

THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Friday, December 11, 1992

Pursuant to the adjournment, the House of Assembly met at 10.20 a.m.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, B.Sc., LL.B., (Deputy Speaker)
Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.), J.P., (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)
Mr. H. deB. FORDE, Q.C., M.A., LL.B., (Leader of the Opposition)
Hon. B. M. TAITT, B.A. (Hons.), M.P.A., LL.B. (Hons.), (Minister of Health)
Hon. 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 Trade, Industry and Commerce)
Mr. H. A. BLACKMAN, B.Sc. (Econ.)
Mr. O. S. ARTHUR, M.Sc. (Econ.)
Mr. D. A. C. SIMMONS, Q.C., LL.M.
Hon. C. V. WALKER, J.P., (Minister of Education)
Mr. L. L. BRATHWAITE, J.P., (Chairman of Committees)
Hon. E. E. GREAVES, G.C.M., B.A., Ed.M., (Minister of Housing and Lands, Community Development and Culture)
Hon. W. W. HALL, G.C.M., H.B.M., J.P., (Minister of Tourism and Sports)
Mr. R. L. MORRIS, B.A., Cert. Ed
Hon. D. J. H. THOMPSON, LL.B. (Hons.), (Minister of State, Ministry of Finance and Economic Affairs)
Hon. H. B. St. JOHN, Q.C., LL.B.
Mr. L. R. TULL, Q.C., M.A.

Miss B. A. MILLER
Mr. DeL. O. BRADSHAW
Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)
Mr. J. O. TUDOR
Hon. D. W. BOWEN, (Minister of Agriculture, Food and Fisheries)
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, December 8, 1992.

Hon. B. M. TAITT: The Minutes of this Honourable House for Tuesday, December 8, 1992 have been circulated. I have no indication that there is a problem with any of them.

I beg to move that these minutes be confirmed.

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

Mr. SPEAKER: If there are no observations, let these Minutes stand confirmed.

FIRST READINGS OF BILLS

On motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, the following Bill was read a first time:-

Bill to Repeal the Stabilisation Tax Act, 1991

SUSPENSION OF STANDING ORDERS

Hon. B. M. TAITT: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the sitting. In so doing I will give Honourable Members on the other side the usual assurances.

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

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

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the order of the day. Order No. 6.

ORDER NO. 6 - RESOLUTION TO AUTHORISE THE MINISTER RESPONSIBLE FOR FINANCE TO RAISE BY THE ISSUE OF TREASURY BILLS SUMS NOT EXCEEDING \$100 000 000 TO PAY OFF AT MATURITY BILLS ALREADY ISSUED AND OUTSTANDING

Hon. D. J. H. THOMPSON: Mr. Speaker, this is a Resolution under the Treasury Bills and Tax Certificates Act, 1987, to increase the limit for treasury bills from the sum of \$600 million to \$700 million. This particular Resolution comes against the background of a preliminary out-turn for the 1992/93 fiscal year to December 31, indicating current revenue collection of \$684.4 million and total expenditure of \$697.4 million leaving a fiscal deficit for that period of \$13 million.

Under the Government's fiscal adjustment programme the targeted revenue was \$766.1 million, and targeted total expenditure \$785.6 million which means there has been a decline in the targeted revenue of about \$81.7 million over the period. This, of course, has forced a near equivalent reduction in expenditure in order that the actual out-turn keeps pace with the revised projections.

The reduction in capital expenditure to the 3rd quarter as a result of revenue shortfall has meant a slowing of some capital projects. There is now a need for Government to place itself in the position to make up that quantum of new capital which would previously have been contributed by current revenue. This will assist in completing as much of the planned capital works programme for the 1992/93 period as is possible.

The House should also be aware that Government has provided in the 1992/93 Estimates for contributions towards the foreign financing of capital works programme by the international financial institutions, in particular the World Bank and the Inter-American Development Bank. At this

stage discussions are still continuing with these institutions on the parameters of the respective programmes.

Provision was also made in the Estimates for 1992/93 for the proceeds of divestment to be factored into revenue. In both cases, both in relation to financing from the international institutions and also the proceeds of divestment, it is anticipated that contributions from these sources would materialise by the end of March, 1993. It is against this background that Government needs to access funds from domestic sources until the identified funding from the international institutions and divestment becomes available.

Apart from this strategy, the Government contemplates a significantly higher level of capital works project activity for 1993/94. This requires accommodation for a higher level of borrowing to finance capital formation in the next financial year. Moreover, it is expected that efforts would be made to ensure that some of the shortfall in capital formation in the 1992/93 period will be regained in 1993/94 so that the need for strategic increases in Government's borrowing limits is also found in the fiscal strategy which is being pursued. For example, the House recently agreed to various reform measures in respect of the direct tax system which, of course, is going to cause net reductions to revenues both in the 1992/93 period, particularly between January and March, and also in the 1993/94 period. This will come about through the elimination of the Stabilisation Tax and a phased, elimination of the levies.

In the area of indirect tax, Government suffered revenue losses because of the restoration of 50% concessions to the manufacturing sector, as well as further losses in revenue, which were occasioned by rebates and in some cases up front waivers of imposts in respect of manufacturers who can verify their export sales. It is hoped to grant further relief to the manufacturing sector shortly to assist in the sector's recovery and there will be further revenue losses. This, of course, underlies the need for provision for higher borrowing.

