings like the Ministry of Education building that does not bring in and will not bring in a single cent in foreign exchange. All of that will have to hold. In better days when we could pay under the Barbados Labour Party Administration, this monstrosity which was being built at Ilaro had to be suspended and God knows when it will be brought to an end. But in this country we cannot afford to be involved in public buildings that will not earn foreign exchange.

So the first aspect of the policy was discipline with respect to your expenditure and cutback in your expenditure. It is also necessary, as has been emphasized by the last speaker, to reduce your imports particularly, unnecessary imports.

The third policy that should have been reflected here was an aggressive determination to stimulate your

productive sectors and earn your way out of the crisis. That is the only way that you can restore some form of balance in relation to your two accounts, your domestic account and external account.

Well, our productive sectors are well known, Mr. Speaker. They are agriculture, manufacturing services, particularly the off-shore services and tourism. I want to illustrate the extent to which this Budget is inadequate by looking at what has been done to manufacturing. Sixteen million dollars this budget attempts to take from the manufacturing sector through the consumption tax and stamp duty, a sector that last year in its pre-tax profit never earned \$16 million, a sector that relies on quota restrictions and support in order to maintain its viability.

Now I take the point, Mr. Speaker, that the best manufacturing sector is one that is able to stand on its feet and withstand the whims of competition without having too much support. But the reality is that all of the Caribbean countries have manufacturing sectors that rely on Government protection and Government support in one form or another in order to maintain their viability. Indeed, the Common External Tariff allows that. It allows the respective Governments within CARICOM to give their manufacturing sector this protection. But because we went to the IMF so defenseless, so weak, so much in a state of distress and panic, we were not able to argue to maintain that protection for the manufacturing sector of Barbados.

The result is that dozens of enterprises out there in the manufacturing sector are expected to close and some in order to survive will have to shift their location to St. Lucia or elsewhere in the Eastern Caribbean. I am referring to enterprises such as those involved in margarine, records, macaroni, toilet paper, soft drinks, plastic bottles, biscuits and those that are involved too in the making of juices. But there are many others who rely on structural systems that make these roof tops. They are under severe competition from a company in Trinidad and without the protection which they enjoyed in the past they just cannot maintain their viability.

This is serious, Mr. Speaker, and we ought not to minimize the seriousness of what is taking place, because the manufacturing sector is still responsible for providing some 7,000 to 9,000 jobs in Barbados. When as a result of these measures some 4,000 to 5,000 people have got to be laid off, it is a very serious thing indeed. When we make the point that this Budget has not only been heartless but that it has not been protective of the national interest, we only have got to look to the manufacturing sector to illustrate the point. When we think, Mr. Speaker, that every bread winner has at least three or four people depending on him or her, we can then see the fallout in terms of human suffering in this country as a result of the thoughtlessness, folly, and the cruelty of the Democratic Labour Party.

Mr. Speaker, in order for the manufacturing sector to export, they need to have a protective home base. Even though I appreciate the argument that if at the end of the day they are to be strong, vigorous, and able to withstand the whims of competition and you have to take off some of the support, that has got to be done over time and within a defined time frame. You cannot in one fell swoop and without warning just take all of the protection and incentives off and expect them to stand up to the competition from within and outside of the region. That is a very, very serious thing that has happened as a result of this Budget.

Mr. Speaker, the fall-out in terms of suffering in this country is going to be very great indeed and the Right Honourable Prime Minister and Minister of Finance made that clear. I think that the newspapers were right to have seized upon the point because it was important that this is going to lead to considerable pain and suffering in this country. We need, therefore, to make sure that these adjustments are introduced with a human face and I do not accept the assurance given by the Honourable Member for St. John yesterday evening that his Ministry will ensure that those who are in desperate need are protected. The reality is that the Welfare Department has no money. Children who are in need of school uniforms and assistance to go back to school have been denied in the last week or two. We know that there has already been a cut of 7 per cent previously to this Budget in the budget of these welfare agencies and that following this Budget there will be a further cut. This is going to be very important to have social cohesion if this country is to be maintained. If this society is not to be torn apart as a result of these drastic measures, for those who are at the bottom, the disadvantaged, and the poorest of the poor, programmes should be kept in place for their benefit. It is going to be important that the Drug Scheme programme, particularly the free drugs for those who suffer from diabetes and hypertension, cancer, and heart disease, is not touched.

Aside.

Dr. R. L. CHELTENHAM: We have not been able to rely on the words of the Honourable Minister in the past. I hope we will be able to rely on those words.

Hon. B. M. TAITT: On a point of order, Sir. I have not spoken in the debate. It is not fair for the Honourable Member to draw me in, Sir. I do not think that I have spoken, Sir.

Dr. R. L. CHELTENHAM: It is going to be very important that the programme of Home Help for the sick and elderly be maintained. It is going to be important too for the repairs to old peoples' houses to be maintained and that, for the fatherless children out there, those who have to depend on welfare, some funding be provided for that programme.

Mr. Speaker, it is common ground among us that these measures are going to be devastating and, to that extent, I think it is appropriate and very much in place for us on this side to demand and to beg that this programme of adjustment be introduced with a human face and that the suffering in this society be not allowed to reach the point where this society is torn apart and its social cohesion is destroyed.

Mr. Speaker, this absence of selectivity and this failure to discriminate which is a common thread running through this Budget also applies to the productive sectors in another way. Notwithstanding the difficulty that we are experiencing, it is important if we are to earn our way out of this crisis that we continue to promote Barbados in the field of manufacturing, tourism, and as an off-shore centre for business. Our profile and image in the market place must not be allowed to diminish. Already the IDC and the Export Promotion Corporation have suffered cut-backs of 7 per cent and the real fear is that they will be very severely cut. I think that is wrong. I must say that if we are to recover and if we are to earn our way out of this crisis while bringing our domestic imbalance into harmony we must promote Barbados in such a way as to earn foreign exchange in the field of services, tourism and agriculture. Agriculture demonstrates more than anything else a decline in the last six years under the Democratic Labour Party Administration. Our tonnage in sugar was 110,000 in 1986. 5.15 p.m.

It is reflected in the fact that 10,000 acres have been taken out of production in the last five years. It is reflected in the fact that the Government Agricultural Development Corporation which produced 40,000 tonnes of cane in 1986 produced only 8,000 tonnes on the same land last year. It is reflected in the fact that we had to have two Ministers of Agriculture in office simultaneously spying on one another and achieving nothing. It is reflected in the fact that the co-operation and partnership that used to exist between the Government and the agricultural sector have now given place to distrust and confrontation. It is reflected in the fact, Mr. Speaker, that the small farmers that used to make a large contribution not only to sugar agriculture but non-sugar agriculture have virtually been wiped out in this country. In fact, with the closure of Carrington and Foursquare, and with Bulkeley having now only very limited capacity, it means that if a farmer is producing canes in Penny Hole, Gibbons or St. Patrick, he will have to send them to the top of St. Thomas and St. James at Portvale. Given the transportation costs in this country, that is not all, but all of these indices to which I have referred reflect the extent to which agriculture has declined in this country.

Mr. SPEAKER: One minute to go.

Dr. R. L. CHELTENHAM: Nothing has been done in the last five years to give it a boost. All that we are

hearing, Mr. Speaker, is that studies have been done or that we are waiting on their recommendations, but no action is being taken. There are few instances in which a Minister of Government should do nothing, but this Democratic Labour Party administration, hiding under some notion of consensus management, has used that as an excuse for doing nothing. The time is now for taking bold and serious action to promote our productive sectors, studies or no studies. The best ideas are already in circulation in Barbados. Do something, take action, and if as a result of the studies you find that there is a necessity to take corrective action, you do a mid-term correction, but you never do nothing as this Democratic Labour Party has been doing.

I fear, Mr. Speaker, that the workers of this country will find after this period of severe austerity, which I call phase one, is at an end, that they would have sacrificed in vain. The measures reflected in Government's policy and in this budget will go nowhere towards correcting the problems from which we suffer and ensuring that the living standards of the people will be maintained.

Hon. C. V. WALKER: Mr. Speaker, the Honourable Member for St. Joseph has left Christ Church and gone all over to St. Joseph. He roamed well there for a while. He reminds me of his dad riding a bicycle from Christ Church to St. Luke's. He also went on to talk about all these fatherless children. First of all, the days of fatherless children have gone since the miracle, so everybody has a father.

Anyhow, Sir, during his presentation he talked about the public utterances of the Prime Minister. The public utterances of the Prime Minister can be compared with the non-utterances of the late Prime Minister of 1982. He went on to say, by inference, that since there were no public utterances in 1982, therefore the country had nothing to worry about. If you follow that argument and we discover that we are hearing there were utterances in 1991, because of these utterances in 1991 the people want to hear more. He calls that clumsy. However, Sir, he obviously prefers what one may call a dictatorial approach or a semi-dictatorial approach which was taken in 1982 rather than an approach in terms to the people, giving them the opportunity, whether or not one may say it is clumsy. That is in reality democracy, as opposed to the other approach. Mr. Speaker, notwithstanding the outcome, notwithstanding what might have been referred to by other Members in terms of the Union as a breakdown, notwithstanding this debate, the country knows now in 1991 what is going on.

Mr. Speaker, I came into this Honourable House some five years and a few months ago, true to a tradition that one has in one's life in terms of the interest of people. I believe that all people should be respected, I believe they should be given that respect that is due to them and that they should all be given the proper opportunities in life. I can safely say that I have endeavoured to continue, and in

these conditions – and we hear the word conditionalities only associated with the IMF, nowadays it is not just conditions, but it is conditionalities – but we have continued this as part of what is expected of us in here as representatives of the people, and also in terms of those who may be on the periphery who have some responsibility in terms of the management of the economy of the country. I have endeavoured to do this, Mr. Speaker, whether as a teacher, a businessman, a soldier or whatever my calling might have been during my years.

In my position as the oldest Member in this Honourable House, and I am proud that I am the oldest Member in here because I hope you will all live to reach that age. I can probably appreciate the fear, the concerns being expressed by people out there more than anyone else in this Honourable House, and I want you to think about that. I know what can happen to people who have to go through pain and suffering. One can only cast one's mind back to the thirties, 1937, the year to which the Honourable Member for St. James North referred. I experienced the morning of the riot in 1937. In the forties we experienced shortages and rationing of food in this country, so I can understand when people cry out, when people express their fears about not being able to provide a meal, not being able to give their children and the rest of their families the things they consider in this day and age to be necessary. However, Mr. Speaker, those hard times all went and we came to a period in Barbados where we have somewhat, not intentionally, but by the force of a situation that existed in the growth of the country, been caught up in that upward mobility, all to the good of the country.

5.25 p.m.

Here we are now, Mr. Speaker, looking at a situation which is not a novel situation for Barbados because in the last few days, for the longest time, we have now found out that people will actually accept the fact that it is not the first time that we in Barbados have experienced difficulties. That is a fact. Let us accept that as a fact and let us move from that factual situation on to the reality of life.

In my position as a Member of the Cabinet it is clear that when one describes what is referred to as collective responsibility, I will have to say that I share that responsibility for the presentation which was made in this Honourable House. Honourable Members on that side, minus maybe two, know exactly from where I stand. It is a fact, therefore, Mr. Speaker, that I have to accept part of the responsibility. However, it does not necessarily mean that, by accepting the responsibility that decisions which one must take which are determined on the conditions of the time, it means that you cannot empathise with what might be going on with the people out there.

We have to accept that we have a responsibility and the electors in the country have placed that responsibility on the 28 of us who sit here. Some of us are fortunate to

be on one side and to be given a different kind of responsibility. Therefore, as responsibility comes with that authority, if you have that authority you must therefore express that responsibility based upon what you perceive at that particular time to be the requirements of the country. It may not be, Mr. Speaker, that any decision taken at any given time may be paramount and the one that is perceived by others as a realistic or holistic solution. However, having made that decision, and having participated in that decision, one has to reflect on what is absolutely necessary in terms of his responsibility.

Now, I have listened and observed what has been happening. Due to my former experience and exposure I tend to relate to several things around the world...

Aside.

Hon. C. V. WALKER: ...whether it is as a soldier or a businessman. That is a fact. However, Mr. Speaker, when one realises that at this particular time if you were to look at the State of Massachusetts, they are experiencing their problems. If we were to look at the cities within the States, there are now declarations of bankruptcies of cities within States.

Recently I received a telephone call from a company called Freetolay where I know some of the executives who are involved there and they just laid off 7 000 in one day. I am not saying that we should lay off 2 000, 5 000 or 600. That is not the intent or should not be the intent and I am sure that is not the intent of any Government at any time to lay off people. Circumstances may dictate that it is required that you take certain action but one should never think that it is the intent of any government to set about to make that its No. 1 objective. Priorities have to be established and these priorities must be established in conjunction with the circumstances as they exist.

Mr. Speaker, no one can really look at actions which may be considered as harsh actions and say that you will blindly support these actions. There must be that qualifier and we have a responsibility, all of us in here. It is our turn this time. It was your turn in 1982. It is now our turn in 1991. Who knows what will be? But at some time we all have to stand up and be responsible citizens in this country.

Aside.

Hon. C. V. WALKER: You cannot divert me at all. That in itself is an attempt of diversion when one is discussing a serious matter in a serious way to ask to switch to talk about teachers. That in itself says something. You are making games at this. This is not a matter of a game.

Mr. Speaker, we have to pay close attention to what is happening around us. No Minister of Finance can be

happy to introduce the measures which were introduced on Tuesday. I took note, Mr. Speaker. When the Minister of Finance concluded his presentation there were those who were requesting that people applaud. Now, think of it.

Mr. Speaker, the late Prime Minister in 1982 chose not to speak with the country. He chose to cushion the shock, as he saw it then, by the sudden nature of his application. In other words, he decided that he would not tell anybody anything but he would spring it upon them because they would not have time to debate, discuss or in any way consider it.

I understand, and I know, Mr. Speaker, that people have to be honest with themselves. You have to be honest with yourself even after, and I am going to repeat this, you are in politics because in Barbados, and this applies to all of us, there is a feeling which is solidified by some of the utterances that we heard from those among us about ourselves that we become less than honourable persons, or less than being honest – and I would not say "dishonest" – once you have entered politics. Mr. Speaker, I will give this whole country the assurance that will never be part of me and any time I am aware that is going on any way around I will not be part of any group within such.

Those who experienced the growth reference earlier over the past 30 years would realise that they have to adjust to the conditionalities that may be impinging on their individual lives. Those 30 and under know of what can be really considered to be hard times. They may be aware of variables in terms of their own experience. Those who fall in the fifties will be cautious and those are the ones who at times like these, Mr. Speaker, those are the ones who make up part of the country, the metal as they call it – the metal of the country. Those are the ones who know of the experiences and will have to be guiding the younger ones at this time because we must understand, Mr. Speaker, the young people out there know of no real hard times. They know of no real hard times. They came along and found things as they are. Now they have experienced and are experiencing changes and in a situation such as this it will be a change. To them, Mr. Speaker, because of what will be construed to be suddenness of it, it may be considered, by them, to be a drastic change, and therefore they will have to be guided by the older ones.

5.35 p.m.

We have to, again, Mr. Speaker, realise that the country belongs to all of us. All of us must play our part. For those of us who leave this country, and our relatives who leave this country and go to other countries, it is rather interesting how they tend to gravitate and try to learn everything there is about the other country and make every effort to participate in all the things that could be considered within the social framework of that particular country.

I said that to say this, Mr. Speaker, that we in this country, therefore, at this time, will have to utilise this situation as part of the coming together of this country. Because in this situation, out of this we can create a revitalisation and a rebirth, if you will, of what is real community spirit within this country, Barbados. It was there before, it is there now. We only have to go and pull it out.

Mr. Speaker, I know that it will be said that we have to stand up and be counted. As I said earlier I am considered to be a signatory to the document, therefore, Mr. Speaker, I can say no less than I will have to support the measures. Mr. Speaker, I have to support them fully cognizant of the fact that the ordeal is one of sacrifice and I will close by saying this, Mr. Speaker, I hope that we can in due course realise the significance of this particular week, if you will, within the lives of Barbadians and so we can press on to greater and higher things. I thank you, Sir.

His Hon. T. C. ESTWICK: Mr. Speaker, I rise, Sir, like my other young comrades in the House who have been here, I believe, for just eight to nine months or so and I am yet, Sir, to determine whether or not at this juncture of my political life if it is an honour or otherwise for me to be involved in this debate at that early stage.

The Honourable Members on the other side, however, have urged us all to be men and to take a stand and to take a position and I am proud, Mr. Speaker, that of those who have gone before me, some have taken their positions and I will take mine.

I am, Sir, happy in one respect. That respect is that the majority of Members on the other side who have spoken on the measure, which measure is the salary or wages deduction in the public service – those who understand some economics – have all agreed that in the present circumstances it is necessary to reduce public spending. That goes without saying.

I think, Sir, it was stated expressly by the Honourable Member for St. Joseph who said it is necessary to depress demand. It was also stated by the Honourable Member for St. James North and by the Honourable Member for St. Peter, that it is necessary in the present circumstances to depress demand which is in other words to reduce the public spending of persons or consumers in this society.

Now, Sir, how does a Government go about doing that and why is it necessary? I think, Sir, it is a given, that where an economy is an open economy, and I need not explain what that means because I believe everybody who is in earshot would understand it by now, that is extremely important when there is an issue of whether or not you have foreign reserves that – and I was extremely happy when I heard the Honourable Member for St. James establishing the link between a country which imports or

which has a high propensity to import, where its consumers buy goods which must be imported at the level of foreign reserves which it has – any country, Sir, in which the propensity to import is high, must at all times keep a very high level of foreign reserves. I think, Sir, it is a given that in Barbados, today, the foreign reserves are under serious threat. Some may say that they are non-existent but that is a matter for them.

The sole question is, Sir, what is a Government to do in the circumstances where you have this high propensity to import and you have dwindling foreign reserves? One thing, Sir, which is a given, again, as agreed to by all the Members is that public expenditure must be reduced. The Government has taken the step to reduce that public expenditure by seeking to impose an 8 per cent wage cut across the board in the public service. I will, Sir, however deal a little later with the legality or otherwise of that. For now, Sir, there is, Sir, a definite rationale behind the step a Government takes because the only way that a member of the public can spend – the majority of the public servants – is through the income which they receive. It is that income which they use to buy goods that are imported which have a direct impact on the level of foreign reserves which are in the country. The direct link, Sir, is that a fall in income in a direct fashion is going to reduce the import position which faces a country and that is going to have a positive impact on whatever foreign reserves the country is holding. Sir, if there is a moral justification for what the Government has before the House today, it is the question of whether or not it is right or just for public servants to be visited by the wage reduction. It is one which I do not think will ever be answered. But it is unfortunate for any of us could well be a public servant today. In fact, we all are public servants and we have been asked to bear our fair share of the burden. Some of us have and some have not. It may well be, Sir, that we just happened to be in the wrong place at the wrong time. The question too, Sir, is how can Government go about reducing the ability of the consumer to spend. This refers to the consumption taxes and this mechanism increases the cost of goods imported. Even though Honourable Members on the other side recited lists upon lists of items which are to be increased, I believe that the intent was that consumer durables which are not always necessities would have to be thought of twice before they are actually bought by persons among us.

5.45 p.m.

Sir, this in itself is a serious issue because what in essence you are asking people, and it is an extremely difficult question, is whether or not somebody who has the disposable income or can get an item on hire purchase is to forego an increase in their physical quality of life in the interest of a national good, which is really a concept to them that they may very well not want to be involved in. The average person out there, wherever he or she may be, is primarily concerned with the improvement of their

household and what they stock around themselves to ensure that their physical quality of life is the best that they can achieve in all of the circumstances. That is why, Sir, in that context when the question about the reduction in the spending power in this community is raised and the Government moves towards a reduction in that said spending power by requesting public servants to permit themselves to aid the country by allowing Government one way or the other to reduce that spending power, it is something, Sir, that we not merely accept the fact that some persons have signed and others have not signed for it to go along only with those who have signed.

The point that I am trying to make, Sir, is that it would be totally unfair if Government approached the public sector, which is not a foreign exchange earner in this country at all, it would be totally unfair to the persons who have signed that option form for Government merely to reduce their salary and not seek to do it across the board. What you in essence would be doing, Sir, is creating two classes of public servants at all levels and at all salary scales. I know the argument can be raised that in essence you are doing that by not getting any monies directly from the purses of private sector employees. If ever there is a rationale for Government coming before this Honourable House seeking to have an 8 per cent wage cut across the board, would it be right and just for Government to reduce the salary of only those persons who have signed the option form and not in any way seek to get an equivalent amount of money, considering salary scales, from those who have not signed?

There will be legal questions I am certain about the issue, Sir. I have no doubt. The Honourable QCs on the other side have already said that they will file in Court which could be tomorrow or whenever this debate is over. But I do not believe that they are prepared to tell the people for whom they will file the whole truth of the matter and I will not take them on at this stage.

Mr. D. A. C. SIMMONS: On a point of order, Sir, and this is the benefit of CBC. I made it clear yesterday, Sir, that I intend to file on my own behalf as plaintiff and I will give myself all of the information.

His Hon. T. C. ESTWICK: The point that I am making, Sir, is that in this issue any legal advice given must be carefully given. There is no legal issue as regards the persons who have signed. Honourable Members on the other side have got up and made a song and dance, Sir, about the legality of the option form itself.

Aside.

Mr. SPEAKER: The Honourable Member has spoken already and I have allowed that Member to speak with the greatest of silence in this Chamber. I expect him to allow the other Member to do the same.

His Hon. T. C. ESTWICK: But the point that I am making, Sir, is that no Government can have a contract of employment with a trade union. It does not work that way. I am one who understands a little bit about collective bargaining and I accept its precepts and principles. The former Minister of Labour is frowning his brow. No Government can have a contract of employment with a trade union. The contract of employment is with an individual employee. The Honourable Member for St. Joseph nods in agreement. He understands these things. The contract is with the employee and therefore if the Government wants to have a plebescite, as one Honourable Member has said, it cannot have a plebescite via a trade union but they must do it via each individual employee. That is the law as I understand it. I admit that I may very well be wrong, but I do not believe that I am wrong.

If there is a legal issue at all, it will come from those who have not signed the option form and have opted for their salaries not to be cut. I can agree because some persons have spoken to me and said that when their salary is cut that they will be taking home \$45.00. Some people have said that they will be taking home \$111.00 with a child or two to feed. I do not agree that it is an easy burden to bear. I do not believe that the Minister of Finance or anybody on this side is of the opinion that what has to be done is going to be accepted by all and that we will sleep happily at nights knowing that peoples' salaries are reduced. Far be it from that. We understand the hardship to some that they will have to bear for, as we understand it, some 18 months. The legal question will go towards those persons who have not signed and those persons who have signed will not cut. But I do not believe, Sir, and I am again quite quick to say that I may very well be wrong, I do not believe nor should Barbadians believe that everybody who did not return the option form having signed to cut is going to pursue an action in Court. There could well be many reasons. There could be religious reasons. There could be indifference or people who just do not care. Well, they are going to cut them anyway so therefore ...and things like that.