On the issue of debt and debt service at November 30 the national debt was \$1 787 million of which the local debt was \$1 104.6 million and the foreign debt \$682.4 million. Debt service on domestic debt is estimated at \$99.2 million and on foreign debt at \$125.6 million. The nominal gross domestic product at factor cost to November is estimated at \$2 748.5 million.
10.30 a.m.

Domestic and Foreign Debt Service represents 3.6% and 4.6% of GDP respectively. Where there is not a vast difference between the foreign and domestic debt service ratios at the end of November, it should be noted that debt denominated in Barbados dollars, which is the larger

portion of the domestic debt, gives us a decided advantage in not having to utilize foreign exchange critically needed in other areas of the economy to retire debt.

Finally, in relation to liquidity, at 25th November commercial banks were holding \$17.1 million of excess, non-interest bearing reserves and \$124 million of excess securities. Comparable figures as **against** the two most recent times when loan limits were increased are as follows:

August, 1986	\$28.5 million of excess, non-interest bearing reserves and \$105 million of excess securities.
October, 1990	\$4 million non-interest bearing reserves and \$61.8 million in excess securities.

Regarding the external liquidity comparison in respect of the two most recent times we have increased loan **limits**. At December 2, 1992 the external liquidity was \$256.8 million. In August 1986 it was \$214.6 million and in **October**, 1990 it was \$129 million.

The Government is cognizant that higher local borrowing can cause additional foreign spending, if the **Central** Bank provides the funds, because of the additional spending power that it creates. However, if the banks do the borrowing they are re-channelling private spending power via deposits to the Government. In our present circumstances, any additional Treasury Bills that the Central Bank takes up will not increase the total of Central Bank lending to Government because they will, in fact, substitute for Ways and Means advances. The total Central Bank lending to Government is controlled under the targets for the net domestic assets under our **stabilization** programme.

The first issue of Treasury Bills - this is during the month of December, this month - **under** the Treasury Bills and Tax Certificates Act was over subscribed by about 50 **million**. The rate of interest was lower than in the previous 6 months and, of course, it is noticeable that the **rate** of interest has declined quite substantially from the highs that it reached in recent times and is steadily declining. This is some indication of excess liquidity in the domestic banking system. A second issue was made on Wednesday of this week and the report on this issue might be **forthcoming** shortly.

The final point I want to make is that, though Government is seeking an extension on the limits for local **borrowing**, it does not mean that the full amount will be required **immediately**.

With those few words, Sir, I beg to move that this Resolution do now pass.

Hon. C. V. WALKER: 1 beg to second that and reserve my right to speak, Mr. Speaker.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I want to thank the Minister of State for putting his presentation in the context of relatively up-to-date information, Sir. I think it was a refreshing change to have a debate cast in such terms that all Sides of the House have, available to them, information as up-to-date as possible. I really must acknowledge that that is a change from the past. Having said that, I also want to welcome the Minister of State into the fold of those who believe that public finances should be discussed with reference to numbers. Very often, in the past, we would have heard the Minister berate those who have used numbers in this House to discuss financial **uends**. I think the House will agree that this morning we have had an overwhelming outburst of numbers from the Minister of State in the Ministry of Finance. I trust that this will be a permanent feature because I do not know how else one can discuss public finances, Sir, except with reference to numbers. If there is one area in which obviously the Minister has been educated during his sojourn at the Ministry of Finance is an appreciation for facts. I hope that this will **pervade** every aspect of his political life,

Having said that though, Sir, although we were given relatively up-to-date numbers I did not think that the House was given a proper context, the full context within which the limits on the Treasury Bills are being increased. The **fact** of the matter, Mr. Speaker, is **that** the Government faces the prospect of having difficulty meeting the December **IMF** test. Last year you had a similar situation where the Government had set itself a very ambitious foreign reserves test. It was in danger at this same time last year of not being able to pass the reserves test because the reserves test required the reserves to increase by \$50 million between September and December. As late as November last year, Sir, the net reserves were minus \$4 million, and as we know the Government was put to a number of expedients including the pre-payment of the sugar **money**, borrowing money from the pensions funds and so **on** to **pass** that test. This year, there is a different problem. The Central Bank overdraft to Government is...

Aside.

Mr. O. S. ARTHUR: ... not only over the limit - it is in the vicinity of about \$250 million as of the 9th December, then, when you add to that the Treasury Bills and the Debentures held by the Central Bank on Government's behalf, there is the danger that the net domestic assets of the Central Bank to Government limit or test can be exceeded. The Government has never had the courtesy of making the post March 1992 IMF targets available to the House. I will have to make these tests a document of the House. But the quarterly tests show, Mr. Speaker, that it was anticipated that the net domestic assets

of the Central Bank of Barbados should have fallen between September 1992 and December 1992 from \$275.8 million at September 1992 to \$272.2 million at December 1992. But it would appear, Mr. Speaker, for a number of reasons which we ...

Mr. SPEAKER: I am not interrupting the Honourable Member. But since he intends to make that a document of the House, would you give the title?

Mr. O. S. ARTHUR: These are a series of tables, Sir, 5 tables setting out the IMF targets to be met by the Government of Barbados as part of the programme with the IMF, after March 1992.