All I am saying, Sir, is that before anybody gets too excited and runs to people who are telling them come and we will give you free advice and put this matter before the Court, those persons should tell the people the whole truth before they do anything. As I understand it, where there is an action there is a solution or there is a remedy. That is all that I will say for now. They say to me that I am not a judge. But they must understand the particular remedy that they are going to ask the particular person to pursue and at what cost and to whose loss. That is all that I will say for now, Sir.
5.55 p.m.

I accept the fact, and I will repeat it, that it is not an easy burden for this country to bear at this point in time. Only yesterday somebody who is now in the House of

Assembly and who is relatively young asked me: "But what is your position when your generation had nothing to do with the economy and the state of affairs in the country?" I corrected that person and said to him that it cannot be like that, because my generation is the generation which benefited the most in this country. I need not repeat the benefits we have had. The Honourable Member for St. George North spoke just now about the fact that hardship was never really visited upon my generation, and my generation must be prepared to pick up the mantle and run with it hard and fast in this country.

I do not believe that this present situation is one that will destroy Barbados, and I am hurt even more, because like other Honourable Members on this side I am hurt by the fact that these measures have to be taken and taken today. As I said at the very beginning of my speech, Sir, I am hurt because in nine months of my political life I am sitting on a Government side that is looking at the issue of an IMF package to Barbados. That hurts me at the outset, but I am even more hurt when from responsible members of this community – and I will not say that they seek to mislead people, but we all accept that there will be social dislocation and social pain – the sort of emotive language which I am hearing coming through, when at a time like this in this country there is no need for it, while we ought to be banding together to pull this country out, I must question the nationalism of some people. If a situation is bad, there is no need when you know full well that your opposition will worsen it, to what end? Naked, brazen lust for power? If the situation is bad, it is bad, and we as Barbadians must stand together to get us out of it. It is as simple as that.

I hear talk from Honourable Members on the other side about the social cohesion in this country being torn apart. I may well agree with the Honourable Member for St. Joseph who used that wonderful language. He is known for that, but that is not the point.

Mr. SPEAKER: I am not so sure I understand what you have said about the Honourable Member for St. Joseph.

His Honour T. C. ESTWICK: I am saying, Sir, that he uses good language – very complimentary, Sir – flowery language. I will admit that I have often heard the elderly folk in this community speaking about times past when Barbados was like a family, when communities really existed, when people shared things. Barbados will never be the same again. That statement was made and I agree with it, and with every passing year it will never be the same, but I believe that everything happens for a reason and I do not seek to lay blame on anybody's shoulders or at anybody's feet. But the time may well be now when Barbadians will have to accept, as has been said by Honourable Members on the other side, that nobody owes us a living and we must earn our own way – the words of

the Honourable Member for St. Joseph again – out of this crisis. By doing so, that very social cohesion which he is questioning ought to be further impressed and we ought to see more of it.

The whole question about whether or not these measures and policies have a human face or not ought to surface even more, because if we see our neighbour unable to make it, we should help. I know politicians help. I know that. In my short time I have discovered that and I do not think it is necessary for me to speak in terms of what we must do with our manufacturing, our offshore business, our tourism, agriculture and fisheries sectors. That has been dealt with already.

What I have some difficulty with in what was said by Members on the other side is this question of the notion of inevitability. I do not remember who used the term, but in my very speech in this House of Assembly I made reference to the fact that this country has been burdened with a debt repayment schedule the bottom of which had to fall out some time. I never knew anything about any IMF at the time, but from understanding what I was looking at I realised clearly that there would have been a problem, and the problem has fanned out now. This is the difficulty I am having in trying to grasp what was argued on that other side concerning when they went to the IMF in 1982 and now, because I would ask any Honourable Member to tell me what was the debt repayment schedule leading up to 1981 and 1982 and what it is today. I would ask any Honourable Member to tell me what was the trade deficit in 1981-82 and what it is today. The circumstances are different, and at this juncture in our history we are at a much worse position. It is not a question of any particular person's error, because the very debt repayment schedule which I referred to in my very first speech in this House of Assembly started way back, so I find it extremely difficult to understand how Honourable Members on the other side can push the argument that one person, one man, or a set of men ought to lose our heads because of the present predicament. I cannot agree with that, Sir, because quite frankly I do not want to lose my head and I do not deserve to lose my head, not after only nine months.

Now, Sir, I have no difficulty with the fact that a lot of work has to be done. If there is a question of a confidence crisis in this country, that crisis of confidence was not generated by anybody on this side.

Certain remarks made by Mr. D. A. C. SIMMONS were ordered by Mr. SPEAKER to be expunged from the record at this stage.

His Honour T. C. ESTWICK: I was saying, Sir, that if ever there was a crisis of confidence in this country it was not caused by any Honourable Member on this side. No one can indicate the amount of irreparable damage that

was done in this country by Honourable Members on that side raising the spectre of devaluation about this country all last year. This is another point I must raise. The question of capital flight from this country has not been addressed by anybody on that side. Nobody in this country can deny that within the last six months in particular, because of particular mouthings by so called responsible politicians, there has been a massive flight of capital from this country. We lost millions last year and millions the year before that and it has nothing to do with the Democratic Labour Party. It has something to do with persons who believe that their moment in time had arrived and all would have been done to ensure a rise to power of that person, much to the dismay of the Honourable Member for St. Joseph.
6.05 p.m.

Aside.

His Hon. T. C. ESTWICK: Mr. Speaker, in spite of the cross talk...

Mr. SPEAKER: I have not heard any. I am sure I did not.

His Hon. T. C. ESTWICK: ...all right, Sir. I do not believe really that we ought to be seeking to fracture Barbados' birth. I do not believe that we should be seeking to divide Barbados along "D" lines and "B" lines at this time in our history because, at the end of the day, there are about five Honourable Members in this House, should we be in it in the future, who will have to lay the foundation for the take-off in this country for a better future. If my voice matters, if one word that I should say matters that could possibly encourage Honourable Members on the other side who really ought to know better, do let us at least try to get together on issues of national importance and not just try, as I said, to fracture this country further because fracturing it can do us no good.

I hear talk, Sir, about calling people to march and when you hear the voice say "Come", reply "Oh Lord, I come". Earlier today I heard another comment "When I walk through the valley of the shadow of death I will have no fear. I have the BLP with me" – Blasphemy, Sir, unbridled. But this is where we are at.

Mr. H. B. St. JOHN: Sir, on a point of order. For a Member to accuse another Member of a criminal offence is out of order.

Mr. SPEAKER: That is right. I am sure the Honourable Member would want to withdraw that.

His Honour T. C. ESTWICK: Yes, I withdraw it, Sir, but we cannot deny that it is in the record that the Honourable Member for St. Michael South East referred to the Barbados Labour Party as God. It was referred to as God by the Honourable Member for Christ Church West at a public meeting the other night.

Hon. H. deB. FORDE: Mr. Speaker, the Honourable Member is guilty of terminological inexactitude. I cannot characterise that in broad Bajan. I have never described myself as the Lord. There are only two past Honourable Members in this House who have associated themselves as being the Lord. One is now dead and the other has just lost his seat in St. Michael South Central. There are no other Honourable Members known in here as the Lord.

Mr. SPEAKER: I would just suggest to the Honourable Member that since the Honourable Member for Christ Church West has made reference to what you have said, and interpreted its meaning, in his own way, I would prefer the Honourable Member not to go down that road anymore. Continue.

Hon. B. M. TAITT: Mr. Speaker, just before the Honourable Member resumes, just for my guidance, Sir, on a point of order. Earlier today I heard in this Chamber the Honourable Member for St. Michael South East quoting a version of the 23rd Psalm.

Mr. SPEAKER: I will have to interrupt here. I have made the point that I am not entertaining any further discussion on the matter.

Hon. B. M. TAITT: I understand that but I am seeking guidance.

Mr. SPEAKER: I am just saying that I do not need to do it anymore. I have made the ruling to the Honourable Member and I think that ruling holds good for all Honourable Members of the Chamber.

Hon. B. M. TAITT: As Your Honour wishes, Sir.

Mr. SPEAKER: Continue.

His Honour T. C. ESTWICK: Yes, Sir, I will take your advice and avoid God and the devil. I will stay clear of the BLP.

Sir, what we have before us clearly from the pronouncements of the Prime Minister is, in addition to the curtailment of the spending power of the individual, the clear knowledge that with the signing of the agreement with the International Monetary Fund, Barbados gets its feet back into the international money markets as well and moves to introduce programmes for the World Bank and the Inter-American Development Bank.

I will share the concerns of the Honourable Members on the other side because I think it is clearly understood that with the removal of some concessions to the manufacturers as well as an increase in the burden of the consumption tax to those manufacturers, the prices of domestic products could well rise.

Mr. SPEAKER: One minute more.

His Honour T. C. ESTWICK: But I believe the overall principle which I enunciated at the very beginning still holds true. The whole essence of what we have before us is the question of dampening spending by consumers in this economy. I have no doubt, Sir, that once programmes are entered into with the IADB and the World Bank, according to the information available to Members on this side, the manufacturing sector, as well as the other sectors, will see the light of day. I do not believe, Sir, that this is the end of Barbados. I believe we are a more resilient people. We are a more faithful people who are more honourable to our country and to the future of it.

Before I sit, Sir, I would just say to Barbadians that (i) we must have confidence in ourselves; and (ii) we must be imaginative. The very concept on which this party won the election, the concept of economic enfranchisement, one day will be a reality, not with the Barbados Labour Party, but with the Democratic Labour Party.

I thank you, Sir.

Hon. H. deB. FORDE: Mr. Speaker, Sir, during 1990 and 1991 there was a consistent theme on which I spoke both in and out of this House and it was the cynicism which had crept into public life in this country because people could no longer trust the words of their leaders. I regret that I have to revert to that theme this evening in this House. I revert to it, Mr. Speaker, because the issue of credibility was an issue which towered tremendously in the last election. It is an issue which has been raised by the Honourable Member for St. Philip South in this debate, and it is an issue which has been raised by the conduct of the Democratic Labour Party and its leaders over the last couple of weeks and, indeed, over the last six months.

I want first to dispose of the question raised by the Honourable Member for St. Philip South. He has informed this House that at no time was members of the Tom Adams Cabinet aware of the negotiations with the International Monetary Fund. He also informed this House that the document and the Letter of Intent had never been laid in this House. I submit to the House and to the country that the Honourable Member has not told the truth.

An IMF document was laid in this House, Mr. Speaker – I have the document here – by the then Leader of the House, the Honourable Lionel Craig. I have the document here. It was laid in this House by the then Leader of the House, the Honourable Mr. Lionel Craig. It was laid in the House at the request of the then Prime Minister, the Right Honourable Tom Adams and I asked the Clerk to bring it from the Library of the House and I have it here in my hands.

6.15 p.m.

At the beginning of the document, which was approved on August 26, 1982, it is detailed and I read from page 1:

"A foreign mission visited Bridgetown during March 1 – 11, 1982 to discuss an adjustment programme in support of which the authorities would request use of fund resources. Negotiations were completed during a second staff visit in the period July 6 – 16, 1982. The Barbadian representatives included the Prime Minister and Minister of Finance, the Governor of the Central Bank, the Ministers in Cabinet, the Director of Finance and Planning and other senior officials".

Mr. Speaker, this is the document. Not only that, Mr. Speaker, but in the document is the very letter that the Honourable Member purports to be laying in this House for the first time and it is at page 30 of that document as attachment 2.

Hon. B. M. TAITT: On a point of order, Sir, the Honourable Member of which the Honourable Member now speaks is not in his place. My recollection is, the Honourable Member said that they were not privy to the negotiations. The document he is speaking about was laid in 1983. The negotiations were in 1981/82.

Mr. SPEAKER: I am not going to entertain any more of that. The Honourable Member ...

Aside.

Mr. SPEAKER: I need no advice or any kind of help from the Honourable Member for Christ Church South. I think I am very clear as to my position and procedure in this Chamber. It is not a point of order. The Honourable Member has not concluded his presentation, neither has he concluded his statement and therefore I think it is not a point of order to be raised at this time. The Honourable Member may raise it in his speech.

Hon. H. deB. FORDE: Mr. Speaker, Sir, I said that the negotiations ...

Hon. B. M. TAITT: On a point of order, Sir, with the greatest respect, the Honourable Member accused an Honourable Member of lying to the House, Sir, and I submit that if an Honourable Member says of another Member that he is a liar when he is not in his Chair, I submit that is a point of order in relation to the facts which are presented.

Mr. SPEAKER: The Honourable Member did not say those words. Whatever he may have said may be up for anyone's interpretation, but he did not use those words.

Hon. H. deB. FORDE: Mr. Speaker, Sir, I submit to this House that this document makes it absolutely clear that the negotiations in relation to the 1982 IMF Agreement took place in Barbados during July 6 – 16, 1982, not 1981, and subsequently in a period prior to that the Mission had visited Barbados during March 1 – 11, 1982. At all times the then Cabinet Ministers and Cabinet of Barbados sat in at and were party to those negotiations. This is what the document says, Sir. The Barbadian representatives included the Prime Minister and Minister of Finance, the Governor of the Central Bank, the Ministers in Cabinet, the Director of Finance and Planning and other senior officials.

Now, Mr. Speaker, Sir, I said that this is an issue of credibility and cynicism. In January 1991 the then Honourable Member for St. Philip South, speaking at a public meeting, according to my recollection, said that the economy of Barbados today does not have any structural fault. The problem with it, is a cash flow problem.

Now, Sir, we have heard from the Government that structural problems existed in the economy and the Honourable Member for St. Philip South was at pains to point out that these structural problems had been re-occurring and underlying in the economy for all times.

I cite these two instances about the Honourable Member, Sir, to show that we can never rely on words coming from the lips of the Democratic Labour Party and its leaders and I will take it as well, Sir, in relation to the Right Honourable Member for St. Michael South. He was the leader and is still the leader of the Democratic Labour Party. That party in its Manifesto 1991 which has already been made a document of this House, pledged at page 38 that:

"Sensitive to the needs of our countrymen and ready to continue to provide the sound management required the Democratic Labour Party pledges itself to adhere to the policies set out in its MANIFESTO."

A pledge is a very solemn statement in order to make. The foreword to the Manifesto is signed by L. Erskine Sandiford.

On page 8 of the Manifesto, among the pledges and among the policies – 'What can we cut'. The Honourable Member for St. Thomas has read it, but I will have to read it again to this House:

- "1. To cut the largest expenditure items (wages and salaries) is to create more unemployment, and create conditions more conducive to crime and other social ills which will undermine our economic and political stability. It is simply not true that the private sector, in its current state, has the capacity and

the ability to absorb the persons who will be laid off by the Government, if large scale entrenchment is pursued.

2. We cannot cut loan capital repayments.
3. We cannot cut interest payments.
4. If subsidies and transfers are cut, we jeopardise important social services such as HOUSING, HEALTH, EDUCATION, TRANSPORT, HOME HELP SERVICE, and all WELFARE PROGRAMMES.
5. If the capital works programmes are cut many businesses and workers will suffer, and the progress of the country will be seriously retarded.

In 1986 we promised to uplift all Barbadians economically, politically and socially. The record shows that we have kept our word."

I accuse the Prime Minister tonight of not keeping his word in relation to this Manifesto which he paraded up and down the length and breadth of this country as the basis and the bedrock of his future policies with the people of the country. But even if we were so flippant, Mr. Speaker, Sir, as to dismiss this document as merely something that is thrown before the electorate on the political hustings and blandishments for the purpose of gaining a re-election we have to take the Prime Minister seriously when as late as March 23, 1991, at 9:30 a.m. the Right Honourable Prime Minister addressed the Forty-Seventh General Conference of the National Union of Public Workers and this is what he said, Sir, and I really must read it into the records. It is in the speeches from the Prime Minister of "Self Images and Development" at Page 228:
6.25 p.m.

"I would like to take this opportunity to congratulate the union and its leadership on the maturity during the last salaries and wages negotiations. The agreement reached was not one that the Government would have wished because we would have wished that the demands would have been moderated even more. It was not a settlement that the union leadership and rank and file would have wished because they would have expected a higher settlement. It was a settlement which will place considerable strain on the public finances of Barbados, but it is one that we have accepted and it is one which we have honoured and will continue to honour."

It is one which we have honoured and will continue to honour.

The next page, Sir, he goes on...

"I will share with you that I have been advised that the percentage increase on salaries and wages for

April 1, 1991 to 1992 should be re-negotiated with the unions now so that there will be a zero increase in the economic circumstances. I did not even consult with the unions on this suggestion because I know that would be entirely unacceptable. We reached an agreement in good faith and I determined that we will stick to that particular agreement."

We reached an agreement in good faith and I determined that we will speak to that agreement. A little later, Sir, he went on to say:

"I am certainly appealing to you to understand the situation and I am taking you into my confidence. We have no intentions in cutting back on employment at this stage. We have made provision for the Public Service as it has been made over the past years. There is no retrenchment anywhere in the proposed Estimates."

That was in March this year, Sir. This is the same Prime Minister who, in January 1991, two days before the election when I raised in this country the true state of the economy and produced at that time to the Press of Barbados a copy of the Economic Report of the Central Bank, which I say to this House was deliberately held back for electoral purposes, dismissed it and said that he could bring anything. He is not creditable. Another prophet of doom and gloom.

I say to the Prime Minister tonight, if he would have the confidence to come and sit and face me face to face, that his credibility has been destroyed for all times in this country. Nobody believes his word anymore and that is the basis of lack of confidence in Barbados tonight. We have in charge of the Government a man who in March can say one thing and a little later he does another thing. When one talks about the flight of capital, ask the Prime Minister about his words to the Public Service – a vote for this will be a vote to ensure there is no devaluation. As soon as the vote took place, he can give no guarantee about a devaluation. You cannot believe one word that this Prime Minister says whenever he speaks. You cannot believe one word that he says, Sir. That is the sort of man that we are dealing with, Sir. I am not surprised therefore, Sir, that there is total dissatisfaction with the Prime Minister within the Government and the country. That has been mirrored very clearly in here and out of here by statements made by Members in his party, Sir.

Let me take the statement made by the Honourable Member for St. Michael Central leading the joint delegation of trade unions. He said quite clearly that the unions came to a conclusion that the negotiations were done with bad faith. That is a serious indictment to levy at anybody at all. Lack of *bona fides* is a serious indictment Mr. Speaker for anybody to level. But the trade unions have proved it up to

the hilt and that is the underlying problem with which we are confronted. The cynicism that we see in public life is because the word of the leader of this country is not negotiable. If an instrument is not negotiable, it has no commercial backing and viability and it leads to devaluation of the words of politicians, devaluation of the country's word, devaluation of the country's economic standing and it strikes at the very social fabric of Barbados. That is where we are in Barbados tonight. Confidence has gone out of the public system, Sir.

I did not believe, Mr. Speaker, that I would ever in this House hear a measure described with the strong, lurid, and condemnatory language that I have heard from Honourable Members in this House, and with justification. The Honourable Member for Christ Church East Central described the measures before this House as real punishment. It is not the language of Members of this side. It is from that side. He described the measures as killing measures. He described the measures as murderous measures. He said, Sir, that it would have to be a madman to bring these measures in here and feel good about them.

Mr. R. L. MORRIS: Mr. Speaker, on a point of elucidation. First of all, Sir, I made it very clear that no Minister of Finance on this side or on that side except he was a madman would take pleasure in bringing these measures here and I am clear that my leader is no madman. But secondly, Sir, I can speak in the terms about these measures in this Administration because I am sure...

Aside.

Mr. SPEAKER: He was elucidating. I have already made my position clear. People had better open their ears. I am hearing. The Honourable Member said that he rose on a point of elucidation. If the Honourable Member did not want to give way, he should have stood up. That is in the rules of the House. He gave way. So he allowed the Honourable Member to elucidate. There is no time limit.

Mr. R. L. MORRIS: I said elucidation. But I can take a point of order because you were misquoting me but I put a point of elucidation.

Mr. SPEAKER: Order, please.

Mr. R. L. MORRIS: First of all, I did not say that this was any madman. I said only a madman on either side would take pleasure in bringing these measures. But I can speak my mind on this side because this is a democratic party and I have my right on this side to describe the measures as I see fit as I can describe the 1981 or 1982 measures of that side.

Hon. H. deB. FORDE: Mr. Speaker, Sir, I do not know why the Honourable Member is protesting so much. At least he showed that he is a man.

Mr. SPEAKER: The rules provide that a Member can interrupt. That is a legitimate interruption.

Hon. H. deB. FORDE: Mr. Speaker, Sir, the Honourable Member went on in saying that the measures are going to wreak havoc on the people of this country.

Mr. R. L. MORRIS: On a point of order, Sir. I am no prophet and I said that there is a possibility that this can happen as anybody can understand. On a point of order, he is misquoting me, Sir. I never said they would wreak havoc because he and I are not prophets. I am talking about a potential.

Hon. H. deB. FORDE: At least Honourable Members are now prepared to accept that and he said that they or is a "possibility", to use his word, would lead to social dislocation in Barbados, Sir. Let me put it this way, Sir. If Honourable Members seriously believe that the nature of the measures as described by Honourable Members who are speaking in this House and particularly the Honourable Members on the other side if Honourable Members have in their minds that the possible consequences of those measures would be to lead to havoc and social dislocation and bring murderous conditions to the people of Barbados, then Honourable Members are in conscience bound to follow the only logical and moral course that is open to them, Sir. It is for the Honourable Members to call the measures out. If Honourable Members have in their minds that the possible consequences of those measures would be to lead to havoc and social dislocation, and bring murderous conditions to the people of Barbados, then Honourable Members are in conscience bound to follow the only logical and moral course that is open to them, to throw those measures out. That is the only logical, sensible and moral thing to do, Sir.

6.35 p.m.

Aside.

Mr. SPEAKER: There is no exception to my ruling. I will ask some Members to leave. I have already said the rules are very clear.

Hon. H. deB. FORDE: Mr. Speaker, our duty to act in this way becomes even more compelling when we listen to the widespread condemnation of the measures that we have heard. Every Honourable Member on that side who has spoken, even if they have tried to toe the party line on the matter, has got up and confessed a tremendous disquiet in mind about bringing these measures before the House – every one, without exception – and therefore every one without exception had some condemnation of these measures to make. What am I being told, then? Is the House going to vote, well knowing the conditions which will flow, against its conscience? I ask each one of them to

think carefully. At least today I heard one seminal speech coming from a man who has manifested character, the Honourable Member for St. Michael Central.

I said before in this House it takes people of character to show leadership, people who are prepared to put country before self and country before party. I revert to the Prime Minister in this context, because I heard the Prime Minister say in answer to a question, when he was asked what tough measures he was going to implement to deal with the gathering storm – he was asked this by a journalist, whose name I have not got permission to call, Sir, but a well known journalist in Barbados – and he said he was not going to commit political suicide. In fact, in this House I have heard him say that he is not like the Honourable Member for Christ Church South, who was a man with tremendous leadership character and who could understand putting country before party, but not so the Honourable Member for St. Michael South. I say that the Honourable Member for St. Michael South had adequate information before him on a daily basis from the Central Bank and from other sources to have known the true state of Barbados' economy as it developed in 1990.

Once again I go back to the words of the Honourable Member for Christ Church East Central. He said that everybody could have seen what was happening as long ago as 1990 and he praised the Central Bank Reports, which we get after the Honourable Member. The question which this country must ask, and ask seriously, is why did not the Right Honourable Member take steps before. He had the reports before him, he saw the gathering storm, he had the confidence of the people at that time, according to him, he had the authority and he had the responsibility, and he has failed. There is only in political language, in my view, one thing I know for a failing Minister, and that is resignation. This House must demand, and the country should demand, the resignation of the Honourable Member, if his Cabinet colleagues and the other Members in his party are too timid to face up to the conventions which we should understand in public life. It will never be this side of the House to shirk in its duty to say he should resign. The Honourable Member knows that, Sir. But what do they care of conventions?

I do not believe that this country should now accept from its maximum leader, the Right Honourable Member, the position where, as Chairman of the Democratic Labour Party, he is going to have his party issue a statement saying that the 1986 measures were implemented by the then Honourable Member for St. Michael South Central in too rapid a form and that a bullet loan contracted with the Japanese was the action of the former Honourable Member for St. Michael South Central. The Honourable Member sat down in the Cabinet of Barbados, was party to those measures on the Democratic Labour Party side and supported them. When they were implemented in this

Honourable House in July 1986 the Honourable Member got up and said: "Promises made, promises kept." How are you going to continue to devalue public life in this country in that way, by not setting the standards that we expect from persons in your position? Give the leadership that is called for to those Honourable Members on the other side, just as the Honourable Member for St. Michael Central no doubt must have been torn between his party affiliation and his conscience and he took the better course. Public life demands that. It is not only becoming Prime Minister that is important, you must act like a Prime Minister in order to leave your mark in history. That is what is important in this country.

Mr. SPEAKER: Just one minute. Earlier today I made reference to visitors in the Gallery. For those who were not here today, I will repeat that you are only here at the sufferance of us here. You are not part of the debate, your only purpose there is to listen and keep quiet. Should that rule be broken, I shall clear the Gallery. Continue.

Hon. H. deB. FORDE: I say it, Sir, with a very sad heart. The Honourable Member and I have been in this House longer than any other Members. The Honourable Member and I have shared many moments together, but there comes a moment in time in public life, and this is the moment of time you want to know, when you have to tell people the absolute truth. I have never shirked from that duty, Sir, whether it was in the under 40's debate, the independence debate, any debate, I have always been big enough, regardless of whether or not I ever gained office, to say what I know is correct. The Honourable Member, along with other Honourable Members, must therefore accept responsibility for the 1986 measures and their consequences, and he must accept responsibility for some of what has happened in the economy. If he continues to pretend that it had nothing to do with him, he is damaging for all times whatever he might have achieved in public life. I say to him, Sir, there is still time to recant.

None of us can feel happy about the measures that have been brought into this House. I say they were not in the people's wildest contemplation at the time of an election in which the public got the impression, from everything the Democratic Labour Party was saying, that we have never had it so good in this country. They got that distinct impression. They cannot be acceptable to us because they undermine the people's standard of living. They are having a significant effect on the cost of living. Let me give you my rough calculations of what will happen with the diet of a poor person.

6.45 p.m.

A 4 lb. bag of flour will move from \$1.42 to \$1.92; evaporated milk, canned will move from \$1.83 to \$2.47; a package of macaroni from 99¢ to \$1.45; a 10 lb. bag of rice from \$9.70 to \$15.00; fruit juice 19 oz. will move from \$1.80 to \$3.50; a 4 oz. package of Eclipse from 45¢

to 60¢; a 4 oz. package of Sodabix from 48¢ to 65¢; pork – I believe, Sir, it is now something like \$4.00 a pound to \$5.40 and chicken from \$2.80 a pound to \$3.78. That is what we can expect from the measures of the Democratic Labour Party on the standard of living of people.

It is destructive of the emerging middle-class as well, I say to this House, the so-called surcharge of 20% on what the Prime Minister characterised as luxury goods. He does not explain that today a refrigerator, a washing machine and floor tiles are things that you find in the housing areas in his constituency and in mine. They are no longer luxuries, Mr. Prime Minister, I say to you. He has destroyed in one fell swoop the whole basis of manufacturing in this country by his measures. What consideration could have been in the Prime Minister's mind at all when he revokes all of the concessions given under the Customs Tariff Order given to the manufacturers? All the exemptions he revoked in one fell swoop, Sir. What is more, not only has he made the cost of production more expensive for the manufacturer, but he has also made available less money to the housewife who has to buy the manufactured product in the process.

You know, Sir, it is significant that in that Order the Prime Minister exempts Mobil Oil Corporation. When I read the Order I could not think that the Prime Minister would favour in his budgetary measures Mobil Corporation over Acme Manufacturing Co. Ltd., whose Mr. Butcher, an old manufacturer who has been in here for years before manufacturing became acceptable, has had his privileges are withdrawn while those of the big multinational corporations who up to tonight, in my view, are still fleecing the public of Barbados remain as shown by a study which the former Rt. Honourable Prime Minister, the late Errol Barrow commissioned and shows that on the 1985 prices they (the Government) could have saved up to U.S. \$5 million by not renewing that contract with Mobil Oil.

Now, Sir, the measures are also destructive of the Public Service. The Public Service Reduction of Emoluments Bill which is seeking to reduce salaries and wages of workers by 8% is, in my view, the most destructive piece of legislation that I have had the misfortune to witness coming before the House. Sir, one of the reasons why I object to it so strongly is the circumstances under which it has been introduced. We are coming to see a Burnham-styled form of government envelop Barbados. I pray to God that Barbadians would have the commonsense in time to get up and speak out and do not expect only a few of us to have the strength of character to be constantly doing so.

There were no safeguards for the secrecy of the ballot of the vote taken by the public workers of this country. I have never known any proper poll or referendum taken on anything where people had to sign their names. The Prime

Minister must know that in a small community such as Barbados there is always the constant fear of victimisation. The Prime Minister would know that leading members of the Democratic Labour Party were putting pressure on people within departments in order to vote. The Prime Minister knows that. I think he said somewhere he knows of no significant pressure of which he was aware. How could he seriously then get in front of the country and say that 10 000, a majority, voted for the measure? Ten thousand of 25 000 is a majority? By what standard, Sir? What about those who never voted at all? The Prime Minister has bettered the postal voting by which Mr. Burnham won election after election in Guyana. That is what he has done. He should not be surprised if the public servants become disillusioned and productivity falls. We are destroying their morale.

What about the union? The Honourable Member says he accepts the basis of collective bargaining but he goes over the heads of the workers' unions who were negotiating with him in good faith and he runs a private ballot without consultation with them in order to justify, as he says, a programme with the International Monetary Fund in such circumstances. I say, in any event, the Prime Minister has no case for a cut.

This idea of the acceleration of public expenditure driven by wages and salaries is really not well founded, Sir. The Government's expenditure in the decade of 1990 moved from \$394.9 million to \$957.2 million. Its wages bill moved from \$173.1 to \$420.2 million, 44% roughly of the expenditure was taken up in wages. It fluctuates between...

Mr. SPEAKER: I think you had some interruptions in your speech. I have allowed some extra time. You have now ran over that extra time but I will give you an additional two minutes to conclude what you are saying.

Hon. H. deB. FORDE: As you please, Sir. What I am saying is that when you look at the retail price index and when you look at Government's expenditure and wages, you will come to the conclusion, as I have come to the conclusion, that wages in the public sector lag behind those in the private sector and never at any time were disproportionate to the cost of the services being provided.

I said, Sir, there is a reason why the Government is in this position. It is clearly in this position because the Prime Minister, the Minister of Finance, the leader of the Cabinet, failed to take timely action when he had more than timely warning. I remember late in this House, I think it was on the 2nd or 4th August, 1989, after the Honourable Member for St. Peter and the Honourable Member for St. Thomas had before me drawn to the Prime Minister's attention the problem which was occurring in the reserves, they warned him then. He said he had noticed it but it would be something he would be watching. The debate shows that.

We returned to the subject time and time again, no talk of devaluation in those days. In fact, the Prime Minister would recall that I said that I was speaking in low tones in the House and in the bosom of the House because I did not want to send the wrong signals and that there was a danger that unless we did something about it we would face a sector of the IMF with an inevitable devaluation. He would recall that with the responsibility that I carried, this is the very Prime Minister who yet felt that, because of the elections, he was able to go around the country saying that I had been devaluing the system.

I say to you tonight, you still have the spectre of a devaluation hovering over this country by your own actions. And I say to you tonight the only decent thing to do is to resign in keeping with the convention as is followed by outstanding Prime Ministers before. The very history which you as a political scientist have studied, and we have studied together, would teach you that is the proper course of action for you tonight.

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, the reporters have been at it and yourself for a fairly long time. It is 7 o'clock. I beg to move that this sitting be now suspended until 8 p.m. this evening.

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

The question that the sitting be suspended until 8.00 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.
6.55 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Hon. M. A. KING: Mr. Speaker, the Honourable Member for Christ Church West, before the suspension, I think gave us all the impression that he certainly revisiting the political campaign leading up to the last General Elections. I got the impression, as the Honourable Member spoke, that he thought he had a score to settle on the question of this IMF issue. Remember the issue of the IMF documentation with which the Right Honourable Member for St. Michael South sought to lay him to rest before election time and it seems to me as if the Honourable Member for Christ Church West thought that he saw the opportunity to recover some ground on this occasion and that he would try to lay the Honourable Member for St. Michael South to rest. But when all the heat and fury is taken out of the speech of the Honourable Member for Christ Church West, the fact of the matter is that we are looking at the legislative proposals of the packages of legislation which have come before us against the background where the economic situation of the country is

quite critical and where clearly action needs to be taken to deal with the matter.

The Honourable Member for Christ Church West talks about the Prime Minister's credibility being destroyed for all time. That is a matter of political judgment which, in the final analysis, the people of this country have to make. What the Honourable Member for Christ Church West should, of course, remember is that certainly the evidence in relation to all these issues has been available to everyone. He can't say that he was not aware of what the economic situation of the country was, leading up to elections. If we take the word of the Honourable Member for Christ Church West at face value, he had access to all the economic information coming out of the Central Bank. He had access, so he said, to IMF documentation on the matter and perhaps in those times he was suffering from a problem of credibility with the people of Barbados. The fact of the matter is, the country has certain structural chronic problems with the economy which we have to address and all the shouting that we do on the issue is not going to address the matter unless specific action is taken in relation to the issues which confront us.

The Prime Minister in his opening statement has made the point that certainly between 1982 and 1985 the country had contracted a number of major loans totalling some US\$369.8 million which was largely used for balance of payments support and for other matters. Between 1986 and 1989 the country contracted some \$547 million in loans. In 1990, \$104 million, in 1991, as far as I am aware, no loans have been borrowed by the country. So that the country's foreign debt, according to the evidence, as indicated by the Prime Minister in 1986 stood at \$1,063 million and by 1991, \$1,079 million.

The point I am making is that between 1986 and 1991 the foreign debt of the country was more or less substantially the same. So that clearly, in relation to the foreign debt, Mr. Speaker, what has been happening between 1982 and 1990 is that loans which have been contracted on the capital markets have been used largely for rolling over debt. The foreign debt profile has not substantially changed. Anyhow I am not going to dwell on that.

The point I am making, Mr. Speaker, is that the country, over the years, has been borrowing and borrowing substantial foreign debt which has to be repaid over the years. I think it is admitted on all sides, no one questions this, that there has been substantial under-performance by those sectors of the economy which earn foreign exchange and this is repeated *ad nauseam* time and time again. The agricultural sector, the manufacturing sector, tourism all of these sectors which are the foreign exchange earners of the country have been under-performing. I am just giving the background against which these proposals have come before the House.

Now the Minister of Finance has indicated to this House and to the Country that there is a loan repayment due on October 4 – approximately US\$50 million – and the Minister has made the point that the foreign exchange is just not there and available to repay that loan which is due.

Now, as a matter of political judgment, the Minister of Finance has approached the International Monetary Fund for a programme to deal with the financial problems of the country. Now, we hear so much talk about the IMF and I think all of us are aware by now that the International Monetary Fund as an institution is an institution of the capitalist world. Its philosophical orientation, Mr. Speaker, is dominated by that of the major western democracies which have a heavy capitalist bent and they reflect the capitalist philosophy.

Now for a country like ours the programmes of the Fund must be by their very nature very unpopular and unpalatable because our development, traditionally, down through the years has been based on a mixed economy. For a Democratic Labour Party Government like ours which has a very strong socialist orientation, the programmes of the Fund must be particularly unpalatable. I talk about the strong socialist bias of the Democratic Labour Party's philosophy and I do not need to dwell on this because we do not have time to dwell on it at length. But one only needs to recount, for instance, a variety of socialist measures like modernizing the trade union legislation of our country, providing for severance payments legislation, sugar workers minimum wage and guaranteed employment, the whole education process of the country which has been so organised by the Democratic Labour Party Administrations, and persons at all levels throughout the society have access to education from primary education certainly up to university education.

8.10 p.m.

What one has to look at as well is that in this country the infrastructure is in extremely good shape. Certainly throughout the past five years you would have seen the massive amount of work which was done in keeping the road system in good repair, the work which was done certainly on restoring school buildings and Public Service buildings in making those buildings as far as possible within the limits of what the country could afford, fit for use by the Public Service of this country.

We have always recognised the point that the resources of the country are limited and that there can only be a limit to the quantity of work that Government can do where it calls for the expenditure of money. From time to time in this House, certainly in the course of this debate, Members on both sides have made statements about the pressures on the public and what politicians can cause Governments to do. I do not think that one would need to cast one's mind too far back to remember the pressures which were certainly put on the Minister of Legal Affairs

in relation to police buildings when we were doing our best to ensure that police buildings were restored to a condition which was fit for policemen to use. I was continually making the point that we have to do what we can do within the limits the country can afford. Certainly, with the political influence which was brought to bear in certain areas of the Force to encourage them to keep pillorying the Government to get these done all overnight, and saying how the Minister of Legal Affairs was not telling them anything new in relation to public buildings, when you told the policemen: "Look we have done the centre for the band". They did not want to hear about that because they wanted more things and more things.

I am saying that there has been a psyche developing in the country fuelled by political elements throughout the length and breadth of the country which demands our Governments to spend more than Governments can afford. People who dare to stand up to put the truth become pilloried for doing so.

Now I spoke of IMF measures being unpalatable particularly for countries which follow a democratic socialist tradition and which have a bias towards providing services for the community as far as education, health and the lot. Now my understanding of the present programme which the country is being asked to accept is that the IMF position is – I am going to be very straightforward on this – that you cut wages by 8 per cent. Honourable Members over there say that they do not believe the Prime Minister when he says this, but I do not know how they can say that. My understanding of the IMF position is that you have to cut wages by 8 per cent or you have to do a devaluation of your dollar or you do not have an IMF programme. It seems to me from all that I have been able to gather in discussing the matter and trying to understand what is happening is that, as far as the IMF is concerned, a wage cut of at least 8 per cent is critical and, in fact, is a *sine qua non* without which you do not have it. It is a *sine qua non* for a programme with the Fund. You must have a wage cut or devalue.

Now Honourable Members on the other side have made the point and the Honourable Member for Christ Church West has said that everyone without exception has some condemnation of the proposals which are before this Honourable House. Obviously, all of us have problems with the proposals, but the position as far as all of us on this side are concerned is that a wage cut of 8 per cent is far less disastrous to this country than the kind of devaluation which has been contemplated by the IMF. So that if I am putting the situation where the option available to me is to have your wages cut by 8 per cent or undergo a devaluation – we have not heard the figure, but if we take the words of the Prime Minister it was to be a fairly steep devaluation, let us say for argument sake in the range of 30 per cent – you do a wage cut or devaluation or you do not have a programme with us, then what is the other

alternative? What is the position in relation to those loans which have been contracted and have to be paid? What is the position in relation to meeting the country's commitments for foreign exchange?

I was speaking to an economic politician or political economist, call him what you like, and that person said to me that you should not have an IMF programme. You should tell the IMF to go to you know where and do not have a programme. So I asked, "What do you do as far as the country's commitments in relation to paying loans is concerned?" The response was, "Well, default on the loans." I asked him: "Is that a credible option for our country to do?" So he said that you cannot pay the loans anyhow so default.

If the position which is being articulated is that rather than cut by 8 per cent or devalue, you should allow your country to default in the repayment of a debt, Mr. Speaker, I say this is not a reasonable alternative because your country from thereon if you do that, has no credibility whatsoever and has no likelihood of raising loans on the international capital markets. In my judgment, the country would be seriously prejudiced forever hereafter.

As I said, if these alternatives are put in that way and certainly, as I understand it, that is the position which we have to deal with – I know that I am not an economist, I am a lawyer – but if that is the position with which I am faced, I am saying that my preference would clearly be to accept a wage cut.

Now the point has been made from time to time that the IMF programmes have tended to necessitate some countries breaching their laws. How does one deal with that? You either accept the programme or you create greater hardships for your people by devaluing or by not meeting your obligations on the international monetary markets and therefore creating all kinds of problems certainly for yourselves and succeeding generations down the line.

The Honourable Member for Christ Church West and other Members of the Opposition have referred to this very important document, the Manifesto of the Democratic Labour Party 1991, on the issue of Industrial Relations Programmes and have referred to the comment made in this manifesto that the DLP does not intend to permit a situation to occur in Barbados in which employers can unscrupulously take harsh unilateral decisions which put workers at a disadvantage and insist that the latter endure the situation through fear and instability the emphasis being "unscrupulously take harsh unilateral decisions which put workers at a disadvantage."

8.20 p.m.

My understanding of the arguments in these areas is that certainly the 8% cut is not an action, an 8% cut when

looked at in the context of a devaluation, or in the context of allowing the country to default in its loans, is not a situation which puts workers at a disadvantage. In fact, for me it is the least unpalatable of the actions to be taken and is the one which will ensure that steps are taken to preserve the integrity of the purchasing power of the workers.

In the course of the debate the point has been taken, and has been correctly taken, that any IMF programme by itself is not a cure-all for all the ills of the country. I think it was the Honourable Member for the City who said that the impression was being generated out there that the IMF programme and the wage cuts which were to follow, or the devaluation, would turn around the economy, and she made the point that that was not true. That I agree with entirely. An IMF programme by itself is not going to address the critical problems of the country. It deals with a short-term issue, but clearly if the problems of the country have to be turned around, the issues of manufacturing, agriculture, tourism and the financial services – the major earners of foreign exchange for the country – have to be seriously addressed, and those who produce in those areas clearly have to be on the ball and have to get those sectoral interests going effectively again.

The mission of Government has to be that of a facilitator in this regard. Honourable Members on the other side have made the point that the proposals which are before us will hurt the manufacturing sector quite drastically. The point has been made again that as far as IMF programmes are concerned, especially in a situation where you do not have too many options, the IMF is usually in a position to dictate to you what has to be done and what need not be done if you want an IMF programme. In this area, the IMF is one of those institutions which is concerned as far as possible with ensuring that all concessions are removed from business and industry, ensuring that all trade barriers are lifted and that free trade prevails as far as possible. That is the IMF mindset and that is the problem which countries who wish to have IMF programmes have to deal with.

It is going to be important, I suggest, and I do not think that manufacturers should get unduly hot under the collar about these things. One understands the anger which is felt when concessions are taken away, but I am going to suggest that these are areas where, with appropriate consultation, dialogue and discussion, these issues can be addressed and that if the manufacturers have a genuine problem on areas like these, this Government will be receptive to hearing the problems which exist through a process of consultation, through a process of dialogue and try and set things right in the final analysis. This Government is not in the business of trying to pressurise anybody, or to victimise any section of the community. Whether it be agriculture, manufacturing, tourism or financial services, our business is to ensure that all of these sectors of the economy as far as possible function as

effectively and efficiently as they possibly can with a view to earning the foreign exchange which is necessary to put this country back on its footing.

I urge the manufacturers to be reasonable, to engage in dialogue and consultation. All the talk about picking up and moving next door to some country, whether to our neighbours in the Caribbean or elsewhere, is melodramatic talk, which might be talk generated in the heat of the moment, but I am saying to the manufacturers that that is not the kind of attitude which needs to prevail in our country at a time of crisis. Rather than talk in those terms, one should seek to open the avenues of communication to have dialogue and consultation with Government, with a view to addressing any genuine problems which exist. I have made the point that clearly foreign exchange earnings for the country are going to be terribly important, and the Government has to take the necessary steps to ensure that anything it needs to do is done with a view to addressing that problem.

Since these measures have been under consideration, what the Foreign Ministry has done, with the approval of Cabinet, is to set up what we have called a foreign exchange co-ordinating committee, which is a committee consisting of those Ministers who are in the major foreign exchange earning areas, comprising the Ministers of Tourism, of Agriculture, of Trade, Industry and Commerce, the Central Bank, and so forth.

Aside.

Hon. M. A. KING: I am saying, Mr. Speaker, we have set up this co-ordinating committee where the Ministers involved in the foreign exchange earning sectors will seek to co-ordinate the efforts of Government much more effectively. As part of that process, we have agreed on certain positive steps which we can take. We recognise that certain areas in the overseas Missions, for instance, need to be rationalised. We have provided, for instance, that certain Foreign Service positions in some of the Missions abroad be converted into positions which will be involved, rather than being solely involved in diplomatic work, in the promotion of Barbados' financial and economic interests abroad. By converting a number of positions, which were purely foreign service positions, into economic activity areas, with the right people involved, because one of the critical dimensions of the programme is that you are going to have the right persons with the right perspectives in place to address the problems of the country. By having the right persons in positions, you can more effectively address this.

As part of the programme, we have thought that it was necessary to have consultations with private sector interests in Barbados with a view to ensuring that any co-

ordination of activities in those areas is as effective as possible.

8.30 p.m.

What we plan to do is to ensure that an ongoing process of consultation is available so that at the level of private sector and Government we can address any problems which are a hindrance to the effective promotion of the interest of Barbados in the earning of foreign exchange and as efficiently and effectively as possible, and as quickly as possible try to address those issues.