If I may just elucidate. The initial Letter of Intent between the Government and the IMF set targets to March 1992 on the understanding that all the tests after March 1992 would have been set during the consultations in March. Those targets to March 1993 have now been set, except that they have never been published by the Government. Interestingly, for example, Mr. Speaker, the net reserves targets that Government has had to meet this year have lower than at March 1992. We hear the Government praising itself for the fact that it is passing the tests very easily. But the fact is, for example, the reserve targets for March 1992 is \$34.6 million but the target for June 1992 was \$20.4 million, September 1992, \$22.1 million, December \$28 million. The fact is even if the reserves had fallen fairly substantially by as much as US\$15 million the Government would still have passed the IMF test. It is also true that the reserves have done better than the targets. But the truth is that these targets for the reserves in particular, should have been made public to provide the general public with a better background to understand Government's statement about the economy, to have allowed the Government's reserves to have fallen by \$30 million between March and September, and the Government would still have passed the test. I say that, Sir, only to elucidate. But these are the post March targets.

The point I am coming to is that the target for the Central Bank lending to Government is such that Government's borrowing from the Central Bank should have declined.
10.40 a.m.

The contrary has been the case. Between September and December Government's Ways and Means concept, that is, the overdraft to the Central Bank has gone up fairly substantially. What is intended obviously, Sir, is for the Government to bring in some revenue, bring in some moneys through the issue of treasury bills so as to work down its indebtedness with the Central Bank and put itself in a position where it will not fail the test. This is part of the reason why we are here. I believe, therefore, Mr. Speaker, that should go into the records because it is a matter of fact.

Having said that, Sir, I believe that the House really should not treat this matter as a routine matter. Ordinarily the extension of a Treasury Bills is something we should treat as a routine matter but the need for an increase of this treasury bills limit, Sir, is a reflection of the fact that the Government is experiencing a very serious cash flow problem. It is experiencing a very serious cash flow problem in which it is making up for its cash flow deficiency by borrowing from the Central Bank in the context of the situation where it is supposed to be governed by a financial programme by the IMF that is intended to preclude and preempt the occurrence of cash flow problems. So that when Government has a cash flow problem, when operating under an IMF Programme which is intended to prevent the Government from having a cash flow problem, and more to the point, Sir, an IMF Programme that is intended to prevent Government from meeting its cash flow problems by borrowing from the Central Bank, we have a serious matter on hand.

I believe therefore, Sir, that the House has to understand that Government's cash flow difficulties are indicative of 4 major developments of which the House should be seized.

First of all, Mr. Speaker, Sir, the economy, contrary to what Government is saying, simply has not been performing in accordance with the IMF Programme, it is dangerously off track and the economy has virtually gone haywire. I will elucidate on that in a moment, Sir.

Secondly, Government's cash flow projections for the year, as the Minister of Slate alluded to, was to some extent projected on the assumption that Government would have had certain proceeds from its sale of assets and from the drawing down of funds from the international institutions such as the World Bank and the IMF and those have not materialised.

Thirdly, the IMF Programme placed certain limits on Government's capacity to borrow externally, but even within those very narrow constraints Government has not been able to raise funds abroad in accordance with plans. So that, Mr. Speaker, those 4 factors together explain why there is this great difficulty with the public finances.

I will begin with the first, Sir. Mr. Speaker, Sir, the IMF Programme with the Government was based upon certain notions regarding growth in this year, and I am reading from the Letter of Intent, page 2:

The macro economic objectives set by that Programme, Sir was that they wanted to contain the fall in output in 1991/92 to 3 per cent but to attain a rate of economic growth of about 2 per cent this year and to maintain a growth rate of 3 per cent thereafter. So, Mr. Speaker, Sir, all of Government's financial projections

this year were based on the presumption that the economy was going to be growing and be growing by as much as 2 percent and that that growth was going to be led by an expansion in economic activity in the tourism sector.

Mr. Speaker, Sir, the Barbadian public is being told all the while how well the country is doing under IMF Programme and that the Programme is on track and the decline has stabilised and so on. But the fact is, Sir, that that Programme asks itself to be judged on its capacity to bring about growth in this economy this year. We have to hold the Government to that, Sir; the promise of this Programme was that there was going to be growth this year, there was going to be recovery this year, Mr. Speaker.

Where is the recovery? Our calculations, in the Opposition, suggest that for the first half of the year the economy contracted by as much as 6 percent. That is based upon the fact that in the best sector, tourism, the decline was as much as 4 per cent. Now, Mr. Speaker, when you have a 20 per cent decline in the country's imports, given that this economy is an import intensive economy, a 20 per cent decline in the country's imports must in and of itself tell you that the shake out in most of the import intensive sectors in the economy has to be very substantial. But I am prepared not to speak in terms of 10 per cent declines and so on. It is my best judgment, Sir, that the economy would have had to decline by as much as between 5 to 6 per cent in the first half of the year. If the best sector, tourism, declined by 4 the distributive sector, obviously, Mr. Speaker, Sir, declined fairly substantially because that is the sector that makes the most intensive use of imports. The distributive sector, Sir, declined, I would imagine, by more than 5 but I am not going to speculate. My best judgment would be that the economy declined by far more than 5 to 6 per cent in the first half of the year.

More to the point, Mr. Speaker, Sir, there is simply no basis upon which the 2 per cent growth rate that forms the basis of the IMF target for this year, Sir, can be realised. In truth and in fact, Sir, the Barbados economy at best will decline by 3 to 4 per cent this year, meaning that the economy is 5 percentage points off where it is supposed to be. Now if you are supposed to be growing by 2 per cent and you decline by 3 to 4, Sir, there is a wide gap.