I am making an appeal, Mr. Speaker, to all those areas which are involved in the foreign exchange earning programmes of this country not to get uptight about the proposals which have come before us. These proposals should be regarded and treated as being necessary in the present circumstances. But the door for dialogue and consultation is wide open. This Government is committed to ensuring that the greatest possible resolution of any issues which would inhibit foreign exchange earnings is effectively dealt with. Against that background, Mr. Speaker, I think one can understand quite clearly the concerns which all Honourable Members on this side have about the draconian nature of the proposals which are before us.

The Prime Minister has said himself that he recognises that these are harsh measures. They are harsh measures and we accept that. But I am saying that if we understand the background against which we are dealing with these issues, we also have to understand the nature of the problem that we are dealing with and recognise that we also have to take cooperative and collaborative action to deal with these very difficult and intractable problems which beset the Barbados economy.

Mr. SPEAKER: One minute more.

Hon. M. A. KING: There will be adjustments needed. I believe Honourable Members on the other side who have spoken critically of this Bill have recognised the fact that in the Public Service itself there is a need for rationalisation.

In closing, Mr. Speaker, I just refer to one comment by the Honourable Member for St. Joseph. For instance, when he was talking about some of the problems of the proposed 8% reduction in wages he made the point that there should have been more selectivity brought in the package, that the man at the top can more easily bear the 8% cut than the man at the bottom. That is saying in essence that we recognise that the 8% cut is needed but what you have done is that you have spread that 8% cut disproportionately and that, perhaps, you could cut 8% at the top or more than 8% at the top and perhaps spare the

people at the bottom. Also the Honourable Member for St. Michael South East could see the wisdom of trimming the Public Service.

Mr. Speaker, there is an admission, let us face it, that something needs to be done. But for purely political purposes, I would say, we are going to take some intractable and intransigent positions and try to cast blame left, right and centre. The time calls for cooperation, collaboration and for us to try to minimise the politicking in an area which is so important to the further development and the growth of this country.

Hon. W. O. FRANKLIN: Mr. Speaker, Sir, I am sure, and I take the liberty for one of the first times in my life in politics to speak for both sides of the House to say that there can be nobody of goodwill that would cherish having to debate this topic in Parliament today. I take my point of departure to say that these are not good times. Before I get into it, someone said that the economy is like a human person and this is true. Sometimes you might go down the road, you knock your knee and you do not even notice that you have knocked your knee. Some two or three years after you start to get the effect of it. You start to think but the important thing is that during that two-year period it has been getting worse and worse and it is only after the pain reaches a stage that you realise you have a problem.

It is unfortunate, Mr. Speaker, that the Prime Minister of the day is at that point where the pains are now crying out that we have a problem. But it is my contention that the damage had been done years ago and it just kept getting worse and worse and you are at the point now where you have to take the medication. On one or two occasions I have said that if you go to a doctor and the doctor ordered three tablets for you three times a day, there is no point taking one tablet four times a day because it is useless. In other words, the medicine ordered must be taken in the correct dosage in order to bring about the remedy and the effects you need.

I take no pleasure, Mr. Speaker, in having to debate this matter because all of us have agreed that the medicine is bitter medicine. But, as I have said earlier on, the medicine has to be taken now in order for us to be restored to good health tomorrow to continue to enjoy that quality of life that we have all grown accustomed to.

In an earlier discussion in another place I have made these remarks that Barbados has been good to all of us for many years and if at this juncture of time Barbados has asked us for a short while to be good to Barbados, I would like to see the man or the woman who, in the interest of this country that is his or hers, of which he or she is a citizen, that would not come to the assistance of Barbados.

Mr. Speaker, there have been a lot of discussions about how we got here, the causes and quite obviously, the

Opposition's job and part of their thesis was to come to the conclusion and marshal their attacks to make one believe that the present Minister of Finance and Prime Minister is incompetent, he has no credibility and that the only solution is that he should resign.

I have said before that we are fortunate in Barbados in many ways. One of the ways that we are fortunate is that we have a beautiful, free and fair electoral system. I am glad that I am a member of a party that makes sure that system works. The people of Barbados only quite recently, in a free and fair electoral system, opted and cast their votes of confidence in the Prime Minister of the day to give him a mandate in his own right to lead it for the next five years or whatever time he chooses.

I regret the faint suggestion, although the words are being put, "any legal means" available to pull down the Government. They have been creeping into some of the speeches of the members of the Opposition which have taken us back to pre-election time where, once again, we are dividing this society right down the line. The Galleries have been packed, the atmosphere has been charged, supporters of the other side seem to feel that they are on the hunt, they smell blood and they are moving in for the kill.

Aside.

Hon. W. O. FRANKLIN: All of us feel pain. As I have said already, if you take the correct medicine, the pain would go away. Whatever the position is, Mr. Speaker, I am not going to get into a debate at this time on how we got there. The people of Barbados would have the opportunity at the appropriate time to exercise their constitutional right once again. When that time comes, the Democratic Labour Party will put their case once again and I am positive the people will vote their confidence in the Democratic Labour Party. So, whatever the point is, we are at the point of time in the history of Barbados, where, Mr. Speaker, we need to take some action.

8.40 p.m.

The situation, Mr. Speaker, is that the Barbados economy spins around two sides. It is the private sector and the public sector. The public sector, Mr. Speaker, has come in for a relatively rough ride on this occasion specifically because the IMF – one of the problems they see in the Barbados economy is an imbalance in the public sector wages against the public sector revenue. Therefore, if that is one of the problems identified the only way that problem could be corrected is to take the necessary remedy and we have opted to take it by way of an 8 per cent reduction in wages across the board, and some retrenchment.

Let me spend some time, Mr. Speaker, on the topic that of necessity I have to spend some time on and to reassure my colleagues from the Trade Union Movement,

that the Democratic Labour Party has always and will always be a champion and a friend to the trade unions. These are not normal times, Mr. Speaker, and one of the faults that has been laid at the democratic process is that the democratic process has been a slow process, since you go through the consultative arrangement and it takes time by the democratic process.

As I said earlier, because these are not normal times, and time is not within our hand, the Prime Minister demonstrated his sense of commitment to the people and the social partners by taking them and starting the consultative process but as I earlier said, time was not with us on this occasion. Therefore, unfortunately, because the consultative process takes time, the Prime Minister, had of necessity, very much against his wishes, to move on from that stage to take what he thought was the next best move. Now what did he think was the next best move? He could have, as we are doing here, Mr. Speaker, come to this Parliament and put before this Parliament the same Bill for the reduction of wages of public servants without any consultative arrangement with the public servants. He could have done it. All they would have to do, those who are going to vote against it now would vote against it in the same way and those who were going to vote for it because of the circumstances would vote for it. But he took the next best step available to him in the time limit which was against him and that was to go direct to the people themselves and say, look we have unfortunately an impasse and therefore I need to be guided and the next process was taken.

I have heard the term marginalising of the trade union movement used and it was not used lightly because one has to be careful that one of the institutions in this country that the Democratic Labour Party worked so hard to assist and build is not damaged beyond the limit where it cannot function. I will have a few things to say just now about the private sector. I just want to give the colleague that assurance that as the Minister of Labour in this administration, and a Member of this Cabinet, I know the problems and the agony that we have gone through in having to bypass the normal consultative arrangements and go direct to the people, but as I said the contract is between Government and the person.

The public sector have had their fair share and for the private sector now. Sir. The private sector have been saying they don't know the package, so they don't know what they can do. Let me start with the private sector right away. The Honourable Member for Christ Church West just read out a list of supposed increases in prices of food in this country and all of those items I know there has only been an increase of 3 per cent *ad valorem* tax. It was not the ones in the 20 per cent that he called. He called milk, macaroni and some other things.

Mr. Speaker I have not yet had the opportunity to go into it and analyse it myself, but let me go on record as saying here that the consumer affairs section of my Ministry has gone on red alert and we are going to make sure that no unscrupulous persons distributing in this country take advantage of this opportunity unnecessarily to inflate beyond reason increases necessitated by any reduction or removal of controls on food prices in this country. I want them to know this, and within the next two weeks we are going to be launching a programme on television and radio from the consumer affairs section in which we are going to be notifying the public of this country of every food item that comes in here, what is its landed cost so that when they go into the supermarket they are able to see the markup put on by the people in the Supermarket and make their own decision whether or not it is a reasonable markup and therefore to exercise their own monitoring system. So I want to put them on notice and if the private sector want to know how they can assist, the first way they can assist is to make sure that increases in prices of food items in this country, if there have to be increases, are increases that do not take advantage of the situation to further increase the markup in profits of the distributors of this country.

Also, Mr. Speaker, they can assist in the quality of the goods that they are offering to the people. One other way that they can assist is with the local people who are making the local jams and cakes etc., not to put the produce in some place where the people cannot see it while putting the jams that come from other places right in the eyesight of the shoppers so they can see them when they pass. Also do not take advantage but try wherever possible to assist the people who are producing their vegetables and whatever to have an outlet.

Let me tell them as well that they have something else coming if they think they are going to be bringing any vegetables or anything from extra-regional sources into this country. I put them on warning. If they expect they are going to bring any vegetables from extra-regional sources in this country, any heart of palm, or asparagus or anything else they have something else coming, so let me put them on notice.

Mr. Speaker, as well, let me talk too to the private sector. The Honourable Member for St. Michael Central has made a valuable point that the banks in this country, at this time, as their part of the social contract should set about refinancing the loans of all of those people who now have a difficulty with them. All it would need is a refinancing and their extending the repayment period to assist those persons and therefore to make sure that they do not lose what they work for – their cars or their houses. The mortgage companies in this country, particularly the Barbados Mortgage Finance Corporation, the BNB Trust,

all of them have a responsibility as part of their play in this overall scenario to refinance these loans to allow the people to hold on to what they own for a little while.

As well, Mr. Speaker, if the private sector wants to know what they can do, they can discourage a lot of the people who are now registering holding companies and putting all of their assets into the holding companies so that when the trade unions go to negotiate with the operative companies they are telling the trade unions to look at the balance sheets, that they do not have any money. The private sector can as well discourage the people in this country who are working for \$350 000 a year etc. from putting their salaries in a holding company and only paying company tax. I have already drawn it to the attention of the Minister of Finance that it must stop and if they have a conscience in the private sector, let them look at that.

8.50 p.m.

As well, Mr. Speaker, now that you have a surplus of labour in the pool, I would like to believe that employers do not take advantage of this surplus of labour because of the laying off in the public sector and do not take advantage by putting unnecessary pressure on the persons in the private sector because there is an excess pool out there. Do not take advantage of the opportunity to lay off more persons than is necessary, if it is necessary to lay off persons.

If they have a social conscience, Mr. Speaker, there is a part which they can play. Over the next 18 months those who have retained earnings can use some of it to hold on to the employees that have been working for them. A just profit, to those who have been writing super profits, as part of their commitment to their workers in Barbados for the next 18 months. Accept a smaller profit in order to keep people involved as well as tell their shareholders that your contribution to Barbados is to receive a smaller dividend over the next two years because we want to retain our workers.

We have always been talking about productivity and that the only way that we are going to move Barbados forward is by higher productivity in the work place. Mr. Speaker, this is true. But productivity has always been seen as a management responsibility. We must admit that the private sector in Barbados because of the way it has passed from family to family is not necessarily the best place to find the best management. Some of them make profits, Mr. Speaker by mistake not by any good management. Some of them buy at ten cents and sell at forty cents. You do not have to be any genius to buy at ten cents and sell at forty cents to make a profit. You do not have to be a manager. That is why they are in the distributive trade and do not get involved in manufacturing because if they get involved in manufacturing they have to do a time and motion study, they have to do a plant lay-out, they have to do inventory control, they have to do inventory pricing, stocking, and

sales. In other words; they have to work. So they are not going to get involved in that.

I have said before that the problem in Barbados in the private sector as far as productivity is concerned is that there is too much suspicion between workers and owners of capital. The workers in the private sector are always of the view that the owners of capital are only safeguarding their capital and making sure that they get a handsome return. But they see labour as something that they can buy and they should buy it at the cheapest opportunity to maximize profit. That has always caused suspicion between workers and management mostly in the private sector. In some of those companies who do profit-sharing productivity is a lot higher. I said on one occasion that I would like to see an experiment in Barbados. Every year companies have their annual general meeting in which they report to their shareholders. They have capital so prioritized that they have to give an account to the people who provide the capital. Why can they not for a change have a meeting or report to their workers that are working by their sweat and blood to provide that profit for the capital? If a company in Barbados that has good practice called a meeting with their workers and explained to their workers their balance sheet, Mr. Speaker, nobody can convince me showing that it is necessary to put "X" dollars to retained earnings, so that if next week or next year they do not make any money they can still carry on and keep going and that it is necessary to put "X" dollars towards depreciation, but that the man who is driving the truck will realise that the depreciation goes in the fund and he would know that when his truck gets too old the company can buy a new truck. You would be able to say: "Look, we are using the peoples' capital." If they had put it in the bank, they would get 10 per cent and therefore we have to give them 11 per cent.

If that type of exercise is carried on, the worker would be satisfied that he has got an explanation and he is part of the company. Therefore, he would be working in that company. But what if he feels that in that company they are going to have a management company in which they are going to palm off \$1 million or \$2 million to the management company like a professional firm in Barbados that has just declared a profit of \$1 million and, as far as the income tax is concerned, \$750,000 out of that \$1 million has gone towards management fees to a management company. These are the companies that are afraid to come to the workers because no worker is going to be satisfied for you to be palming off three-quarters of a million dollars to any management company. When you check the management company, it happens to be two or three people.

What I am saying, Mr. Speaker, is that the industrial climate in Barbados has to move to that higher plain where, if we are doing structural adjustments let us do the structural adjustments where there is far more participation

by worker and remove that suspicion that exists out there. If that suspicion is removed, you would get productivity. Mr. Speaker, there is very little movement of workers in Japan. Ninety-nine per cent of the time the person who start work at a job in Japan finishes his life's work at that company. Ninety-nine per cent of the time that he is due four weeks leave, he takes two and gives back the company two but in return that company is going to take care of that person because he is a member of that company. Therefore, there is a relationship between management and worker and capital and labour that harmonizes to produce an atmosphere that can only bring higher productivity as an end result.

If the private sector wants to know how they can help, these are some of the ways that the private sector can help, Mr. Speaker. The private sector, as has always been said, is the sector who generates the foreign exchange. These are the ones who are responsible and, as my colleague said earlier, this is not an unreasonable Government. No Government, I believe, would be so naive as to more or less cut off your nose and spoil your face. If there is a problem in manufacturing at the moment, the way to do it is to identify the problem and sit down and discuss the problem and find the solution. As my colleague has said, we have formed a committee to deal with that.

My final appeal, Mr. Speaker, to all of us is by saying that these are troubled times but collectively we in Barbados can solve that. The signals have to go out from the leaders of the people that now is the time because, as someone has said, there is no time for spitting in the soup, all of us have got to drink the soup. I will only tell them – do not spit in the soup now, Mr. Speaker. All of us have to drink it. Let us join hands together and let us ride out this crisis so that tomorrow Barbados will be a better place for our children and our children's children. Thank you.

Hon. B. M. TAITT: Mr. Speaker, Sir, I believe that wonderful last sentence by my colleague who has just sat down is a good framework within which to begin my contribution to this debate.

Mr. Speaker, I should like to start my debate first of all by offering a tribute and thanks to the large number of Public Officers in this country who have responded in a magnificent way to a situation which for them must have been traumatic and which has created much difficulty. They are now visited with additional measures which will bring even greater difficulty for them. I think that it is appropriate as I stand up in this Honourable Chamber that I should offer my thanks and appreciation to them generally but more particularly, Sir, to those Public Officers who work in the Ministry for which I have the honour to be responsible because the response from that Ministry was in my humble estimation overwhelming. The reason why I wish to begin that way is this. The Honourable Leader of the Opposition and other Members

on the other side have suggested that the "vote" by the public officers was coerced, and they have said that Ministers went around coercing staff, and since mine was the only name that appeared in the newspaper, indicating very clearly that I did speak with my staff, I want to establish that I did go and I talked to every single member of the wide Ministry of Health that I could. Mr. Speaker, I felt it was my public duty, as the administrative and political head of the Ministry of Health, to explain. I felt it was my bounden duty to go and discuss with them what the situation was, as I perceived it, and what I anticipated would result. That was based on my conviction that a devaluation of the Barbados currency would bring a measure of suffering to the people of this country that was unthinkable and that could not come into the contemplation of most people, but more particularly, as I said to them, I could not envision myself presiding over a Ministry of Health which would suffer from the results of a devaluation, where they would not know whether in the District Hospital there were enough pampers, whether in the General Hospital there would be sufficient sutures, to take only the simple things, and I thought that I had a duty to go and have a discussion with them.

9.00 p.m.

I am pleased to say this, Sir, and I challenge any person living and breathing today to indicate that anything I said to them could be even remotely considered as coercion. I challenge anyone in or out of the Ministry, to follow the example of one dear soul who brought a tape recorder in and recorded every single word I said – that is how, apparently, the Advocate had perfect quotes the next day – for be that as it may, I felt that there was nothing which could be even remotely considered as coercion.

Aside.

Hon. B. M. TAITT: Sir, as I said then, and I say now, there is nothing I ever say behind anybody's back that I cannot say in front of their face, except possibly the Honourable Member for the City. I have said things about her which I would not say to her face, because I would be embarrassed.

Mr. Speaker, as I said, I am grateful to the Public Officers. In particular, I make reference to the nurses. They were beneficiaries of the regrading exercise, but there are many people who have attacked the regrading exercise and have said that the people at the top were the beneficiaries. I wish to say that the nurses in Barbados are not at the top, and if there was somebody who required and really was deserving of a regrading it would have to be the nurses in Barbados. I stand ready, while I have responsibility for the Ministry of Health, and well beyond that, to defend the nurses and the other members of the medical fraternity in the delivery of health care, notwithstanding the odd idiosyncrasy of the doctors in this community. I stand ready to defend the necessity to pay our nurses, especially,

a decent salary. Barbados is the only country in the western hemisphere at the moment that can boast that it does not have the acute shortage of nurses which can be found in all the western hemisphere countries. I say that without fear of contradiction, Sir. When I became Minister of Health we had 435 nursing positions in the Queen Elizabeth Hospital. Today the figure is 687 and I am proud of that. That came about because of a methodology which we applied, which time does not permit me to go into now.

I want to say something, however, about the option form. Much has been spoken about it, but even my colleagues, who have spoken so brilliantly representing their first love and their first commitment to workers and the Unions, will tell Your Honour and this Honourable House that with or without the agreement of the Unions the option form would have to be absolutely necessary in this system which we have, from a legal point of view. I am disappointed that the Leader of the Opposition and other Honourable Members, who attacked the option form and described it in a manner that suggested a plebescite and all other kinds of strange language commensurate with a referendum, failed to take the very fundamental legal point that, even if agreement had been reached with the Unions, there would have had to be a specific option exercised by each particular Public Officer so as to reduce the salaries and wages, whether in the present form or by bonds. How come, in this country where there are so many legal luminaries, no one has taken that point? It is very simple.

I will explain it, Sir. The Constitution of Barbados, as has been demonstrated in the case Sooknanan in Trinidad and Tobago – the case which everybody knows, which is quoted and which is the one which will lead some people to go to court, as they say, including the Honourable Member for St. Thomas who is not now in his chair – that case confirmed that money is property, and the Constitutions of the Caribbean in the way they are written indicate that property cannot be confiscated, that is, taken away by the State without due compensation. What constitutes due compensation is determined by the courts, if necessary. Therefore, any taking of any money of any individual would need to have been approved by that individual, according to the option form. The point is that the option form would therefore have to have the name of the individual, otherwise there could be no record that that individual had opted. Why are you laughing? If you do not understand.... Sir, one of the problems is that not everybody who practises law understands law. But you must not laugh like a hyena when we are discussing serious matters.

Aside.

Hon. B. M. TAITT: The only reason why I cannot practise is because I choose not to practise, and there are some of you who ought to be glad that I choose not to practise. The fact is, Sir, I find this unacceptable in a

community that considers itself an intellectual haven. You could not, Sir, unless there was a name. The name had to be seen so the record would show that the particular individual who had opted had agreed. In the event that it will be necessary for a case to be determined, you would need the record so there is only one way it can be done and that is the way it was done. I hope that will lay to rest the concept that somehow the Government acted in some illegal manner in asking persons to put their names down. They have allowed the pseudo-legal persons to put abroad information that is false and invalid in regard to the option form....

9.10 p.m.

Hon. H. deB. FORDE: Sir, I would be grateful if the Honourable Member could give way on a point of explanation. The Honourable Member is claiming that the reason why the option form had to have a name is that the name, in future, on that option form, would provide ready evidence as to whether the person opted or not. The Honourable Member would be aware that documentary evidence is not the only form of evidence.

The Honourable Member implied or expressed in his statement also that the second thing he was saying is that, because of the Constitution, money is property and if you take it away without consent in those circumstances you are in breach of the Constitution. What I am saying, therefore, is it is not false to suggest in those circumstances, nor is it wrong law that if you, therefore, despite the fact that a person has not opted either by returning the form or signing a consent, legislate the matter without special constitutional provisions, you are in breach of the Constitution. The Honourable Member knows that.

Hon. B. M. TAITT: Sir, the Honourable Member, as all good lawyers do, has addressed a point which I am not taking. The Honourable Member has risen on a point of explanation and has addressed a point which he wishes to address. I am not getting involved with him. The point is that they sought to give the impression that the option form was designed for the purpose of victimisation. I am seeking to prove that the option form was a necessity in the context of asking a public officer to give up part of his property, that is to say, his money. The only way that can be done is by an option. I take the point. The Honourable Member says that evidence does not have to be in writing but I dare him to get up and say that it is not true that it is the best form of evidence, in writing. But we can move on.

Asides.

Hon. B. M. TAITT: Sir, they will have a little fun on that. On the question of the unions, Sir, I heard the concept of marginalisation. I have to say that I could not and will never participate in any situation in which there was or is a clear knowing decision to marginalise trade unions. Sir, I went to work at Cable and Wireless when I was 15 years

old. When I was 17 years old I was an assistant secretary to the Cable & Wireless Division of the Barbados Workers' Union. The record will show that my name is still on the books. So I was a unionist before I was a politician. I believe that I will be a unionist long after I stop being a politician.

The only other thing that I believe has a higher call on me is my christian principles which most people, other than the few heathens who are my friends, know to be real. But, Sir, with or without any reference to marginalisation, I just wish to say those of us who have been the beneficiaries and the major beneficiaries of an era that has been fuelled by 50 years of trade unionism led by the Barbados Workers' Union and the President of the Senate, could never participate at any level in the marginalisation of the trade unions. That is why I took the point very early about the option form and direct communication with the public officers because it is my understanding, and one of the reasons why I participated fully, that this was not an attempt to bypass the union so much as it was an attempt to ensure the full legality of the action which was taken.