Mr. Speaker, Sir, when the Barbados economy grows by 6 per cent there is a boon. Clearly, Sir, therefore when the economy declines by 6 per cent, Sir, there is the opposite and exact effect and that is what has been happening this year. It is what fundamentally explains why Government's revenue is as much as \$81 million off target, because Government's revenue would have been forecasted on the assumption that the economy was going to grow by 2 per cent. This \$81 million decline in Government's revenue, Mr. Speaker, Sir, is the best evidence that we

have substantiating that the decline in the economy is more than the Government is prepared to concede.

Mr. Speaker, Sir, Government's revenue generally is just over \$1 billion a year. In less than half of the year, Sir, in the context of \$1 billion revenue, revenues have fallen by as much as \$81 million. So we are talking almost in terms of at least a 10 per cent fall in Government's revenue.

If this economy was on track, Mr. Speaker, Sir, you would not have anything equivalent to a 10 per cent fall in Government's revenue. In fact the point I am making, Mr. Speaker, is that the \$81 million shortfall in Government's revenue is the best evidence possible of the very substantial decline in the economy and the best evidence that we have of how far this economy has departed from the targets set in the Letter of Intent. There is no growth in this economy. Also I do believe that all of us in this House would have to concede that in the absence of some package to stimulate this economy the 3 per cent growth anticipated for next year is also going to be unrealisable. The economy is in a free fall. Obviously the measures that have been put in place have been measures designed to save on foreign exchange, but it is equivalent to a pilot deciding to stall a plane in mid-air to save fuel. In order to go on some stimulus is needed. There is no stimulus right now in the Barbados economy that would serve as the basis for us to be satisfied that next year will be any better than this year. I can't see it. There is no public sector fiscal stimulus. As the Minister of State has said, the Government has in fact reduced its expenditure. There is no private sector stimulus, Mr. Speaker. There is no export stimulus, Mr. Speaker, neither are there any large inflows of foreign capital that could jump start the economy. The stimulus either has to come from the Government, it has to come from the private sector, it has to come from private investment or it has to come from exports or net capital inflows. I want to appraise all of these various possible sources of stimuli, Sir, there is nothing that is now stimulating the Barbados economy.

10.50 a.m.

I really want to make the plea, because I said that this programme is badly off track. In 1982 we went into a programme with the International Monetary Fund with the intention of bringing about internal balance simultaneous with external balance. That is, internal balance recreates the conditions for growth, external balance, has to do with a sound balance of payments position.

Mr. Speaker, I think the time has come for the Government of Barbados to give more attention to stimulating this economy. The Government has not yet published the unemployment statistics, but the facts are that as at September 1992 unemployment in Barbados has climbed beyond 23% and is almost 24%. I say that without fear of contradiction. Unemployment in this country at the

end of September was the highest in the history of this country. There can be no balance in this economy, there can be no talk of economic progress in Barbados if the price paid for stability is to carry unemployment in this country to dangerously high levels.

The Government of Barbados must understand that it has gone too far in many respects in trying to use increased levels of unemployment as the factor that brings back fiscal and foreign exchange stability. I think that a different kind of balance now has to be restored to this economy, that the Government has to correct the lurch, the temptation to just keep sending home more and more people to save on expenditure so as to be able to build reserves. The level of unemployment is too high and no programme can be worthwhile if at the end of the day the programme works only because thousands and thousands of Barbadians have to go home. I am calling on the Government to reconsider this approach. The human price of this programme has been too drastic. A 23% to 24% rate of unemployment in Barbados is astronomical; it is beginning to tear the fabric of this society apart. What is more dangerous, Sir, is that in the past a person laid off from the public sector went home with the anticipation that there was the prospect for him to get a job in the private sector, but what we now have in Barbados is a situation in which we have had simultaneous layoffs from both the public and the private sectors. The person who, therefore, goes home from the public sector does not, under the present dispensation, face the prospect of being employed soon in the private sector. I want to impress upon the Government that in my constituency there are families where the breadwinners, both the husband and the wife, are unemployed and they can look neither to the Government nor the private sector for relief. I am saying that this is not the kind of Barbados we want to create. Government has to change, as a matter of urgency, its emphases in using cuts in expenditure as a way of stabilising the economy. It has gone too far. The Government must bring to this House a package that can bring about growth in the economy, because we want stability through growth rather than stability through austerity.

That, Mr. Speaker, is my advice to the Government. This economy seems to be suffering from low blood pressure. It is anaemic, nothing of substance is happening. I will not tarry on the point, except to say that to begin with the programme with the IMF is not meeting its basic macro economic target of a 2% growth this year, therefore all the other targets are off. Government's cash flow position is also a victim of the failure of the economy to live up to the IMF's expectations.

I am saying now, as an additional point, that the time has come when the Government of Barbados must give some consideration to a package that can start restimulating the economy, because unemployment, according to my

latest information, is dangerously high for Barbados. There are too many instances in Barbados in which both the husband and the wife, the breadwinners, are out of work. I think we have to change course. I am speaking as much for the benefit of Government as for the benefit of the multilateral institutions, who believe that stability through austerity must be the lot of the developing world, including Barbados. There can also be stability through growth. We have seen that stability through austerity has not worked here and it has not worked elsewhere. So let us try the other option and give the economy a chance to become stable through growth. Stability through austerity is like a pilot stalling a plane in midair in order to save gas. He will be stable for a while, he will save gas too, but he will crash. The economy is similar to that. We need something to keep pushing the economy in order for it to remain stable. We do not have that right now and Barbados needs it as a matter of urgency.

I also made mention of the fact, Mr. Speaker, that Government's existing cash flow difficulties reflect its inability to realise the draw downs from the World Bank and the IADB that were set out as part of its programme at the start of the year. Let us go back to the Estimates debate. The Prime Minister this year promised us economic recovery and growth, because within his Ministry was a \$44 million vote which was intended to stimulate the Barbados economy. All now Barbados, in accordance with the plans of the Minister of Finance, should be drawing down, under the vote in the Ministry of Finance, from a \$44 million pool to jump start the economy by stimulating investments in the productive sector. That \$44 million vote allocated to the Ministry of Finance to invest in the productive sectors, Sir, simply has not been utilised although it was supposed this year to be the key to getting the economy jump started. If this economy could get that \$44 million into the productive sectors, indeed there would be some increased activity in the economy. A \$44 million foreign exchange injection right now in Barbados would be very welcome. We need it. It is therefore incumbent upon the Minister of Finance and Economic Affairs to explain to this House how he could have started this year promising us economic recovery based in part upon his being able to draw down that \$44 million from multilateral institutions to pump into the productive sector, but has not been able to make it happen.

I want to say, Mr. Speaker, that the relationship between the Government and the multilateral institutions has taken a turn for the worse. There are a large number of things on which the Minister of Finance was supposed to have followed through, which he has not done. There are a number of institutional arrangements which the Government was supposed to have put in place that it has not put in place. For example, the Government was supposed to have made important institutional changes to the status of the Barbados Marketing Corporation and the

Barbados Agricultural Development Corporation as part of its overall agreement with the International Monetary Fund. Those institutional arrangements have not been carried through. Government was supposed also to have made certain progress in its divestment programme. That has not been carried through.

Mr. Speaker, the Minister of Finance and the Prime Minister **ranks himself as** being a **skillful** and fine political scientist. Perhaps he is, but his greatest strength is also his greatest weakness. He believes he can manipulate his relationship— I do not mean this in a pejorative sense, Sir — but he **can** worm his way in his relationships with serious people and institutions to always get the best political mileage. I often get the impression that he gives commitments to **international** institutions that are broad. Sometimes I am not too sure his Cabinet is fully seized of some of these things.
11.00 a.m.

One point I want to make is that if the Minister of Finance knows that he has given commitments to the **international** institutions that can affect his capacity to have funds drawn to help this economy, he should follow through on those commitments. The Government must govern. At the end of the day, we will go back to the people and say you did this and we are holding you responsible for it, but if you give a commitment, then stick to it! The worst thing **that** could happen to Barbados now is for the Minister of Finance and the Government to agree to make certain institutional changes upon which our **country's** access to finance is dependent and then the country cannot have the financing at this critical **time** because the institutional changes have not been undertaken. If you know that you cannot undertake the institutional changes, first of all clear it with your Cabinet and then do not agree to them. Do not agree to things on which you cannot follow through.

This is a large part of the reason for the breaking down of Government's relationship with the multilateral institutions. People are not taking the Government seriously because the Government is saying it will do X and then it is doing Y which is at variance entirely with X. I have to say that the IMF was well disposed to the Government of Barbados, but there has been a drastic deterioration in the quality of that relationship because you cannot in your relationship with serious institutions give a commitment to do something and then back off from that commitment. Part of Government's difficulty in accessing multilateral funds is that the institutions are not satisfied that the Government of Barbados is going to carry out the kind of institutional reorganisation that it has agreed to.

The World Bank and the IADB have, from the very start, been very disinclined to operate under the auspices of the programme. They have now been emboldened precisely because the programme is not on track in terms of its back

growth objective and equally so because the Government is not carrying through important undertakings. I am **talking** about what Government said it was going to do about the state enterprises in particular.

I have asked a question in this House of the Government to set out all the terms and conditions that it has agreed **to** with the international institutions pertaining to the state institutions. It has never been answered, but the truth is that it is becoming a very sore point of issue.

The lack of clarity in relation to Government's position on the incomes policy is also emerging **as** a point of issue. Let us understand the dimensions of it, Mr. Speaker.

The Government of Barbados and the Minister of Finance in his capacity of political scientist managed to sell the notion that an incomes policy should be the alternative to devaluation in Barbados. Now, if you commit yourself to an incomes policy, you are committed to an incomes policy. You cannot be committed to **an** incomes policy today and reverse yourself tomorrow. If you start by saying the incomes policy is the alternative to devaluation, and you come a year **after** and say that you are done **with** incomes policy, then the whole question of devaluation will raise itself again. That must be clear to members of this House. Mr. Speaker, that is one of the real outstanding points of difficulty that stands in the way of the Government of Barbados having access to multilateral institutions' finances.

As you know, the other institutions, the World Bank and the IADB in particular, **were** from the start not satisfied that incomes policy was going to be an answer to our problems. They started by saying that they were not satisfied that you could use a wage cut in the public sector and a wage squeeze in the private sector as a substitute for devaluation.