Given the constraint of time, Sir, when we consider that we are dealing with the International Monetary Fund, no one can accuse the Prime Minister and Minister of Finance of acting hastily in the matter. If he stands charged with any indictment that might be considered, it is that in his attempt to bend over backward to accommodate the various sectors now disguised as the social partners, he may have spent too much time in communication with too many persons about the matter.

That is possible, Sir, because if he had followed precedent as set by the then Prime Minister of the Barbados Labour Party, and as recommended by the Honourable Member for the City in a very cryptic comment in the middle of Bridgetown, he would have done what he had to do and then talked to the partners which is precisely what Tom Adams did in his day.

Aside.

Hon. B. M. TAITT: She says from her seat, Sir, there was no need. The Tom Adams methodology, however, has never been acceptable to us in the Democratic Labour Party. There has always been a chasm between the Barbados Labour Party and the Democratic Labour Party. I recall having articulated this very handily...

Aside.

Hon. B. M. TAITT: and you like something else that we do not which I cannot even describe here. The fact is, Sir, that the methodology of the Barbados Labour Party was not acceptable to us over here. If it were necessary in the discussions to prolong the issue, the fact still remains

that we are talking about a deadline that comes early in October.

Mr. Speaker, there are other matters relating to the whole concept of the International Monetary Fund package. I recall hearing in almost strident terms the call for the revelation of the package. I remember saying to the persons I went to speak to that it is very strange how almost everybody, those who understand, and those who do not, are calling for revelation of the package. If you are, in fact, in negotiations with the IMF how could you possibly be revealing the package when you are, in fact, negotiating the package? There is nothing to reveal. The revelation will come when substantial agreement has been reached between the IMF on the one part and the Government of Barbados on the other. You could only reveal the package when the package had reached the point near conclusion. To have revealed the package, in fact, would have been speculating on where you are going in the negotiations. Even in the daily, weekly or even the annual negotiations between the unions and the employers they do not put out a bulletin everyday as to what point they have arrived at in the negotiations. It was specious but it was fuelled by a form of ignorance, I do not mean that pejoratively, Sir, which has been engendered in this community because persons who ought to know better are not spending enough time to help the rest of the community in these matters. It is a very fundamental failing which is now permeating this society. But time does not permit me, Sir, at this stage to go into that in detail.

Sir, let me deal with the package itself. Once you have reached the point when you cannot of your own free will or volition get loans in the international markets, for whatever reason, you are left with discussing loans with the International Monetary Fund. Now, the Honourable Member for St. Peter, who is not now in his place, has given the impression that a discussion with the IMF is a friendly exercise in which you move up to Washington if you have what they call strength, and you engage them in a kind of running your captain first pick. You take this, I take that. No, I want this. I want that.

The fact is that by the time any country has reached the stage where it is going to the International Monetary Fund either for a standby arrangement or a structural adjustment programme, it is in no position to be dictating to the International Monetary Fund because they are always in a position to tell you, "Well, it is all right. I have the money. If you do not want to meet the conditionality you go and find it somewhere else." They are fully seized of the fact that you can't find it anywhere else, so if we have reached the stage now where, like lawyers, in a difficult case, you are distinguishing between one set of negotiations and the other, you are saying that they have some kind of strength which the other party on this side did not have. Let us fool ourselves peacefully on that, Sir. If the Barbados Labour Party wishes to conclude that they argued

from a position of strength and therefore their structural adjustment was easier than ours, let them so argue, but I will remind the Honourable Members on that side, that it was arising out of the arrangements with the IMF that the then Prime Minister came to this House in 1983 and put a tax even on severance payments.

9.20 p.m.

Let me remind Honourable Members, at page 3450 – Severance pay – this is the then Prime Minister Adams, speaking:

"I therefore propose as from income year 1983 to impose a tax such as exists in most countries on all payments made on termination of employment other than genuine retirement benefits, including severance and redundancy payments and compensation for loss of earnings or dismissal".

Let no one, Mr. Speaker, forget that under the Barbados Labour Party, because Cable and Wireless was severing a number of people in this country, on sums from \$25 000 up, they had to pay, Sir. Let me tell you, because the Honourable Member for Christ Church South cannot now remember, on payments up to \$25 000 tax free and from \$25 000 to \$50 000, tax will be charged at the rate of 30 per cent and at 50 per cent on amounts from \$50 000 and higher. There are Honourable Members ..

Mr. H. B. St. JOHN: On a point of order, Sir, the Honourable Member has read and is unwittingly misleading the House. He forgets to say that there were provisions for the repayment of the tax in the event of the person not getting work within a period of time.

Hon. B. M. TAITT: Mr. Speaker Sir, I have not been drinking I am not now suffering from any disease. I do not know Alzheimer and I am reading, Sir, from page 3450 which the Honourable Member is free to read. How could he tell me I have left out something. It says here:

"Payments up \$25 000 tax free; from \$25 000 to \$50 000 tax will be charged at the rate of 30 per cent on amounts from \$50 000 and higher."

The Honourable Member for St. George North was a beneficiary – or, if you call it a beneficiary – of that tax – a victim of that tax.

Asides.

Hon. B. M. TAITT: Sir, I know that the Honourable Member and I have locked horns on a number of things. I have to say that if I am going to debate with anybody over there I would rather debate with him, Sir, because he debates without rancour. He makes with or without thought and with or without regard to the validity of it, any point that is needed for him to make his point, and therefore, Sir,

I like him, because it is always without rancour. There is a rumour out that we cursed each other very badly yesterday, Sir. I take this opportunity to say that the newspaper report was not true. You know, Sir, that would not be allowed in here.

Mr. Speaker, Sir, just so that they don't accuse me, Sir, of misleading the House when I said that the conditionalities imposed were not a subject of any strength on the part of the Barbados Labour Party. The very last paragraph, paragraph 13 of the Letter of Intent signed by J.M.G. Adams and Courtney Blackman, Governor, reads as follows:

"13. The Government believes that the policies set forth in this letter are adequate to achieve the objectives of its programme but will take any further measures that may become appropriate for this purpose. Barbados will consult with the Fund on the adoption of any measures that may be appropriate in accordance with the policies of the Fund on such consultation".

So much for the bogus argument about your going from a position of strength and our going on our knees. Whenever you go to the IMF you are on your knees. Whenever you go to the International Agencies and you are from a Third World Country you are on your psychological knees because they have people who function in these agencies, who, except for those agencies, would not have the positions of power which they have and they treat all Third World Countries in the same way. They have us all in the same clobber and they have no special regard for the BLP Government or the DLP Government. They see us all in the same way. They may, if we are lucky, have an appropriate person being on a negotiating team that might strike a little sympathy toward a Third World country.

Sir, I am not trying to make political points. It is more important that we make serious points about where we are now. I would take this opportunity to address two aspects of our recovery programme. First of all, I wish to say what I said to those public officers I spoke to. I believe that Barbados can make it. I believe in our tourism. I believe I have authority to say this, Sir, because in 1986 when this Democratic Labour Party came back to office, when tourism was in the doldrums I went to the Ministry of Tourism and within a year we turned tourism around. Yes, the record is there and I don't have to argue whether that is a fact or not. I am saying therefore, that if I say I believe that we can turn tourism around I believe it because I happen to know it is possible. It is probable. There are certain things which we have to do and we will do them.

So far as manufacturing is concerned, Mr. Speaker, I feel able to speak with authority again because, and for the purpose of making the point, Sir, I can state categorically

that whatever manufacturing there is in this country, whatever industrial development there is in this country, I have played a significant role in it in one form or another.

Aside.

Hon. B. M. TAITT: I got moved for the same reason you got moved. We are politicians and we play by the rules and therefore ...

Mr. SPEAKER: I will soon have to move somebody too.

Hon. B. M. TAITT: I do not have any difficulties with that. What I am saying, Sir, is this. What we have to do in manufacturing is to acknowledge what was written by one of the gurus from the Barbados Labour Party. It is instructive that a former candidate of the Barbados Labour Party who writes some very interesting articles in the 'Advocate' recently wrote that what we need to do in this country is to slim down our productive sectors. Now he and a number of others in this community who do some thinking about where we should go, must recognise that for the last 25 years we have been carriers of excess fat, not only in the public sector, but in the private sector as well.

Aside.

Hon. B. M. TAITT: Oh, yes, we have always had some fat in the Ministerial sector, there is no question about that. The Honourable Member for Christ Church South is living proof of that.
9.30 p.m.

Sir, what we in this country need now is to look at ourselves. Apart from the pain and suffering, what the Honourable Member for St. Peter said is that we need to restructure. The whole idea of a restructuring programme is not only to get the finances in shape, but we have to get our thinking in shape. We have to change psychologically and it is the duty of the leaders in the society, whether they are in the church, politics, or communications, to help in the psychological change which is necessary. You see the world itself has changed and the world is never going to be the way it was yesterday. We have to find a way therefore to make our niche in this world and we cannot do it unless we become competitive.

Now in the process of becoming competitive, you have to shake the tree and some will fall off. When some fall off, we have to cushion them. It is the Government's duty to try and make sure that there is a cushion for those who fall so that they do not hit the ground and bruise themselves. But as the Bible says, "Lest thou cast thy foot against a stone". When it comes to the private sector, they are the ones who have put forward the philosophy that only the fittest should survive and that, in 1991, as we look towards the 21st century, there really is no place for those

who are not fit. There is no place for those who are not fit and therefore we have to help those who are not fit to become fit, but we cannot continue to cuddle and carry on. This is the new philosophy.

Mr. Speaker, in the United Kingdom, everybody talks about wonderful Maggie, Margaret Thatcher. Margaret Thatcher was able to marginalize three million people with a stroke of a pen and among those three million people were mostly West Indians. Everybody says how successful she was. Look, Mr. Speaker, I can make this a document of the House. Here is a slip-in of a Bajan newspaper, the Business Editor.

Mr. SPEAKER: I refused this morning to accept slip-ins before. I am not going to accept them now. You will have to get it in somehow without reading it.

Hon. B. M. TAITT: I only wanted to show it to you, Sir. MPs angered at Telecom's three billion pounds profits. But British Telecom made three billion pounds profit at the expense of 40,000 workers who were laid off. That is the philosophy which has been driving not only the West but all those in the Caribbean who now talk about the new day. It is not funny. I am dead serious. The new day includes the new approach to development. That new approach to development is what informs the International Monetary Fund. The International Monetary Fund is not interested in carrying anybody. It is interested in seeing that we are able to produce.

Mr. SPEAKER: The Honourable Member's time is two minutes more.

Hon. B. M. TAITT: Therefore, we have to get into a position of competitiveness. Mr. Speaker, the question for countries like ours and Governments like this one therefore must be how can we make the necessary adjustments as palatable as possible to the population? It is not easy, Sir. I do not like giving up 8 per cent of my salary, Sir. If I do not like it and I get paid fairly well, I do not think that a maid in the Government Service can like it either. I do not like any of the measures which have to be put on which will mean in the words of the Honourable Member – "my big car". I have to buy more gasoline than anybody else in here. I do not like that, Sir. I do not like any of these things, but I understand them. It is our duty to help others to understand them.

Aside.

Hon. B. M. TAITT: I can afford them, the Honourable Member said that I can afford them. That may very well be true but that is not the issue. The issue is: that is what we are required to do and, therefore, we can do it because we are Barbadians. We have done it in the past. We are at the wall and, therefore, you have to assist in

coming off the wall and moving forward again. But we cannot move forward if for pure negative political reasons of persons who ought to know better and who can do better will induce other persons not to see the light.

We feel that six months after an election it is almost venal for persons to be saying that there is time for a change. What you are saying to the population is that you are inviting the population to give consideration to matters which, according to some of the information which is coming out, could only lead to a wrong direction. The fact is that the system we operate requires us to battle. If you wish to battle, then let us do it honourably. But the implied suggestions which have been coming out from certain quarters in recent days and the incitement to manufacturers and to other people are the kinds of things which can be dangerous for our society and in the final analysis, Sir, I am convinced that those people do not like Barbados. If many of those people get their way and we had some of the disruption in this country which some of them would like to see, our fate would even be worse. I do not wish to see a devaluation in this country and, therefore, I will not speak about one. I feel that others in this country who are in a position to influence the thinking in this country should desist from this concept that a devaluation is hanging over the heads of Barbados. Let us try and get at the flight of capital. Let the capital that went out come back home. Let us all give ourselves a directive, Sir, that we will assist in bringing the capital back home.

I am going to finish by saying this, Sir. The Government's role is to stop borrowing from the Central Bank. That is why we have gone to the IMF to shore up the reserves and that is why we must cut back the spending because the Minister of Finance and the Government cannot go on borrowing from the Central Bank. It does not matter whether you are sitting on that or this side. You must know that if you continue borrowing from the Central Bank and carry the rate beyond the legal limit, or even if you keep it at the legal limit as is now constituted, it is bound to result in a destruction of the economy.

Therefore, we must cut back. Even if we move to one per cent of GDP in the short time, that is what is required now. Even if 8 months ago it was felt that 2 per cent was too high we have reached the stage where if we do not go to the one per cent we will be in even more trouble. I feel that we can do it. In the words of the little song by the little children, "We can do it if we try."

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, over the past two days or so in this Honourable Chamber we have been discussing just one issue and that is the Bill that is before us for the reduction in the emoluments of public employees. Around this particular Bill there has been debate on the whole question of the state of the economy and what we should do about it. I will seek, as briefly as the circumstances will permit, to respond to the debate and,

hopefully, to indicate the way that we must all go forward as a country. We have heard many speeches from both sides of the House and all of them have been pertinent, all of them have been expressive of a certain response to the situation that is before us.

9.40 p.m.

I would say that on the Opposition benches the best speech was made by my representative, the Member for St. James North. I do not say that lightly, because of all the Members over there he sought most to speak to the point, he did not get himself carried away by any lurid and melodramatic kinds of presentation and he spoke with the kind of humility that other more experienced persons over there would do well to follow.

Asides.

Rt. Hon. L. E. SANDIFORD: I did not in any way interrupt the Member for Christ Church West. All I know is that he said I am not able to face him and I came in and faced him squarely and directly. I have faced him on many occasions in the debating chamber, on the political platforms and in this House, and whenever he attempted to punch – because he does not know very much about these things – I have counter-punched and I have floored him and K.O'd him on every occasion, and on this one also that will happen.

Aside.

Rt. Hon. L. E. SANDIFORD: I am not going to lose my cool as you lost yours, because if you did not realise it, you had lost your control, and that is bad for a leader. It is bad for a leader to lose control like that, and you should know better than that.

Asides.

Mr. SPEAKER: There is no need for Will the Honourable Member hold a minute?

Rt. Hon. L. E. SANDIFORD: I will leave that for the time being.

Mr. SPEAKER: Will the Honourable Member give me a hearing?

Rt. Hon. L. E. SANDIFORD: I am sorry, Mr. Speaker.

Mr. SPEAKER: We have come a long way. We are near to the count and I am sure Members will want to express their opinion when the Bill is put to the vote. I would hate to think, having gone this far, that I should cause someone not to do his duty to this country. Please. Be quiet. I am anxious. Continue.

Rt. Hon. L. E. SANDIFORD: Thank you, Mr. Speaker. I have always done my duty in this country and in this House, and I intend to do it here tonight, but there are a few things I have to say and I would like to do that as succinctly as I can.

The first thing that we have to note is that there are certain steps that have to be taken in this country, and no amount of rhetoric, no amount of passion, no amount of courtroom tactics, whether it comes from Christ Church West or from St. Joseph, will cause us to be deflected from the path we have to follow. There is a problem and a situation facing this country and I have spelt out that problem and the situation. I have said quite distinctly what my Government is proposing to do about it. No one can say, after listening to the days of debate from the Opposition benches, what they would do about the situation. Not one positive point was put forward as to how they would solve the problem. I have said quite clearly that we have a fiscal deficit that is too high and that it has to be reduced to 1% of the GDP. I have said further that we have problems in the balance of payments, that we have to dampen demand and that we have to take additional steps, both by reducing expenditure and also by increasing revenue.

We have an Opposition that is purely negative and apparently that Opposition has learnt nothing from the elections that have taken place, or from all the political experiences they have gone through. In 1982 the Barbados Labour Party Government, faced with a similar position, went to the International Monetary Fund. In 1982 they were faced with a depletion of the foreign reserves. On this occasion they want to heap coals of fire upon my head and upon the heads of the Democratic Labour Party Government because we are entering into a programme with the International Monetary Fund. They did it in 1982. In addition, we said that part of our problem was due to the international recession. They are denying that the international recession has anything to do with the situation, yet in 1982 the letter which they sent off to the International Monetary Fund, the very first sentence said that the international recession was the cause of the problems they were having.

I am saying that we have a combination of external and internal factors and that these combined, together with the build-up over the years, have us in this particular situation. I am saying, however, that whatever the causation, we have as a country and as a people to take the steps that will correct the situation and permit us to rebuild our economy and to benefit from the international economy when it emerges from the slump it is currently experiencing. That is where we are, Sir. The correction of the problem cannot be done by seeking around and casting around for blame. I have not, certainly not in my speech to this House, and no Honourable Member can accuse me of that, of seeking to blame any particular person. I have set

out the facts quite plainly and unvarnished. Whether it related to the foreign reserves, to the deficits, to the debt, whatever the particular problem, I let the facts speak for themselves. If the Members of the Opposition have become incensed or upset because we have gone to the record, and the Member for St. Philip South has set out quite clearly what the background was, if they get annoyed by those things, that is a matter for them. I do not have any ulcers and I am not going to get any now either. I know what I have to do and I am not going to get worked up like the Leader of the Opposition on these matters. You can give but you cannot take. That is the problem. They spoke... 9.50 p.m.

Aside.

Mr. SPEAKER: Am I hearing the Honourable Member from St. Thomas? You are sure that is the correct thing to do? You are sure it is the correct thing to do to shout as you are doing in the Chamber?

Rt. Hon. L. E. SANDIFORD: Sir, I think we have had some serious moments and some moments of levity during this debate. I think we have to get back to high matters. I think that we should take note of some of the things that have been said. All kinds of things have been said about me and about my Government during this debate, and elsewhere. But those things, as I said, are not going to deflect me from my duty.

During this debate they have referred to my mother. They have referred to my wife. They have even said that we are carrying 20 people to a Commonwealth Conference in Harare and have called it a posse. I think that is the level to which debate has come to in this Honourable Chamber. Their minds are so creative that they invent these things. They say it. They repeat it. They believe it and then bring all of the rumours on to the Floor of this House in the form of questions at the national level.

Mr. Speaker, the delegation to a conference scheduled for Harare this year is as follows: It is the Prime Minister, the Minister of Foreign Affairs, the Permanent Secretary, Prime Minister's Office, the Director of Finance and Economic Affairs, the Permanent Secretary, Ministry of Foreign Affairs, the Chief Information Officer and the Senior Executive Secretary. That is the delegation which includes officially two wives – the wife of the Foreign Minister and my wife. Those are nine persons, Sir.

Aside.

Rt. Hon. L. E. SANDIFORD: Nobody complained. I did not hear about any posse when a larger delegation went in 1983 to New Delhi. You did not get on the team. A larger delegation went to New Delhi and I did not hear the Honourable Member for the City ask any of these questions.

Aside.

Rt. Hon. L. E. SANDIFORD: The Prime Minister and Mrs. Adams, the Minister of Foreign Affairs, the Cabinet Secretary, the Director of Finance and Planning, the Permanent Secretary, Ministry of Foreign Affairs, the Personal Assistant to the Prime Minister, the Private Secretary to the Prime Minister, a Security Officer and an Information Officer or Press Officer to the Prime Minister and a cameraman, in the midst of an IMF programme.

Aside.

Mr. SPEAKER: But the Honourable Member for the City has no right to be speaking at this stage. I gave you permission to speak. Continue.

Rt. Hon. L. E. SANDIFORD: I am so sorry, Mr. Speaker. I should not be hearing these comments. I know you do not hear them, Sir. So let me dispose of that and those who are primed to come and ask questions on the call-in programmes. The information can be given to them now and you can continue to repeat it on the political platform because if there is one thing, it is that the members of the Opposition do not learn anything from their political experiences. They go and they make the same mistakes over and over again. But they will wait for their moment in time to come.

Let me respond to one particular matter also, the question of credibility. It was said that I was acting in bad faith, that I went to the NUPW...

Mr. SPEAKER: I think, if my recollection serves me right, I would not allow any person to make that statement about any Honourable Member in this Chamber. I have not allowed anyone to speak, in the words that you have said. I think it may be a reflection on what was said that I allowed. I did not allow anyone to say that anyone acted in bad faith.

Rt. Hon. L. E. SANDIFORD: Sir, what I recall hearing was that I went to the NUPW, I said one thing and then there was something else in terms of action. That amounts, Sir, to bad faith. Do not mind the kind of steam that the Leader of the Opposition tried to generate in here, Sir. We do not take that too seriously. He was still kind enough to lend me a book of my own speeches.
10.00 p.m.

Sir, what the Leader of the Opposition did, and I was a little puzzled by his comments, what he has done is to quote a statement, then quote another statement and leave out completely what comes in between and which ironically was in bold type. I will now supply the part that he omitted and you can take what he said along with what he did not say and get the true picture of it all. Mr. Speaker, I am hearing voices which I should not hear.

This is what I said on page 229, Sir:

"Self-Images of development" - There were quotations from this by Honourable Members, before:

"If inordinate demands for increases in wages and salaries are made, if there is a demand for high wages and if ceilings are placed on the amount of money available then sooner or later the Government may be forced to make a choice between higher salaries and jobs".

I put it starkly before so that no one should be in any doubt of what the implications are. So if you listened to what the Leader of the Opposition said in his quotation and then refused to quote what was coming in between, he quoted before and he quoted after but did not quote what was in bold type and I am saying, Sir, if you are talking about credibility, then that kind of selective quotation will not ...

Mr. SPEAKER: There is no need to shout across the Chamber.

Rt. Hon. L. E. SANDIFORD: Sir, that will deal with that particular matter. He said that nobody believes the word of the Prime Minister but that is a generalisation. Whenever he has something concrete to say he can come up with it. What I do know is that he had better believe my words. He had better believe my words because whenever it comes to the crunch and whenever it comes to the nitty gritty I will take care of him as I have done before.

Mr. SPEAKER: I am not allowing a discussion within a discussion.

Rt. Hon. L. E. SANDIFORD: For all of this talk about credibility and pointing at me, this is the man talking about credibility who went around the country waving around a spurious document, waving around a document, that he claimed was an IMF document or purporting to be an IMF document and up to now he cannot substantiate it.

Hon. H. deB. FORDE: The Honourable Member got up and said I claimed it was an IMF document. Would the Honourable Member tell me when I claimed it was an IMF document? The Honourable Member makes a statement which all the time he knows is not correct. If the Honourable Member wants the benefit of the document and other documents he knows I will make them available to him.