Having done that, the Government now seems to want to reverse itself on the incomes policy. All it will do is harden the position in these institutions. All I am saying to Government is that it is better to deal clean and clear rather than **be here, there and everywhere** in relationship to **international** institutions. I, perhaps, even offended some of my colleagues on this side by telling the Government that I would support its position on incomes policy if it means that we, in Barbados, did not have to devalue **the** currency. I did that in the **Budget** this year. Nobody on that other side have **ever** in the past gone as far as to agree with a BLP-based policy. It was a political risk that I took that could have offended my colleagues. If we all in this House agree that we do not want devaluation of the Barbados dollar and that the alternative policy is that we will have an incomes policy **then** we should hold the incomes policy. You cannot **be** in church and in chapel at the same time.

It is this kind of thing that puts the Government of Barbados in a position where its relationship with the multilateral institutions have deteriorated to such a stage that the substantial multilateral financing it had anticipated getting this year, it will not get now before March. The World Bank and the IADB like to operate under the umbrella of an IMF programme. Government's programme with the International Monetary Fund ends in May next year. This Government has not had a mandate for its existing programme with the International Monetary Fund. If our future relationship with the World Bank and the IADB means or will have to mean that there has to be an extension of the IMF programme after May next year, I want the Government to say so now because I believe this is the kind of matter that it should go into with the country. What you will be talking about is the possibility of a 3-year extended programme with the International Monetary Fund in which you would be talking about heaping more coals on the fire that is already devouring the economy.

Generally speaking, this programme like most programmes in the developing world was supposed to be one in which the IMF and the others work as a tag-team. The IMF comes in with macro-economic programmes to create stability, the other institutions come in with money for investment. That tag-team has not materialised because the World Bank/IADB monies have not been drawn down. Therefore it is for the Minister of Finance to tell us if there is a likelihood of his having to go into an extension of this programme with the International Monetary Fund as part of the effort to provide a broad macro-economic umbrella under which those multilateral institutions should operate.

Mr. Speaker, I am saying to the Government that if this is its intention, let it go back to the people. In my view, the people of Barbados have been very patient. I believe it would be an intolerable strain on this people for them to be told that there has to be an extension of the IMF programme. The Minister of Finance promised them a sharp recovery after 18 months and the public has found it palatable to accept in part this programme precisely because it has been told all along by the Government that things are on track. It is not ready and will not be prepared to support the Government if there is going to be any extension of the IMF programme beyond May 1993. It is something that I believe Government will have to seek a mandate for because it would put a strain on this society that would be totally intolerable.

My understanding of the situation now is that the relationship between the Government and the multilateral institutions is far from salutary and that it has compromised Government's access to multilateral financing at a time when we need it. I am urging the Government to come clean now. If it has given commitments, at the end of the day it will stand to be judged by the commitments; but you cannot give commitments and then back off. Barbados needs

foreign exchange to jump start this economy. Get your act together!

It is also true, Mr. Speaker, that the Government's cash flow position was to some extent based on the notion that Government would access some funds from the divestment programme. The divestment programme seems to have run into a snarl. I am not going to speculate as to what is the nature of the snarl but the sale of the first set of shares went reasonably well. The fact is that those were the most lucrative and easiest to sell. I am not prepared to speculate about the rest of the programme. It is true that when you look at the IMF targets, running through these targets are assumptions about the amount of money that Government would have at its disposal resulting from its disposal of public sector enterprises.

It is quite clear that those assumptions are not going to be realised. I think the House is owed a full explanation as to precisely where the shortfalls or defaults are. We have heard that the Government has intended to put certain enterprises on the market. We do not know where those negotiations have reached and what are the factors that stand in the way of the Government being able to realise the sale and proceeds from the sale of its assets. What is significant is that the Government has only been able to inspire confidence in the sale of shares that everybody would want – the BET shares, the BARTEL shares and the Barbados Flour Mill shares.

The Government of Barbados seems not to have adopted a correct approach nor has gone about the business of managing the sale of the other assets in a proper manner. I think we want to hear from the Minister of Finance more directly in relation to the problems that are now standing in the way of Government's giving full effect to its privatisation programme. To be sure, from time to time, Government itself has added to the act of clarity in the area. At one stage, the Government told us it is not prepared to sell CBC, then it said it would sell 20% of the shares in CBC, although as far as I am aware, CBC is not an institution in which its capital is denominated in shares. I do not know what it will sell 20% of.

It is also going to be selling shares in the Insurance Corporation of Barbados. Nobody is quite clear as to precisely and exactly what the Government of Barbados wants to do in relation to some of its critical enterprises. Is it going to sell CBC or not? Does the Government of Barbados really believe that anybody in Barbados would invest in 20% of CBC to allow the Government the day after to do what it wants with the institution. Mr. Speaker, you can be sure that Government's privatisation programme will go nowhere if the whole programme is conceived with reference to the same parameters as its approach to the sale of CBC.

I really think that a full statement by Government on the privatisation programme is warranted.

Equally, Mr. Speaker, the IMF programme puts **limits** on Government's capacity to borrow from abroad. I think it is correct to say that the Minister of Finance has from time to time this year indicated that he was looking to borrow about \$50 million and ~~that~~ he was in the process of negotiating and was hopeful of being able to conclude negotiations satisfactorily with NAT WEST in order to inject \$50 million into this economy.

There used to be a time when the Barbados Government could go to the market and satisfactorily conclude negotiations to borrow sums of money extending far beyond \$50 million. This year, for some reason, when we urgently need an inflow of foreign capital the Government has not been able to realise the raising of a loan of \$50 million on the foreign market. Since the Prime Minister excited public expectation about this as part of his job creation programme, I think it is now incumbent upon Government to come forward and explain what are the difficulties that stand in the way of the money being raised.