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

Rt. Hon. L. E. SANDIFORD: The closest time that I know of that the IMF have recommended devaluation or that there was a proposal that there should be a devaluation in Barbados was in 1984 and it was supposed to be a

devaluation, the suggestion was that a devaluation of 20 to 25 per cent would be a better option. I am just saying it, you leave my words right there. I leave them right there.

Sir, I am not going to spend my time seeking to respond to the various things that have been said about me. It is better to ignore some of those approaches and some of those dialectics and so on. I really am not going to take on that kind of criticism and I am not going to conduct my politics nor the politics of the Democratic Labour Party at that particular level. I will simply say, Sir, that this country has a decision to make and I would expect that the right decision would be made in spite of all the appeals they are making from over there to over here. At the end of the day when the votes are counted, we will be supporting the Bill that is before this Honourable Chamber because it is in the best interest of this country at this time. You have put forward no alternative policy so that is really a negative opposition.

Mr. D. A. C. SIMMONS: On a point of order. I made the point earlier that the Prime Minister really must not say that. Today's newspaper itemises at least eleven alternative policies. The Member for St. Peter, yesterday, spoke of debt re-scheduling, foreign exchange sales of shares in viable enterprises like BET and so on, national reconstruction bonds, allowing Barbadians to hold foreign exchange accounts and reduction in the interest rate policy.

Certain remarks made by the Honourable Member for St. Thomas were ordered by Mr. SPEAKER expunged from the record.

Rt. Hon. L. E. SANDIFORD: I don't know, Sir, something seems to be consuming the Member for St. Thomas. He seems to be consumed by some inner passion and something has taken hold of him. He is a very disturbed person, Sir, and I think it is not good for his equanimity. I think he should try to control himself.

Mr. SPEAKER: One of the most important things in a Chamber such as this, modelled on what we call the Westminster system is that before Members enter into this House I accept on behalf of all of its Members the privilege of freedom of speech. It is on that basis that Members are free to speak in this Chamber as they so feel within what authority you in this Chamber have given me to rule in the House, to make what you consider the best arrangements for debate. You cannot now try to destroy that by breaching those same rules that you have made and given me to guide you and expect me to tolerate that. I will not tolerate that and I am surely going to ask someone to leave the Chamber to assert the position that you have given me. I will ask someone to leave before the end of this Session.

Rt. Hon. L. E. SANDIFORD: I just wish to make two more points, Sir. We have been accused of putting pressure

on Public Officers to make their option and also that intimidation was involved. Apparently, Members of the Opposition are free to say their views at anytime and in any place and to urge, persuade and cajole persons not to support the proposals. But, apparently, when those of us who have responsibility for the Government Departments and the Ministries which fall under our responsibilities set out the choices and the options, that is putting pressure on persons.

10.10 p.m.

I think that the Opposition has been so demoralized by the fact that what they felt was going to happen did not happen, they found themselves looking around and beating around the bush to find some kind of explanation why their particular point of view did not prevail; that is the situation, Sir, and if they do not like it they can lump it. That is as simple as that. If you do not like it, lump it. It is as simple as that.

Sir, let me put the matter in perspective once again. The whole country has said that the problems that we are facing should be solved without a devaluation. Nobody wants a change in the exchange rate. It must be solved without that. Therefore, if you are seeking to solve the problem without a devaluation or change in the exchange rate of the Barbados dollar in relation to the U.S. dollar, we have to pursue other policy approaches in order to deal with the particular problems.

We have tried to deal with them in a variety of ways but time does not permit me the opportunity to go into those right now. What we are dealing with is a specific approach to the problem that will deal with the fiscal deficit and reduce our need to borrow from the Central Bank. That is what the reduction in the deficit is directed to achieving. It will seek to shore up our foreign reserves so that we will be able to meet our commitments without undue strain. What will happen after that is that we will put in place a programme for the productive sectors particularly in relation to exports in order to seek to secure that we would not have to go to the International Monetary Fund a third time.

We went the first time and now we are back at that particular point. I intend not only to deal with the short-term problem, therefore, of the balance of payments and we will also be seeking to put in place a more positive programme for the productive sectors including a total reconstruction of the economy of this country. That is what we are engaged upon. As the Member for St. Michael West said, if we work together we can do it because the people of Barbados recognise this as a challenge and they recognise that a response to that challenge has to be given. I challenge all Barbadians including the private sector, unions, social partners, families and households, everybody that we work together in order to get this programme going. The ten thousand Public Officers who saw the need to make a sacrifice, I commend them tremendously. We

have to get some \$32 million in that particular area. Some other sectors have been asked to make a contribution. There are problems involved.

I said myself that this is not an easy task. It will involve some pain and suffering but we have to look at these matters and we have to try and find a solution for them. I can say here and now, I can make two points that, first of all, as the Member for St. Michael East indicated, we are prepared to make available for those persons who are laid off and who may be interested in agriculture a programme whereby they can gain access to some land to give them some kind of self-employment in agriculture, particularly if it relates to export agriculture. We can work out a programme for that and I would want to say this. We discussed this with the unions and they were very fruitful discussions. That also was one of the proposals put forward by the unions and by the chief spokesman of that coalition of unions and associations. There were some eleven proposals put forward. I believe that we agreed either in principle or otherwise to about nine of them. I speak subject to correction because I would not like to hear there were 8 or 7 and then I am told that I was not keeping my word. But we dealt with those matters and we said that these are agreed in principle or otherwise and one of them related to the provision of agricultural land.

There is no need to try to create any divisions anywhere. This is a time when, because of the economic situation we are facing, that we should be calling on all sectors of the economy to work together, not dividing the country and hoping to benefit by fishing in murky waters. That is not going to work here. I want to warn against any elements which may seek to destabilize this country for we are a country of law and order. If there are problems in any area, we are a Government based on consensus also and we will be willing to discuss with any group any particular problems that they envisage in this particular area. Indeed, I would like to say that we will be establishing a committee to examine and monitor the implementation of this programme and the proposals. We would hope through this that the processes of consultation would occur and that, whatever difficulties there may be, we can sit down and resolve them. The important thing is that as a country we have to agree on the basis for moving and for taking these decisions in the interest of the country.

I appeal to all Members in this House to drop the partisanship and unite on this particular issue in the interest of our country. I thank you, Mr. Speaker.
10.20 p.m.

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

AYES: Rt. Hon. L. E. SANDIFORD, 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. C. V. WALKER, Hon. D. J. H. THOMPSON, Mr. L. L. BRATHWAITE, Mr. J. O. TUDOR and His Hon. T. C. ESTWICK - 12.

NOES: Mr. C. LeR. TROTMAN, Hon. H. deB. FORDE, Mr. D. A. C. SIMMONS, Mr. O. S. ARTHUR, Mr. H. B. St. JOHN, Mr. L. R. TULL, Miss B. A. MILLER, Dr. R. L. CHELTENHAM, Mr. DeL. O. BRADSHAW, Mr. G. W. PAYNE and Mr. R. C. EASTMOND - 11

ABSTENTIONS: Mr. R. L. MORRIS and Mr. D. W. BOWEN - 2.

On the motion of Rt. Hon. L. E. SANDIFORD, 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.

Mr. CHAIRMAN: The House is in Committee.

Clause 1 was called and passed.

Clause 2 was called.

Rt. Hon. L. E. SANDIFORD: I beg to move that clause 2 stand part.

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

Hon. H. deB. FORDE: Mr. Chairman, clause 2 purports to extend the meaning of "public service" to cover a number of bodies that should not normally be affected by this type of legislation. I want to know what is the rationale in including bodies that are outside of the normal public corporations and which have their own sources of financing. In this regard, Sir, I am asking about the Port Authority, I am also asking about the Insurance Corporation of Barbados and I am also asking about the Barbados National Bank.

It is my understanding that in the case of the Barbados National Bank members were asked to vote orally, by a show of hands, which was a further exposure of people to the victimisation process. I am advised that in the case of the ICB the forms were not sent to them until the last moment and people did not have time to take proper advice as to their legal situation on these matters. I believe that there is no reason why they who are in competition with other persons should not be subjected, like other commercial enterprises, to have a different situation applied to them.

In the circumstances, Sir, I wish if there could be clarification in this Committee as to whether subclause (b) of subclause (ii) extends its net so wide as to include

organisations that are bodies corporate normally and that normally are outside of the term "public service".

Mr. R. L. MORRIS: Mr. Chairman, let me add my voice to that of the last speaker about that concern. I believe another body, like the Barbados National Oil Company, could probably be added to that list. My own impression is that most of these organisations are net contributors to the Consolidated Fund rather than extracting from it. Certainly they were not beneficiaries of things like the regrading exercise where people in the normal public sector would have benefited. I was wondering perhaps whether there could be a regime which looks carefully at some of these organisations, especially when we recognise that in terms of the policy towards transfers and so on some of these organisations might also have to suffer and would be getting, therefore, a number of bites, a number of attacks on them. I was wondering if that might not be clarified and if, perhaps, an appendix setting out clearly which statutory corporations are covered could not be given some consideration.

Mr. H. B. St. JOHN: Mr. Chairman, the National Petroleum Corporation has been a contributor to the revenues of Barbados for years. It is probably the most successful public sector corporation in Barbados. Any funds that are saved by a reduction under this Bill will not go back to the Treasury, it cannot go back to the Treasury, it must be part of the internal funds of the corporation. There is no provision at all for any savings to go into the Treasury. It cannot possibly affect the public deficit. That is a very important point. The staff of the National Petroleum Corporation work hard to ensure that they continue to have the kind of success that they have been accustomed to.

10.30 p.m.

The National Oil Company, I believe, is either a subsidiary of the National Petroleum Corporation or is an associate of the National Petroleum Corporation.

Aside.

Mr. H. B. St. JOHN: It is the other way around. The National Oil Company, I believe, was incorporated under the Companies Act. Now, how can this Bill which seeks to save the public Treasury money have anything to do with any company that has been incorporated under the Companies Act? If the directors were to pay that money other than by way of a dividend to the Government they would get locked up. It is a very serious thing. Little thought has been given to this aspect of it and this is one of the points that we have been trying to raise as long ago as 1986 repeatedly to those who advocate privatisation in the context of Barbados, that they must understand that in

Barbados there are various classes of public corporations, some performing work because we do not have local government in Barbados, bodies which are, in essence replacement bodies for the former local government system, which are totally funded by Government.

The National Assistance Board, the Sanitation Service Authority, the National Conservation Commission, all of these fall into that category but when you come to the commercial corporations which are net contributors to the revenue, then, Sir, there is no logic at all for taking away the people's money only to enhance the surplus of that corporation because you cannot get it out of that corporation back into the Treasury without more amendments to the law. That is a very serious thing, Sir.

I know with the National Oil Company that you are competing there with your skills and the people are making a sacrifice at the present moment by staying in Barbados. One of the reasons why they are staying in Barbados is because they have a commitment. Some of them were granted scholarships, in my time. That is a very serious thing. The staff are very worried about it.

There was so much confusion that some of them were not even called upon to exercise their so-called option until the last day. Some of them in the Friday afternoon were given these documents and there was a whole state of confusion because they said: "I do not understand how I could be counted as a civil servant." The General Orders do not apply to them. They do not have every year to wait upon an appropriation of Parliament. Of one of them I am positive. I gave it consideration. If you reduce the salaries of those that are incorporated under the Companies Act, that is going to be a classic case of reduction in terms and conditions and constructive dismissal.

We must have a clear idea in our minds what is the objective of this Bill. The objective of this Bill is to reduce the fiscal deficit. That is a very serious thing. It is a point of principle. Take it from me, Sir. I know that.

Aside.

Mr. H. B. St. JOHN: Arawak is in there too. That is only a matter of time. If you did not politicise it it would be contributing already.

Asides.

Mr. CHAIRMAN: Can we have some order, please?

Mr. H. B. St. JOHN: You will learn that in time investments depending upon their magnitude, take a little longer to come to fruition but there are a lot of things. The

decision has been taken to reduce the payroll there too. There is some good news too. There are some people who are interested in buying it. I hope they do not give it away. The interesting thing about this, and this is a very great point and all those who advocated privatisation lock, stock and barrel swallowed all of it in 1986, when we were saying that even Mrs. Thatcher could not privatise all of the services, in all the period of time that she had in England, everybody was shooting us down.

Aside.

Mr. H. B. St. JOHN: If you can give it away at 50% of its real assets value you would get plenty takers. But the price of fuel is coming down. Buy bituminous fuel competitive with coal. I have the article for you. Bring it up here and I will handle it. I have made a special study of that.

Sir, this is a very important point and I should like to know the answer because there are people out there asking why should I at the Natural Gas Corporation give up my salary when it is not going into the Treasury. I am not a charge on the Treasury and, therefore, any savings cannot enhance the reduction of the public deficit.

Hon. M. A. KING: Mr. Chairman, I have listened to the contributions made by Honourable Members. I take it this is in respect to Clause 3?

Mr. CHAIRMAN: Clause 2.

Hon. M. A. KING: Clause 2 covers:-

- "(i) bodies corporate established by law for public purposes which are funded by monies provided by Parliament,
- (ii) the Central Bank of Barbados established under the Central Bank of Barbados Act, and
- (iii) any other body
 - (a) the funds of which, comprise or include such monies as under an enactment may be voted by Parliament for the purpose, or
 - (b) all or any of the expenses of which are charged on, or are met from, the Consolidated Fund."

So those relate to bodies which are funded out of public funds. Now, it would seem to me that the points which are being made would be captured by Clause 3 where "This Act applies to the several persons, and services referred to in the First Schedule." In the First Schedule at 5 are the staff of all statutory boards.

Aside.

Hon. M. A. KING: The point I am making is that the points which are being made are under Clause 3. I am not taking a technical point. I am just saying that is more appropriately dealt with under Clause 3. I understand the arguments which have been made. Perhaps, that could be addressed by excluding 5(b) in the First Schedule. Would that address your point?

Mr. D. A. C. SIMMONS: In the First Schedule, page 6 it says: "Other members of the Public Service that is to say staff of all statutory boards."

Hon. M. A. KING: That is your point?

Hon. B. M. TAITT: Sir, let me raise a question here. If it is the staff of all statutory boards, it could not capture a board that is created under the Companies Act. The company you have raised does not apply in here at all. If you can indicate where BNOC would fit in, I do not see BNOC fitting in here since it is a company established under the Companies Act. Similarly, Barbados Feeds Ltd. cannot be included. The one the Honourable Member raised would not be caught in that. It is only statutory boards. 10.40 p.m.

Mr. H. B. St. JOHN: The second point is that there is a category of statutory board in Barbados whose existence is dependent upon a recurrent grant out of the public treasury, every year. If the object of the legislation is to ensure that the claims on the Treasury are reduced to the extent of a proportion of the emoluments, what about that category? I can understand them coming in, but what about that category of statutory corporation which makes a net contribution or which, even if it does not make a net contribution is not the beneficiary of a recurrent grant? That is all I am saying, because any savings that you get from the people is not going to get back into the Treasury because you do not get that every year. There are some, definitely. So if you take out all statutory corporations it means that you have not categorised the two. You either will have to name them in a schedule or you are going to have to use definitions which relate to what is recurrent, that is all, one or the other, otherwise you will be in real trouble.

Aside.

Mr. H. B. St. JOHN: That is right. Take the ICB.

Hon. B. M. TAITT: The point which is being made, Sir, with all due respect, I believe is a valid point but I think that it can be handled administratively since, as these persons are not given an annual subvention, they will not normally fall within the purview of this legislation.

Aside.

Hon. B. M. TAITT: Yes, I think that is the only way you can handle that.

DIVISION

The bell was rung.

The question that Clause 2 stand part was put and resolved in the affirmative the House dividing as follows:—

AYES: Rt. Hon. L. E. SANDIFORD, Hon. B. M. TAITT, Hon. M. A. KING, Hon. E. E. GREAVES, Hon. W. O. FRANKLIN, Hon. N. K. SIMMONS, Hon. H. A. BLACKMAN, Hon. C. V. WALKER, Hon. D. J. H. THOMPSON, Mr. L. L. BRATHWAITE, Mr. J. O. TUDOR — 11

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

ABSTENTIONS: Mr. R. L. MORRIS, Mr. D. W. BOWEN — 2

Clause 3 was called and passed.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I beg to move that Clause 4 stand part.

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

Mr. D. A. C. SIMMONS: Mr. Chairman, in respect of clause 4. We have already, on the second reading, dealt with the principle of this clause which we do not support, but in particular I want to address sub-clauses 7 and 8 on page 4. I am going to warn against, without any particular dilation upon an argument that these clauses are, in my view, illegal and unconstitutional. Sub-clause 7 says:

"Where an officer satisfies the requirements to proceed beyond the qualification bar established by or under an enactment, that officer's entitlement to so proceed should be suspended during the period October 1, 1991 to September 30, 1993."

Now you have written into the law that a person is entitled to proceed beyond a qualification bar, established by an Act of Parliament. That person, therefore can expect to have an approved and vested right to proceed beyond the qualification bar. Here comes this legislation which purports to divest that person of that accrued right.

Indeed, Sir, wrong, first principles of statutory interpretation are that, one later statute, even the

Honourable Minister of Health, would agree that is elementary law. Similarly, Sir, no officer in sub-clause 8 should be entitled to or shall be paid an increment in his emoluments. Again we are seeking to deprive an officer of the expectation of an increment. Now that was struck down by Mr. Justice Ibrahim in the Trinidad case and you bring it here and you have an expectation that this case when it is argued will take some two years to finality — that is a joke. It won't. Don't depend on the slowness of law. This precise provision was struck down in Trinidad because, in the Trinidad case, what the Government of Trinidad purported to do was to deprive civil servants of their right to increments. This was held illegal and you come here with it now. Those two points are beyond the question as to the constitutionality of the thing. I want the lawyers over there to know that this a clear case where the principle of legitimate expectation... The Honourable Member for St. John would appreciate that the principle of legitimate expectation will be argued successfully without any problem. The Honourable Minister of Health should appreciate that too as one who has done administrative law, who has specialised in administrative law.

I am not dealing with the constitutionality, Sir, because ultimately it will be argued that this Bill seeks to deprive a person of property in the sense of his proprietary interest in his salary, upheld in the Caribbean, upheld in India, upheld in Trinidad, upheld in England. Property includes money.

Aside.

Mr. D. A. C. SIMMONS: No, the Tenancies Freehold Purchase Act is a different thing because the last section in the Tenancies Freehold Purchase Act reserves in the special language of the Act... Sir, this is important. Well, you can say what you like. I forget what section it was that referred to Section 16 in the Tenancies Freehold Purchase Act. It denoted a special proviso. I am not arguing it now. They are going to argue it for me in the High Court.
10.50 p.m.

Hon. B. M. TAITT: I just want to raise something here. Where an officer satisfies the requirements to proceed established under an enactment, that officer's entitlement is so to proceed shall be suspended. Now is to suspend to take away? Is the officer deprived now of the right to have it? If the officer performs badly or something happens in the opinion of someone...

Aside.

Hon. B. M. TAITT: That is true. That is the nature of my mind. Sir, it is only being suspended here. The officer is not being deprived. Now the Constitution states that he shall not be deprived. Is to suspend to deprive? But it does not put any limitation.s not put any limitation.

Aside.

Hon. B. M. TAITT: But it is being held for him. You see here it is an increment. It is being held. He is not being deprived. He is just suspended.

Mr. H. B. St. JOHN: Is the Honourable Member saying that his understanding of this law is that at the end of the two years he will get back all of the money that he had before? If that were so, all you would be doing is postponing the deficit. That is all that you will be doing if that is so. Because you are saying that you have suspended and you are answering the question very clearly to the Honourable Member that you are not taking it away. You are just keeping it there for him. If you tell me that I cannot get this now and then you say that you are keeping it for me and I can get it at another time, it is still mine. That is a very serious thing, Sir. I want to understand this very clearly. I want to know whether the totality of the amount that is saved is in truth and in fact only being stored.

Hon. B. M. TAITT: It says an officer's entitlement. It does not say anything about money. It says that the officer's entitlement so to proceed shall be suspended. It is only the entitlement that is being suspended here. It does not say anything about a cent. It says, "the entitlement to proceed". So that is all that is being suspended. You see he is being given the opportunity to proceed subsequently. He is not being deprived of it. It says his entitlement. That is how it sounds to me.

Hon. H. deB. FORDE: Sir, I am interested in Sub-clause 3 of this clause. It says that where the September 1991 rate that was payable to an officer in respect of any particular service cannot be ascertained, it shall for the purposes of Sub-section (1) be as the Minister determines.

Now I do not believe that when you are dealing with people's money the Minister can look at two people who may have been both performing in the same post. They may claim that they cannot ascertain what is the rate for one or both and determine what is the rate and they prefer to put it in the hands of the Minister and where it properly belongs is in the hands of the Court. I do not see how this is a matter for the Minister to determine. What are the circumstances under which an officer's particular 1991 rate cannot be determined? How could that arise? What is the necessity for this clause? How draconian a power are we going to give Ministers in this country? I really do not understand the necessity for this. The legislation has all of the features of the Star Chamber, that dreadful Star Chamber which people always used to object to, Sir, and it really is an obnoxious piece of legislation.

Aside.

Mr. CHAIRMAN: Can we have some order, please?

Hon. B. M. TAITT: Mr. Chairman, this clause cannot be useful and, therefore, leaving it in will not make any difference. Seriously, what circumstances would arise where the September rate cannot be ascertained? How would that be possible? Put the question and let us look at it when we come back.

Clause 4 was called and passed with the House dividing as follows:

AYES: Rt. Hon. L. E. SANDIFORD, Hon. B. M. TAITT, Hon. M. A. KING, Hon. W. O. FRANKLIN, Hon. E. E. GREAVES, Hon. H. A. BLACKMAN, Hon. C. V. WALKER, Hon. D. J. H. THOMPSON, Mr. J. O. TUDOR, Hon. N. K. SIMMONS, and His Hon. T. C. ESTWICK - 11

ABSTENTIONS: Mr. D. W. BOWEN and Mr. R. L. MORRIS - 2

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

Clause 5 was called.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I beg to move that Clause 5 stand part.

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

Hon. H. deB. FORDE: Mr. Chairman, the Constitution of Barbados isolates and insulates a number of persons who, because of the sensitive role which they perform, must stand above the partisan politics of the day and, if necessary, politics at all. I have had the occasion in this House to raise, in very muted tones and with all seriousness, the conventions which apply in this country as they affect some of those officers, and I have raised the convention in relation to the exercise of the franchise by the officer for the time being holding the office of Governor-General. The Prime Minister's reply on that occasion did not satisfy me. I do not believe that he has given very careful consideration to the conventions which should apply in Barbados if we wish to have a country that is taken seriously and we wish to ensure that in a modicum of areas the partisan political divide does not occur in the functioning of our democracy.