Mr. Speaker, the Minister of State, Ministry of Finance and Economic **Affairs**, in his presentation also made reference to the possibility of Government restoring the concessions to manufacturers and raising funds to pay for it. To that extent, it therefore becomes relevant that I should respond to it.

He also raised 1 or 2 other issues that I want to respond to. If my memory serves me correctly, in 1988, the Government of Barbados under this same Minister of Finance **introduced** a concession whereby manufacturers would have been allowed to have access to their inputs duty free.
11.15 a.m.

I stand subject to correction as I have not checked the facts, but I think I am correct in saying that this Minister of Finance in his **first** Budget brought in the situation where the manufacturers would have had access to their inputs **duty-free**. I think it cost the Treasury then about \$50 million. In 1988 when the Minister of Finance brought in the concession that the private sector should have been allowed to have access to its inputs duty-free, the Minister of Finance then also brought in revenue-increasing measures to pay for it. He permanently increased consumption tax and stamp duty then to pay for it. Hence the concessions to the manufacturing sector have already been paid for going back to 1988. The Government therefore came and announced that it was going to remove the concession. But it did not reduce the consumption tax and the stamp duties which it raised to pay for the concessions when they were **first** granted. It removed the concessions but did not reduce the taxes that had been raised to pay for the concessions in the first place.

Mr. Speaker, to the extent that the increase in the consumption tax and the stamp duty that was brought in in 1988 remains in place, and the Government did not change it to revert to the **status quo** in 1991 when it removed the concession, then I believe the Government really has no basis for telling us now that it has to raise a new form of revenue to pay for concessions that have already been paid for. That is **my** point. Therefore, I am just serving warning at a very early date that the Government cannot come to this House and expect the Opposition and people of good judgment are going to support it when it is coming to say, "I am going to give back a concession I gave in 1988 but I want to raise a second round of taxes to pay for the concessions which have already been paid for." We will not be supporting that approach. I strongly believe that the whole question of taxation and inputs and anything like this should not be dealt with in an haphazard way **anymore**. We have a trade regime. We have to pass things sensibly through a trade regime. It should not be dealt with a concession today and one tomorrow. Let us evolve a broad policy.

In the Barbados Labour Party Manifesto, we said we would have a no-tax **policy** on inputs for exports. We would write that into a trade regime. **People** producing in Barbados for **exports** under a Barbados Labour Party administration would have access to inputs duty-free precisely because we do not want to create in this country a situation where people producing in Barbados are made uncompetitive purely by reason of the fact that they have to pay taxes on inputs while their competitors in, say, California, using the same raw materials, do not have to pay tax for inputs. We are committed therefore to that broad approach where there will be a no-tax policy on inputs for exports. The problem area arises in relation to entities that are not full exporters or seek to have access to raw materials to produce goods only on the **local market**.

A large part of the confusion in economic policy has been **because** Governments do precisely what this Government is doing now. It gives a concession **today**, it changes it next week, then it comes back and gives a concession week after next, then 6 months after it changes its mind. The **private** sector, therefore, is not in a position to forecast where it is likely to stand one or 2 years from now if the Government adopts a concession now, withdraws it later, and then restores the concessions, an approach that has become so characteristic of **this** Government's management of its economic affairs.

It is agreed that if you give a concession in 1988, withdraw it in 1990, then partially restore it in 1991, withdraw it again in 1992, and partially restore it in 1993, any private sector persons who have to do financial planning on the basis of that scatter-shot approach to the pricing of his inputs is going to be in a position where he is going to have no confidence in the Government. Whether we eventually end up charging a lower rate of duty on

raw materials for use on the local market, at least have a policy. But you cannot have 6 and 7 different 'policies operating simultaneously as has been the case in the course of the past few years. The position that I therefore want to take in relation to this matter is to tell the Government precisely that it should establish a policy it will hold.

My own preference, as I have said, Mr. Speaker, is for all inputs for exports should be duty free. I think under the CARICOM proposed trade regime that there will be a very low duty on raw materials for use in the local market for the present to be no more than 5% with the understanding that between now and 1998 it will move to a 0% rate of duty on raw materials. If that is the policy say so. If the policy is that there will be a low rate of duty on raw materials apart from those used for export for the next few years with the understand that by 1998 you will have 0 rates on all raw material say so. But let us stop this foolishness that every 3 months there is some concession given and some concession withdrawn. All of that confusion is what is serving to undermine confidence by investors in the economy of Barbados.

I am saying to the Government that the Barbados Labour Party position is let us for once and for all establish a clear policy through the trade regime. If you are going to have a 0 policy on raw materials for export, and a very low policy on raw materials used only for the local market, say so. But that is what you have already agreed to with CARICOM anyhow. I think Government should come out and articulate carefully its undertakings with CARICOM because the manufacturers are of the view that the Government of Barbados is going to give them complete duty-free access to raw material inputs if they are producing for the local market. That is what the understanding abroad is, that the Government is going to give them a major concession whereby they are going to have duty-free access to raw materials whether they are producing for the local market or not.