In relation to the Judges it is more than important that the convention should not only be part of the law, but the manner in which we deal with the Judges should also recognise the reason why those of us who attended that

conference in 1966 on the Constitution were at great pains to place certain categories of persons outside the purview of even the appearance of drawing them into matters that are divisive in the society. The Judges will obviously be called on to adjudicate on this bit of legislation.

The Prime Minister is free to say whether my information is correct or not, but my information is that the Prime Minister considered it fit to write to the Judges to invite them to decide whether they voluntarily wanted to forego 8% of their salaries or not. If that information is correct, I believe that it is a very bad precedent for the Prime Minister to have set. The suggestion should not even be made to them. In the Trinidad legislation which was struck down, you will notice that their offices were specified and no letter was sent to them. They must not be placed in that position. I am really concerned about conventions in this country. The Prime Minister has heard me about this, speaking to the former Prime Minister, then the Right Honourable Member for St. John, speaking in here to himself, because I think it is important if one really believes in the system which we operate, that these things should happen.

It is a far different cry from if a Judge wrote into to the Prime Minister and said: "I want to give up 8%, 50%, 100%," from the Prime Minister writing in those circumstances to invite that they should. Obviously the Judges are going to take their hands off and be neutral, and so they should be, but it is absolutely wrong, and I could never at all under any circumstances – if the information is incorrect I will be happy to sit down and give him the opportunity to correct it – believe that this is the standard we should set in Barbados.

Likewise, the Chairman of the Public Service Commission is placed in a situation, like the rest of the members, that he must be above suspicion. The gentleman who holds that post is a man for whom I have the highest respect and consideration. I know the gentleman, Sir. He has his own views, but nobody can challenge his integrity and I am not challenging it. I know that as a citizen of Barbados he is very patriotic and would want to make whatever contribution he wants to make at this time, as I believe he has indicated. I think it is wrong again that letters were written to him on the situation, as I understand it, and if the Prime Minister says it is not true, I would be happy to say that is the end of the matter.

We have to get these conventions straight. I was placed in an unenviable position in this country when I was written in relation to the appointment of a member of the Judiciary, and in my proper manner I replied to the former Right Honourable Member for St. John, who was then Prime Minister, and expressed my views.

Aside.

Hon. H. deB. FORDE: No, I am not going to let it rest, it must be in the records. I expressed my views, not in any obnoxious fashion, but I asked that they be taken into consideration, and not finding any mark of disrespect for any person, because I believe that when you are dealing with these matters you have to be above situations. As a matter of fact, I have the greatest respect for the person about whom I wrote, but there were other considerations that any Leader of the Opposition or anybody in these instances would draw. I was horrified when that letter was being talked about and hawked around the courts of Barbados, putting me in an unenviable position in relation to the Judge. Up to today, not that I will apologise for anything I do, because I can take anybody to the Privy Council, but the narrowness of the society is such that that became not a matter of one person trying to get the best for Barbados, but as though one should approach these matters on a partisan basis.

We have had Judges that have belonged to political parties in the past. The former Mr. Justice Ward, who turned out to be a very good Judge, was obviously a member of the Barbados Labour Party and the Federal Labour Party. When he went on the Judiciary he was able to live above that and there is nobody who could have accused him of anything, so that you will have Judges from time to time who have their sympathies or their political parties or alignment, but they are able to rise above the occasion, so I have no difficulty with Judges going forward in this way. What is wrong is when the issues of consultation and the conventions are so breached that they expose those of us who have a duty to perform within the terms of the convention to calumny and to suspicion. That is why I am inviting us in Barbados to get the conventions right.

Mr. Chairman, you would have heard me on the convention of collective responsibility. That has totally broken down now in Barbados, it has no meaning whatsoever for anybody. None, none, none. It is a great tragedy. I have witnessed it in this House being broken down repeatedly. The Honourable Member for St. John says in the Caribbean. Whether it has broken down in the Caribbean or elsewhere, we must decide where we want Barbados to go in this regard. That is what I am saying.

Mr. CHAIRMAN: May I just say that the Honourable Member has not spoken.

Hon. H. deB. FORDE: All right Sir but it was *sotto voce*, otherwise you will have to send him out if he does not keep quiet. Well, we have to decide where we want Barbados to go, but I think it is regrettable myself if the information available to me is correct, that this matter in relation to those particular officers.....
11.10 p.m.

Mr. CHAIRMAN: Has the Honourable Member concluded?

Hon. H. deB. FORDE: I would be happy to sit down but I want to say to them that all this legislation, if it had any necessity to make reference to the matter it should have been subsection (i) of Section 5. There should be no necessity at all for subsection (iii) to be part and parcel of this legislation.

I believe that some offices have to be above that and that the patriotism that we expect from them must be shown in other ways and means and that telling them whether they must be voluntary – Do you know what difficult position a judge is in? He has to decide in the circumstances on this legislation so he is in an awkward position.

We are not going to run them down. They may be making money and may not be spending the time and having the burdens of the pressures of us who are in Government or the Ministers on the other side. But there are reasons for these matters. Honestly, the founders of the Constitution, those of us who were the founding fathers at Lancaster House, laboured long and hard. In this House now today there are only three of us present, the Honourable Member for Christ Church South and myself and the Deputy Prime Minister who, due to illness, is not here. The three of us were three of those remaining in the House that attended that Constitutional Conference.

Aside.

Hon. H. deB. FORDE: I would really like to repatriate the Constitution. I am interesting in making sure that our conventions become firm and honoured. I am interested in strengthening democracy and the provisions in this respect but we have to be serious about it and not lighthearted or carping as some people are. I am very serious on this subject because I believe that unless we take it seriously, we are not leaving a proper legacy.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, just to say briefly that the whole question of conventions represents an issue on which there can be varying view points. The Leader of the Opposition has one view of a convention. There could be other views. Maybe some scholar at some time will write down what he believes to be the convention and then others may or may not follow them. I believe when the Honourable Member retires from politics he can write down the conventions as he sees them.

I would like simply to clarify the situation. There has never been any attempt deliberately or otherwise, to the best of my knowledge, to derogate from the independence of the Judiciary. If, in fact, there was a communication, and

I am saying there was, it was not in any attempt to derogate from the independence of the Judiciary. It was simply a case of seeking to ensure that all persons in the Public Service or otherwise in the service of the Crown would make a contribution and allow them an opportunity to indicate that. I simply want to indicate that there was no attempt to derogate from the independence of the judges and the reply was an appropriate reply.

Clauses 5, 6 and 7 were called and passed.

Rt. Hon. L. E. SANDIFORD: I beg to move that the First Schedule be the Schedule to the Bill.

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

Mr. D. A. C. SIMMONS: Mr. Chairman, I just want it recorded. We do not want to prolong the House unduly but Members know how we feel that, in respect of all the Schedules, the Opposition wants its objections recorded rather than divide on every one. We want it minuted. We want Hansard to reflect that also. Subject to that we could move all and record that the Opposition voted "No" in respect of all the Schedules.

The question that the First Schedule be the Schedule to the Bill was put and resolved in the affirmative, Members of Her Majesty's loyal Opposition voting in the negative.

Mr. CHAIRMAN: Is there any objection to taking the 2nd to the 13th Schedule collectively?

Hon. H. deB. FORDE: No.

The question that the 2nd to the 13th Schedules inclusive be the Schedules to the Bill was put and resolved in the affirmative, the vote being as on the First Schedule.

Mr. CHAIRMAN: To the Clerks' Table, the abstentions of Mr. R. L. Morris and Mr. D. W. Bowen on each of the Schedules should be noted.

On motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported to His Honour the SPEAKER the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, the Bill was read a third time and passed, all Members of Her Majesty's loyal Opposition voting as the "Noes" and Mr. R. L. MORRIS and Mr. D. W. BOWEN both abstaining from voting.

11.20 p.m.

ORDER No. 11 – THE EMPLOYMENT
LEVY (AMENDMENT) BILL, 1991

Rt. Hon. L. E. SANDIFORD: I beg to move that this Bill be read a second time.

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

Hon. H. deB. FORDE: This Bill seeks to place on the employees the obligation to pay another one half of one per cent into what is called the Public Employees Fund and the purpose of creating this Fund is to enable the Government to escape its responsibility to the thousands of workers whom it is severing and placing that responsibility on other workers some of whom it has on week on, week off, and others of whom it has on short time. I believe that this is a moral dereliction on the part of the Government and this cannot get the support of the Opposition.

The Government has a duty in accordance with the decision taken as early as 1972 when the Severance Payments Act and Scheme were set up to fund any displacements which occur within the Public Service by way of redundancy. I think it is unfair for the Government to expect people, whom it has now placed on short time to carry an obligation such as this, whilst the Government has not made adequate provision for funding this sort of circumstance.

Now, Sir, the levy is not even a levy that will be paid by an employer other than a self-employed person who might be employing other people as well. So it is discriminatory and in my view it is unconstitutional. That is one of the grounds why we are going to have to challenge it too, Sir, because self-employed persons employ other people. If you are self-employed you may be employing 3, 4, 5, 6 other persons. However, an employer, a limited liability company – BS & T – don't have to make a contribution, but the small man up in Licorish Village in the Ivy who maybe having a few people working at him and he is self-employed, he has to turn around and make a contribution – not Courtesy Garage, not McEneaney – in these circumstances.

I do not believe that this is fair and that is why when I say in here, I appeal to people's consciences, one has to be concerned by concepts that come into the House in this manner. The Government breached a Cabinet ruling that has bound all the Cabinets up-to-date. There is a clear Cabinet decision, if the Honourable Member wants me to do so I will ask the Honourable Member for St. Thomas who has just slipped out of the Chamber for a minute to bring his copy of the Cabinet Paper. I have not got mine here, Sir.

The Prime Minister said in here already that if you don't like it lump it. I like that arbitrary and arrogant

manner of dealing with matters. I understand that type of language. Eric Williams said one from ten leaves nought. If you don't like it get to hell out of ...

Hon. B. M. TAITT: On a point of order, Sir ...

Asides.

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

Asides.

Hon. B. M. TAITT: Why are you so worked up? The Honourable Member said, Sir, that the Government had breached a Cabinet decision. The Government can't breach a Cabinet decision, Sir. If a Cabinet made a decision and another Cabinet makes a subsequent decision, all it means is that the new decision is the one that stands. The Honourable Member knows that. That is all I am saying I was not trying to be in any way It is a Cabinet decision and if the Cabinet made a decision in nineteen seventy something and the new Cabinet makes a decision in nineteen ninety something, it is obvious which one would stand.

Mr. SPEAKER: Is the Honourable Member making a speech?

Hon. H. deB. FORDE: Sir, it is my contention that this Cabinet has a decision of the Cabinet that has been honoured up to now, from 1972 to 1991, by all Governments. That is a long time. That is 19 years.

I do not believe that proper consideration has gone into this matter. I don't believe it, Sir. That is why I am making the point here, Sir, that it is really not right that we should now be asking people who are suffering in these circumstances to be making this contribution. The Government should find some other way within its constraints to deal with the situation.

The Prime Minister said that we made no positive suggestions from this side of the House. The Honourable Member for St. Peter spoke about the concept of national savings bonds that are voluntary and indeed, if the Government really understood what it was doing and was taking its social partners seriously and into account, it would have looked at the position where those bonds would have been available as well to Barbadians overseas, where there has been a really proper national effort to save and market Barbados on a national reconstruction position, but no Sir, you get the sort of off-hand, if you don't like it lump it. Power goes to people's heads quickly, you know, Sir. I have heard a statement in here that the Lord giveth and the Lord taketh away. I am warning the Prime Minister that if his response to people is that if you do not like it lump it, the Lord will soon take away. I warned the Prime

Minister about that. I am surprised that he is taking this type of attitude on matters. I am absolutely surprised and disappointed to listen to his speech in that way in this House tonight, Sir. That is why I am seriously suggesting that this new Sub-clause 3 that brings in a Clause 6 (2) as an amendment... I do not believe the principle of this Bill is right and certainly it will not be supported on this side of the House, Sir.

11.30 p.m.

I am also told, Sir, in the Prime Minister's statement that they are giving at least one month's severance payment. I do not believe that is going to be adequate either. I feel that if this is an International Monetary Fund condition then the Prime Minister should really think again about some of the conditionalities that apply. I do not think that it is a proper condition for Barbados to accept at all given the other considerations which apply in this country, Barbados.

The Government should by now have funded and made provision in its Estimates for payment of this money, Sir, to its public employees. The statutory boards should have done likewise and they should have adequate protection under the normal Severance Payments Fund. I really object to placing an employee on short time now or any employee for that matter, but particularly employees who as at the National Conservation are now being given three days out of five. In some other institutions, they have week on and week off and they still have to make this contribution. It cannot be fair.

I have spoken about this inequity in the manner in which we are going about assisting at this time. I have spoken about an 8 per cent across the board regardless of the peoples' ability to survive and I will urge the Government even at this late hour in the night to think again about this bit of legislation.

Mr. R. L. MORRIS: Sir, I rise to support this position taken by the Honourable Member for Christ Church West on this issue and I certainly do not intend to repeat his arguments. However, I wish to say that we in the labour movement find there is substance in what he said out of principle, Sir. We have always accepted that you cannot call on employees to pay for their own severance. That is a cardinal rule in the way we as trade unionists think in developing social legislation and we have so maintained over the years.

Secondly, Sir, we certainly believe that it would be difficult to involve self-employed persons. How do you lump that category with other employees strictly for the purpose of making a severance provision for people who are going to be laid off out of the public sector. It seems a bit discriminatory to us and, therefore, we will have a particular difficulty with that kind of formulation. It seems

a rather strange formulation to us. Sir, I also believe that once upon a time work in the public sector, especially in the temporary and casual areas might have been considered a haven of security and, therefore, these persons might have not attracted the same kind of severance entitlement as people in the private sector who were far less secure in their employment. It seems to me now that in both areas there is the same general level of insecurity and that special provision as has been done in the Cabinet Order before and which has faithfully been followed, as far as I know for a very long time, should be made to deal with these casual and temporary persons who find themselves without employment.

I do not know if this one month thing is perhaps related to a perception that we have to change the Severance Payments Act and so on. I have spoken on this matter and I believe that we need to modify the existing legislation. The unemployment benefits that were introduced by the Barbados Labour Party after the IMF programme was established were never really done in the way in which they should have been done coming after there was a Severance Payments Act. This is really not to criticize the Barbados Labour Party in the sense that they did not introduce good social legislation or useful social legislation because we all understand the need for unemployment insurance. But I am saying, Sir, that there is a difficulty with that and the Severance Payments Act as they stand.

I am one who has gone on record as saying that at sometime we are going to have to look at them. We cannot change them now because it is extremely difficult to change them at this particular point in time. I think we should have changed them sometime ago and these are things which I think should be drawn out in the matter of politics. They are changes which have to be done in this respect. I feel, for instance, that these schemes are going to be really destroyed in the light of what is coming now regarding the lay-offs and so on. Whatever reserves have been built up now in the Unemployment Benefit Fund are going to disappear very, very quickly. It is a very difficult time I know to be thinking of looking at this policy.

Mr. Speaker, I have heard that there is an attempt at an administrative level to make some specific changes in the Unemployment Benefit Scheme especially relating to week on - week off and people being able to claim benefit under those circumstances. I believe that we need to look at the entire schemes. We need to make some positive changes in the entire schemes. But we have to be very careful at this point in time that we do not introduce changes bureaucratically that will make worse off the workers who are already badly off. We have to be very careful. I would like those who are giving that kind of advice to think again at this time in making those kind of changes when people need the cushion that they have been enjoying for sometime.

As it is, I do have difficulty with this in principle as we have always considered in the labour movement and all of the ILO Conventions recommend that workers are not expected to contribute to their own severance. That is normally done by the employer and not out of the workers earnings. I would find it difficult, Sir, to support this particular piece of legislation.

Mr. H. B. St. JOHN: Mr. Speaker, Sir, I am not going to repeat the points that have already been made. It is clear that as part of the programme of internal adjustment of the fund it pertains not only to wage scales but other fringes which have to be adjusted. We know that. Everybody knows that. There will be an adjustment to the severance benefits in Barbados as part of this programme. The hidden part does not come in. Now what I object to, Sir, is that the Fund is not treating this Government in the generous manner it treated the Government the last time that we went, because we are told that we must bring our deficit down and therefore this Bill is necessary to produce money to finance the dislocation caused by the reduction in employees and that the Treasury does not have the money to pay for it.

11.40 p.m.

Now, Sir, in 1982 for the purpose of calculating the deficit, the excess of National Insurance receipts was brought into account. There is an excess of National Insurance receipts of over \$28 million now. That is not being brought into account. There is more than enough money available to pay all of these employees their severance. The measures that are introduced here to bring this deficit down to 1% in truth and in fact, after you deduct the amortisation, will not leave you with any deficit of \$35 million, not according to the method of calculation. You will have a surplus and you will have 60 or 70 million dollars there. This is the measure of the unnecessary pain. That is the point.

Now, Sir, I like when these documents are made documents of the House. You know, Sir, you must read these IMF documents. Page 6, Sir:

"The deterioration in Barbados' balance of payments position after 1980 is to some extent attributable to expansionary fiscal and credit policies."

The Fund will say that now, too. Listen to this though, Sir:

"The overall deficit of the general government (i.e., Central Government plus Social Security System) reached 6.6 per cent of GDP in Financial Year 1981 - 1982....."

There cannot be any doubt about it.

".....(fiscal year April-March), up from 3.8 per cent the preceding year and about 1 per cent of GDP on average in the two previous years."

Now, Sir, the Fund calculates its deficit to include receipts of National Insurance and the expenditure is also netted out. Why is it they have not done that? Why is it that we are not getting that figure, the 1 per cent, now? That is what I want to know. Why is that percentage of the GDP being treated differently now? That is a very serious point, because we are taking too much money. I am not voting for this Bill, because I believe we have more than enough money. That is a fact. They cannot be inconsistent. The Fund has not announced any change of policy. We want an explanation.

We have tried from day one to reconcile these figures and this 1 per cent of GDP and all of that. The position is very clear. You cannot say that the Fund calculates its deficit as a percentage of GDP and includes receipts of National Insurance in one programme, in one Letter of Intent, and in this particular Letter of Intent does not take into account the fact that we have a surplus of \$28 million approximately every year. Why is that? Is it because they feel that the \$28 million of the National Insurance money that was put into BCCI had to be recovered first? This is a very serious thing, because this goes to the root of the cost of measures that have been introduced in order to satisfy a deficit that the Fund wants.

I accept the proposition that the Right Honourable Prime Minister and Minister of Finance has put to us. He has to bring the deficit down to 1% of the GDP. I accept that, but I say in calculating that 1% you have to take into account the surplus National Insurance receipts. My ground for saying that is that in 1982 in the Letter of Intent, which is a document of this House, the IMF accepted that that was the method of calculating. I want to know why it is different now.

Miss B. A. MILLER: Mr. Speaker, Sir, I want to concur with all that has been said before, but I have a concern as well in addition. In the Prime Minister's proposals, at page 33, he said, and I quote one sentence: "It is expected that additional funds of \$3.6 million will be collected by March, 1992, at which time the Employment Levy contribution by employees should...." - I would like to underline "should", Mr. Speaker - "... go back to 0.5 per cent from 1 per cent." Should, very careful, should. This Bill says in its commencement clause at 5: "This Act shall come into operation on 7th October, 1991 and shall cease to have effect on the 31st day of March, 1992."

Now, to go back to "should". I think that this "should" is connected to something that the Prime Minister later said at page 38, when he said: "To monitor developments under the programme, performance criteria on key financial variables will be established for end-September and end-December 1991 and end-March 1992." Is it that the assessment at the end of March 1992, if it is not acceptable, if, as they say in common language, we don't pass that end of March test, that in effect this

"should" will then come into operation and that this Act will not cease to have effect at the end of March 1992 but may well then go beyond the end of March 1992, and more and more monies will be collected in the way the Honourable Member for Christ Church South is asking?

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, first of all, I will just take the question raised by the Member for Christ Church South. I can assure him that I will examine the point he has made and respond to him in due course.

In respect of the Member for the City, whether I use the words "shall" or "should" or "will" or "would", the operative wording here is what the Act we are dealing with now says.

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

AYES: Rt. Hon. L. E. SANDIFORD, 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. C. V. WALKER, Hon. D. J. H. THOMPSON, Mr. L. L. BRATHWAITE, Mr. J. O. TUDOR, and His Honour T. C. ESTWICK – 12.

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

ABSTENTIONS: Mr. D. W. BOWEN and Mr. R. L. MORRIS – 2.
11.50 p.m.

On the motion of Rt. Hon. L. E. SANDIFORD, 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.

Clauses 1 – 4 inclusive were called and passed, all Members of Her Majesty's loyal Opposition voting in the negative. Messrs. R. L. MORRIS and D. W. BOWEN abstained from voting.

On the separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT the Bill was read a third time and passed, all Members of Her Majesty's loyal Opposition voting in the negative. Messrs. R. L. MORRIS and D. W. BOWEN abstained from voting.

Hon. H. deB. FORDE: Mr. Speaker, Sir, the privileges of this House demand that Members should be able to conduct the House as well as the privileges for officers in reasonable hours and in reasonable time. The

House has been sitting here now since midday until what is now midnight. Even in the time that we had some repast downstairs, that must be included, Sir. I believe that is a reasonable time for the House to have sat including the fact that the House sat yesterday.

There are other measures before this House which are, obviously, going to invite debate. We certainly will not be promising the Government that we will not be debating the other measures and we cannot finish the matters tonight. The Honourable Member for St. Thomas had certain exchange of words with the Honourable Acting Leader of the House and suggested that the House meet tomorrow morning, Sir, at least, at 10 o'clock and we should go on. I believe that is fair that that request be made having regard to the fact that the staff of Parliament will have to be working, no doubt, long hours as well in the Senate at some time, maybe tomorrow and Saturday, if necessary.

Aside.

Hon. H. deB. FORDE: Not Saturday, Sir. I do not know there are any Adventists in the House. But it seems to me a little bit unconscionable to expect, particularly the staff of Parliament, including those persons who provide protective services to the House and have to stand long hours outside, for the Government to so arrange its work that it wants now to drag us all out and affect not only the privileges of the House but the privileges of those nice people who allow the House to function in a particular way, particularly when the Government is taking away some of their salaries and they must preside over the cutting of their salary to enable us to bring some humane action.

I am suggesting, Sir, with due respect, that the House do now adjourn, and if necessary, I do move that the House now stay suspended until 10.00 o'clock tomorrow morning.

Hon. B. M. TAITT: Mr. Speaker, Sir, I am again surprised by the Honourable Member. The Honourable Member will recall, Sir, that he, you, and I had a conversation. He obviously has forgotten that conversation.

Aside.

Hon. B. M. TAITT: You do not recall any conversation? If the Honourable Member can recall the conversation, Sir, we had an understanding of the methodology that would be used to debate this set of Bills. That understanding was further enhanced when his colleague, the Honourable Member for St. Thomas spoke to me and I pointed out to him that for a number of reasons, which were reasonable, that we wanted to finish not only this business, but this would be our last sitting of the House.

I do not wish to go into great detail but I do not like the indication that we are being unconscionable. We have had a discussion in relation to the staff of Parliament and we have asked their indulgence. We are not doing it brutally. As for the persons who provide security, the Honourable Member is accustomed keeping those persons until 3.00 o'clock in the morning from time to time. On this one occasion I cannot feel that it is going to create a problem. They took the precaution to change the shift. I observed it myself.

Now, Sir, we only have two more Bills and those two Bills are related to a debate which we have had already so it cannot be a long debate. I crave the indulgence of the House to let us finish the work and get out of this place. We have been in it a long time. The Members on this side are fit, Sir.

Mr. D. A. C. SIMMONS: Let me just for the record repeat that I had spoken to the Leader of the House earlier and had suggested that we stop at 10.30 p.m. and come back tomorrow morning.

Aside.

Mr. D. A. C. SIMMONS: I know. We do not want to stop anybody from travelling tomorrow. They cannot be travelling to London in the morning. They will travel in the evening. That is why we said we could take a reasonable break tonight and come back and work from 10.00 a.m. to 1.00 p.m. and wrap up. I am only putting my position on the record. I put an alternative, Sir.
12.00 a.m.

Hon. B. M. TAITT: Sir, we have taken their position. We understand and sympathise with their position, Sir. Can we proceed?

ORDER NO. 12 – THE CONSUMPTION TAX (AMENDMENT) (NO. 2) BILL 1991

Rt. Hon. L. E. SANDIFORD: I beg to move that the Consumption Tax (Amendment) (No. 2) Bill, 1991 be now read a second time.

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

Miss B. A. MILLER: Mr. Speaker, Sir, I have no difficulty with the lateness of the hour, I have stamina. These consumption taxes imposed by the Minister of Finance and Prime Minister are in my view an indicator of the Government's attitude to the productive sectors just as other pieces of legislation are in this whole package.

Again, in reference to this, in his statement the Prime Minister never saw fit even to use the word productivity. I have made this point before. There is no urging of

Barbadians to go to work, instead what the Government has done is to front load the so-called offer of \$60 million to the productive sectors with disincentives and many are to be found in this Bill which would amend the Consumption Tax Act.

Mr. Speaker, Sir, at page 68, panels, boards, tiles, blocks, articles of cement or concrete or of artificial stone whether or not reinforced. Page 69, ... material, for brakes, clutches or the like, etc. etc. Page 87, further blows at the building industry – hand saws, blades for saws, files, pliers, hand-operated spanners and wrenches, hand tools. Page 69, page 35, page 34 – all the mechanics who do second hand motor car repairs and they have to do them because of the blow that has been dealt to the importation of motor cars, retreaded or used pneumatic tyres of rubber, inner tubes of rubber, and it goes on and on, Mr. Speaker, Sir.

Page 4, most interesting. Live fish.

Page 5 – the flower industry takes a blow. Bulbs, tubes, tuberous roots, corms. People who are getting into that industry and want to import these items from abroad for the cut flower industry are taking a blow there.

Page 6 – most interesting – black eye peas, a favourite of Barbadians, a staple of Barbadians.

Pages 19, 20 and 43 – the printing industry takes head blows.

Page 22, Sir.

Page 23 – Candles.

Page 24 – matches.

Page 28 – garden hose.

Page 29 – electrical conduit, piping tiles. Electricians taking head blows.

Page 30 – toilet, toilet seats. We know that this is the Government dedicated to pit toilets.

Page 33 – bolts, screws, washers.

Page 48 – toilet paper.

Pages 52, 53, 54 and 55 – fabrics.

Pages 57, 58, 59, 60, 61, 62 and 63 – All of those are head blows to the garment industry.

Page 64 – bed linen.

Page 65 – shoes.

Pages 73 to 75 – the jewellery industry.

Pages 76 to 78 – structural systems. I have all the sympathy in the world for the gentleman who had to put the Minister in his place yesterday, because when I look at pages 76 and 78 I recognise that this is a device designed to drive him to the wall.

Page 81 – stoves, fridges.

Page 97 – sewing machines.

The point has been made already that in this day and age when the majority of women in Barbados go out to work these are not luxuries. These basic items are necessities. Sewing machines at 97. So if a woman decides that she is not going for ready to wear and will save a few dollars by buying the material as cheaply as she could in town, even though that is getting hit too, and make it up herself, she is going to get hit if she tries to buy a sewing machine.

Page 119 – lamps, search lights.

Page 121 – ball point pens.

Page 122 – pencils.

Page 123 – vacuum flasks.

God help all the mothers who have to buy pencils, ball point pens and vacuum flasks to send children back to school at the beginning of this term.

Page 118 – hospital beds.

Page 119 – mattresses and pillows.

Mr. Speaker, Sir, rumours are already rife in Bridgetown and more than rumours. You only have to listen to the news at one o'clock or the news at seven o'clock. We are hearing that some Barbados-based businesses have decided that for survival they have to consider relocating in other Caricom countries. If that is true, Mr. Speaker, it means that many jobs would be lost to Barbadians and our loss will become our Caricom partners' gain.

Much has been said, Mr. Speaker, Sir, about the productive sectors, but particularly in respect of this Bill. As I said this really has been front loaded to provide disincentives and particularly in the tourism industry. We have already been told by the experts that this part of a package is designed to make the tourist products in Barbados more expensive and therefore less attractive to would-be visitors, that it is designed to dull the competitive edge which we may have had over certain of our Caricom competitors.

12.10 a.m.

Now earlier in the week I said that since the Gulf crisis and post hurricanes Barbados' tourism industry continues to be in decline as it had been long before the Gulf crisis came upon us and that in other parts of the Caribbean people were enjoying increased visitor arrivals. People on that side shouted at me to name some. I am prepared to name some, Sir. Between January and July of this year as compared to January and July 1990 Barbados is down by 7.5 per cent in 1991 over 1990 whereas, Mr. Speaker, Sir, Aruba is up 17 per cent over the same period. Bonaire is up 18 per cent. Grenada is up 17 per cent. St. Lucia is up 9 per cent. St. Kitts is up 6 per cent. Trinidad

and Tobago is up 12 per cent. Turks and Caicos is up 31.9 per cent and little Anguilla up 7.2 per cent. In July of this year now, Barbados was down 2 per cent whereas St. Lucia was up 28 per cent. Trinidad and Tobago in May of this year up 23 per cent. St. Kitts/Nevis in June 1991 up 26 per cent.

Mr. Speaker, Sir, tourism is said to be the main foreign exchange earner for Barbados. We are told that we must export as best we can and we must do what we can to earn foreign exchange. But the Government uses this and other devices in the Prime Minister's package of proposals to do everything to make the tourism product in Barbados which is already complained of as an up-market destination even less attractive to those who would want to come here.

Mr. Speaker, Sir, there is agriculture. If the practice of agriculture, Mr. Speaker...

Aside.

Miss B. A. MILLER: I do not worry about them. I am not speaking to up there. I am speaking for Hansard not for up there. Somebody got up in here to speak and ran the whole gallery. That does not worry me.

Mr. Speaker, Sir, speaking to the matter of agriculture, the Prime Minister has not said it to us but I would like to believe that Barbadians understand now that we really have to put our backs into it and work. There are some people who are prepared to do as we have been exhorting over the years and plant a little thing in the back yard if they have a back yard. Even if they do not have a back yard, they can get a few cans and try to help themselves.

Mr. Speaker, Sir, the Minister of Finance is doing everything in his power with this Bill to negate that little contribution, as small as it is, that individuals would want to make to bring down the food import bill. I do not know how he expects the farmers to feel encouraged to produce more for the export market and for the domestic market too, because we are not like Trinidad and Jamaica where now that we are going into the IMF we can go back to the land. They too have been frontloaded with disincentives.

Mr. Speaker, Sir, if the productive sectors are saying that they cannot get off the ground with the Government proposals, I am very concerned to know if the Letter of Intent, which the Government intends for the IMF to meet with their approval, is going to get off the ground because at the Fund they are no fools. They know already what the manufacturers are saying in Bridgetown today about having to relocate the 6,000 jobs. Do you know what 6,000 jobs are to be lost in this community, Mr. Speaker? That is a whole constituency. That is the constituency of the City of

Bridgetown. A whole constituency has been abandoned by the Minister of Finance. It could be your constituency too. Do not point your finger at me. It can be anybody's constituency, Mr. Speaker. It is just to give an idea of the enormity of this and you multiply that by a factor of four or even three, those six thousand.

Mr. Speaker, Sir, reference has been made to the fact that the legality of the legislation passed just a few moments ago for cutting of the wages of public servants is going to be tested in the Courts. The people at the Fund know that too. I am concerned whether or not they are going to have reservations. We know that in Trinidad the Prime Minister tried to cut Cola Cola. The matter went to the Courts but even before the Courts adjudicated he had to reinstate it. Now the salary cuts in whose legality it is going to be tested are a major component in the Prime Minister's package and in his proposals. What is going to happen, Mr. Speaker, if that plank falls out of the package? This is the question that I want to ask. Is it going to mean, Sir, that Barbados is likely to fail its first assessment or test?

Aside.

Miss B. A. MILLER: No, no, no. I am talking about the Prime Minister's speech on Page 38. I quote, Mr. Speaker, Sir: "To monitor developments under the programme performance criteria on key financial variables will be established for end of September 1991 and end December 1991 and end of March 1992." If the Fund feels that the public servants by going to the Courts will frustrate this important plank in the Prime Minister's package and, Mr. Speaker, if they are conscious of what the manufacturers are saying about what the prospects are for any recovery in their sector, I want the Prime Minister to explain to me and the rest of Barbados what the implications of those considerations will have for the end of September 1991 performance criteria. Do you mean to say that we are going to fail before we even get into it and that we are not going to get out of low primer into high primer, not even to Standard I? Is that what we are coming to now, Sir?

I want a clear, clear understanding as to what is the importance in the Prime Minister's statement for end of September 1991 and end of December 1991 performance criteria. Do you know why I am considerably worried about that, Mr. Speaker, Sir. It is for this reason, Sir. Further on in the Prime Minister's statement at Page 46 - I know that he was coming to the end of his statement and maybe he was tired, but he said this. He was very careful with his language. - He said, "I have placed a programme before this nation. It is a programme that can get the support of the IMF." He did not say that "shall". He did not say that "will". He did not say that "must". He said that

it can. Is it that the Prime Minister himself is not at all sure that the proposals placed before this House in which this programme is contained and which we understand is going to be contained in the Letter of Intent may not get the support of the IMF? If that is so, what then is the next step and what will the implications be in respect of the Japanese loan? Is the IMF then going to impose its own conditionalities irrespective of our input? I do not know, Sir, I wish to be told. This is a new experience for me. I am not pretending that I know, but I feel that I need to know. The people in the City of Bridgetown want to know, the people in the whole of Barbados want to know, the people in CARICOM want to know. What is it that the Prime Minister meant when he said it is a programme that can get the support of the IMF? What is the import and the implication of what is referred to by the Prime Minister as performance criteria for end-September 1991? I can understand end-December 1991, I can understand....
12.20 a.m.

Mr. SPEAKER: I am not going to allow a wide ranging debate on this Bill. The Bill talks about consumption taxes.

Miss B. A. MILLER: Mr. Speaker, these are consumption taxes, an important consideration. The increase contained in this Bill....

Mr. SPEAKER: I am going to invoke some of the Standing Orders. You must be very relevant.

Miss B. A. MILLER: But how more relevant can I be, Sir?

Mr. SPEAKER: I will tell you when I think you are not relevant.

Miss B. A. MILLER: I am to be guided by you, Sir. We are possibly debating the future of Barbados for the rest of this century. This is no small thing, this is no mini-budget. People's livelihood is to depend on this. The consumption tax increases contained in this Bill are part of a package that the Prime Minister put before this country. They are part of considerations for the International Monetary Fund. I am saying that in an almost instantaneous reaction to this the manufacturing sector, the tourism sector, the agricultural sector....

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is being repetitious, according to the Rules. This matter has been debated and the Honourable Member is repeating herself.

Mr. SPEAKER: But, you see, it is a new Bill and what has been said on another Bill is for that Bill. What is being said now is for this Bill. What I am saying is, if I

appear to be a little bit more cognisant of what is before me, I think it is fair for me to make that judgment.

Miss B. A. MILLER: I understand, Mr. Speaker. All I am saying is that it is a matter of great concern and a lot of people have listened to the Prime Minister, a lot of people have read what he had to say, a lot of people have missed this business, but I have not, about performance criteria for end of September and end of December. I am saying that I wish the Prime Minister to explain to me and to the rest of us what the implications are.

Thank you, Sir.

Hon. H. deB. FORDE: Mr. Speaker, I wish to make a few points in relation to the increase of consumption tax and the placing of a very heavy surcharge on what the Prime Minister has described as luxury goods. This is all referred to in part of this Bill. It is my submission to this House that the effect of these changes on the cost of living is going to be catastrophic and particularly in so far as it affects the poorest of the poor in this community.

Although the Prime Minister speaks of an increase in the consumption tax of 3 percentage points, in actual fact that amount is going on the c.i.f. value of goods, and added to that, he has placed a surcharge on goods that are obviously no longer luxury goods. I believe that the only luxury good he seems not to have taken into account is perfume and I do not know why he exempted perfume but he believes that he must put into the category of luxury goods floor tiles as well as refrigerators, something that is no longer a luxury, to give you two examples.

Earlier I gave the House the benefit of the information advised to me by which certain basic commodities will be increased. The Honourable Member for St. Philip North said that he had not yet as Minister of Consumer Affairs done his homework to know whether those prices are adequate or not, but his Inspectors are going to be out. Now, what are his Inspectors going to be out for? Unless the Government intends to bring in price control over this whole range of goods. A Price Control Officer is only effective to the extent that there is an order specifying a price at which the goods are retailed or wholesaled. The whole point I am making is that in the majority of these commodities there is no existing price control mechanism. I will advise the Honourable Member not to follow the precedent of the Honourable Member for St. Michael West. His price controls in this community wiped out 400 shopkeepers, small traders and set the record towards black economic enfranchisement back in this country. On the other hand, Sir, I believe that the IMF is not going to allow the Government – and that is why we are asking them to give us all the terms, conditionalities and what not – to put back on any regime of price control

in this country. That is the whole point, so that the pious misunderstanding and appeal from the Honourable Member for St. Philip North means nothing and I think a lot of it is probably coming as a surprise to some of their members, that they have some protection, but the public of Barbados must be told that part of the programme is to remove controls, not to put them on. In fact, the Honourable Member may find soon that his Price Control Officers are made redundant. They may be part of the army of occupation, to quote the former Right Honourable Member for St. John, as he always called the Civil Service. They may be part of that army of occupation, to quote the language of the Democratic Labour Party, that the Prime Minister is now savagely cutting and sending home without any further work.

I am asking the Government to clarify its thoughts on these several matters. It seems to me quite clear that no proper consideration has been given to this matter.
12.30 a.m.

I also, Sir, ask the Prime Minister for information. My information might be incorrect but I have a duty to put it. I understand that in the discussions with the IMF the Government was told when it is removing what they have done now, the exemptions for the manufacturers, they really were not to have left the manufacturers exposed inter-regionally but to look at particular items in the Customs Act and pass that price on to goods, including CARICOM goods which would have left the manufacturers properly protected.

If my information is correct, Sir, I have not had the time I normally take to verify these matters before I come. Do not mind they deny them, Sir. I have as good sources as anybody in this House, whether it is CBC reports, any report I get. Do not tell me I cannot get them. I can get them here and get them overseas too.

Aside.

Hon. H. deB. FORDE: You can get them anywhere, from London, Africa, anywhere you want. I want the Prime Minister to say whether his Ministry was so ill-prepared that they used a crude method of dealing with the matter and, in the process, have got the whole of the manufacturing sector totally exposed in this matter. I wonder whether the Prime Minister would let us know what is the position on that particular part of it.

RE: Hon. L. E. SANDIFORD: Mr. Speaker, I have taken note of the points that have been raised by Honourable Members. I will respond in due course.

On the motion of RE. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, the Bill was read a second

time, all Members of Her Majesty's loyal Opposition voting as "Noes" on this and on all subsequent votes in this Bill in the House and in Committee.

On motion of Rt. Hon. L. E. SANDIFORD, 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. Can I have some order, please? The Honourable Member for Bridgetown. The Honourable Member for Christ Church East.

Clauses 1 – 5 inclusive were called and passed on a division.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, subject to typographical errors being corrected, I beg to move that the Schedule be the Schedule to the Bill.

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

The question that the Schedule be the Schedule to the Bill was put and resolved in the affirmative on a division.

On motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported to His Honour, Mr. SPEAKER, the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, the Bill was read a third time and passed on separate divisions.

STAMP DUTY (AMENDMENT) BILL, 1991

Rt. Hon. L. E. SANDIFORD: Sir, I beg to move that the Stamp Duty (Amendment) Bill, 1991 be read a second time.

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

The question was put and resolved in the affirmative, all Members of Her Majesty's loyal Opposition voting as "Noes" on this and on all subsequent votes on this Bill in the House and in Committee.

On motion of Rt. Hon. L. E. SANDIFORD, 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.
12.40 a.m.

Clauses 1 and 2 were called and passed on a division.

On the motion of Rt. Hon. L. E. SANDIFORD seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported to His Honour the SPEAKER the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, the Bill was read a third time and passed on separate divisions and cited as the Stamp Duty (Amendment) Act, 1991.

ORDER NO.14 – THE STABILISATION TAX (AMENDMENT) BILL, 1991

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that the Stabilisation Tax Bill, 1991 be read a second time.

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

Hon. H. deB. FORDE: I ask that our vote as "Noes" on this Bill be recorded in the House, Sir, since we could not agree to the middle class being wiped out through this manner.

Mr. SPEAKER: I request that the Opposition's negative vote be so recorded.

Subject to Mr. SPEAKER's direction, the Bill was read the second time, all Members of Her Majesty's loyal Opposition voting in the negative.

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

Mr. CHAIRMAN: The House is Committee.

Clauses 1, 2 and 3 were called and passed on separate divisions.

On the motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT the Bill was read a third time and passed, the division being as in the Second Reading.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that this Bill do now pass and be cited as the Stabilisation Tax (Amendment) Bill, 1991.

The question was put and resolved in the affirmative on separate divisions.

ADJOURNMENT

Hon. B. M. TAITT: Mr. Speaker, that brings us to the end of Government Business and I don't believe there are any questions or any other Private Members' Business. I don't know if Honourable Members wish to proceed with Private Members' Business at this time.

I think, Sir, as we come to the end of what, for us, is an historic debate, I think it is fair to say that we have had an enlightening experience. I think Honourable Members, to my mind, Sir, have conducted themselves with appropriate decorum and, more particularly, I think that when this record is read, many years from now, people will see that all Honourable Members committed themselves to their understanding of what is required for their country as perceived by them, and we will be perceived by historians as having, when the call to arms, on behalf of the country, is sounded, we will not be found to be wanting.

It is true, Sir, that the opinions that were shared did not coincide at each point, but even in the differences one can hear or feel what my friend from St. Joseph would call a golden thread going through the debates, which suggests that democracy is alive and well in Barbados.

We have no doubt that consequential to this debate there will be some other, perhaps less acrimonious debates in various and sundry places, no doubt in the hedges and byways for some and in even more auspicious chambers – according to what I hear – for others. But at the end of the day what we will all hope for is that the debate which will continue will in the end redound to credit of a new and

reinvigorated Barbados which will see us all sitting in the dock of the bay watching the successful ships go by.

Mr. Speaker, I think it is fair to say too that Honourable Members have had a long and arduous session. It is customary that we would have been out by August and we are now well into September so that Honourable Members have earned the right to a reasonable opportunity to commune with their constituents, to have refreshment, rearrangement and do all the things that good Parliamentarians do in between Sessions. I therefore am very pleased to wish everybody a good holiday and to hope that they will all, each one of them, come back in due course refreshed.

I could not let this moment pass, however, without saying a word of thanks, especially to the staff of Parliament. Sir, I think you will agree with me that they have done magnificently well during the Session but particularly in this time when they were called upon.
12.50 a.m.

We wish to say thanks to the constabulary who come and protect us every Tuesday and on this occasion have had a very long session. I would like them to convey to their colleagues who were here earlier that we appreciate their efforts. We are sorry that those members of the Press who would normally be with us could not stand the test of stamina as established by the Honourable Member for the City. They flagged out but then most of them have passed it and are beyond. So as we come to the end of the marathon, they were left somewhere up the road, Sir. They dropped out. But we hope that someone will convey to the Press our thanks for errors and omissions and also those times when they accurately reported us. We thank them nonetheless. I do not believe that I have left out anyone.

Mr. Speaker, you have been your gracious self. We cannot fail to recognise that every time you looked in a certain direction, Sir, the temptation comes to your head but you calmed it. But Sir, we think that you too deserve a rest and we hope that in your travels, if any, you will find them as rewarding and interesting as they have been in the past.

Mr. Speaker, I beg to move that this House do now adjourn until Tuesday, November 12, 1991 at 12 o'clock noon.

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

The question that the House do now adjourn until Tuesday, November 12, 1991 at 12 o'clock noon was put and resolved in the affirmative, and Mr. SPEAKER adjourned the sitting accordingly.
12.52 a.m.

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 BLACKMAN, Hon. H. A. (St. Philip South)
 BOWEN, Mr. D. W. (St. Michael South Central)
 BRADSHAW, Mr. DeL. O. (St. Michael South East)
 BRATHWAITE, Mr. L. L. (St. Michael North East)
 CHELTENHAM, Dr. R. L. (St. Joseph)
 EASTMOND, Mr. R. C. (St. James North)
 ESTWICK, His Hon. T. C. (Christ Church East)
 FORDE, Hon. H. deB. (Christ Church West)
 FRANKLIN, Hon. W. O. (St. Philip North)
 KING, Hon. M. A. (Christ Church West Central)
 MILLER, Miss B. A. (City of Bridgetown)
 MORRIS, Mr. R. L. (Christ Church East Central)
 SANDIFORD, Rt. Hon. L. E. (St. Michael South)
 SIMMONS, Mr. D. A. C. (St. Thomas)
 SIMMONS, Hon. N. K. (St. James South)
 St. JOHN, Mr. H. B. (Christ Church South)
 TAITT, Hon. B. M. (St. Michael West)
 THOMPSON, Hon. D. J. H. (St. John)
 TROTMAN, Mr. C. LeR. (St. Michael Central)
 TUDOR, Mr. J. O. (St. Michael East)
 TULL, Mr. L. R. (St. George South)