The Government should tell the manufacturers that it has just agreed, at the level of CARICOM, to a trade regime meant to be applied on a regional basis, and hence also in Barbados, whereby they will be charged a 5% rate of duty on raw materials. You cannot have it both ways. If a manufacturer who is producing for the local market wants to have his raw materials totally duty-free, then he will have to apply to the Ministry of Finance to get a waiver of the 5% that should be payable under the new arrangement under CARICOM.

Let me repeat my point slowly, Mr. Speaker. There is the perception abroad that the Government is going to give back a concession to manufacturers whereby it is going to restore the *status* quo of 1988 that all manufacturers can have duty-free access to raw materials. That is what the public understands. What the Government

should also say is that it has just had meetings at the level of Ministers in CARICOM where there has been an agreement of not a 0% duty on raw materials but a 5% duty. The Government has to be clear on what it is telling the people that it is either going to charge 0% or 5%.

Aside.

Mr. O. S. ARTHUR: The Minister of State from his seat is saying that nobody said so but the perception abroad is you **are** going to **have** it duty-free. Five percent 'is not duty-free. Mr. Speaker, you understand why I **am** trying to stress to Government that there is a need for it to be clear in its dealing with people? If I **am** going to charge you a 5 % duty I am going to tell you I **am** going to charge you a 5% duty but I **am** not going to make you believe that I am going to give you a full duty-free concession and then charge a 5% because that is precisely where the lack of confidence in Government arises. We now have this whole range of confusion in this area. You give a full concession in 1988, and it was a full concession.

11.25 a.m.

On this point, Sir, I **really** believe that the Government should declare. Tell us if you are going to follow the CARICOM approach. But, Mr. Speaker, I **am** not even speaking now for the benefit of the manufacturers. I **am** speaking for the benefit of the country and the Members of the House. As I said, there is the perception that the manufacturers will have full, duty-free access to raw materials.

I want to sum up on this point, this whole question of concessions to manufacturers. Government has to declare. Too much confusion leading to a loss of confidence has arisen because of this twisting, **turning**, "toing and froing." Even now there is still a residual, potential conflict between what is contained in the regional trade regime, as agreed to by the Government of Barbados, and what is the public perception regarding the policy Government intends to pursue acting as an individual nation state. I believe therefore that this opportunity should not be missed for the Government to come forward and state whether in point of fact, it intends to implement the CARICOM Agreement and charge 5% duty on raw materials or whether it in fact proposes to have a full duty-free status but it cannot be at church and chapel at the same time, in relation to this matter.

The **other** point that the Minister of State made reference to is that he said the limits were being expanded to assist in meeting capital expenditures next year. We can understand that, in principle, one does not have any objection to Government **borrowing** on the local market in order to undertake **capital** work. Indeed the best justification for these measures before **the** House today would have been, if the Government would have come to

tell us that they were coming to the Houses to expand the limits to borrow, as part of a general effort to start the economy to create jobs and generate foreign exchange earnings. This Opposition would have been enthusiastic in its support of Government if that had been advanced as justification for the expansion of the limits. The Minister of State who introduced it said, however, that it is but one of the purposes for the increase in the limit. He then went on, in his new found enthusiasm for numbers, and described the liquidity context within the expansion is going to take place.

Mr. Speaker, in 1981 when the equivalent limits were expanded, the Minister said that there were \$133 million in excess liquidity...

Aside.

Mr. O. S. ARTHUR: ... Eighty-six or eighty-seven - ...that on the last occasion that there was in existence over \$130 million in excess liquidity in the system. So Government's going into the system to expand its capital programme, obviously, was not going to cause any liquidity problem. On this occasion however, Mr. Speaker, the Government is expanding its limits by \$100 million but the numbers that the Minister gave us were that there were \$41 million only in excess liquidity in the system. I understand the Minister as saying that, \$17 million in non-interest bearing liquidity and \$24 million....

Aside.

Mr. O. S. ARTHUR: I am sorry. I heard twenty-four.

Aside.

Mr. O. S. ARTHUR: The point I was about to make would not be entirely valid because I was wondering about the validity of Government going into the market to raise.

I am not going to seek to have it both ways. I am supporting the Government of Barbados if it is going to borrow money to invest in capital projects that will create jobs and will expand the foreign exchange earning capacity of this country. To that extent, if part of these proceeds are going to be used for that purpose I will support that. But I will not be supporting Government's increased borrowing outside the context of job creation. Right now a large part of the difficulty of this economy is that the Government is committed to a programme where the state has to contract. The only way in which there can be recovery in this economy, Mr. Speaker, is if the private sector expands by more than normal to pick up the slack created by the state. It is clear therefore that Government has to be very careful in how much it borrows on the local market bearing in mind that if the economy is to be jump started that the private sector has to be put in a position where it can have access to credit at levels far beyond what it has had of late.

Therefore I am only prepared to support that aspect of the borrowing that is going to be expansionary. I am not prepared to support any other aspect of it. The Government has to look to growth, as I said earlier, to promote stability rather than to look to the centre of financial expedience.

I have broadly covered most of the topics and areas that I believe this measure raises. The truth is, in the final analysis, that the Government, despite all its propaganda, has a very serious problem on hand, Sir. I am told that a few days ago the reserves dipped by \$40 million in two days. I do not know how stable the reserves are now. But it ought by now to be clear to the Government of Barbados that it cannot indefinitely commit itself to a policy where it protects the reserves by imposing increasingly harsher and harsher bouts of austerity on the people of Barbados. That is what you can only call a form of false stability. More to the point, if we are now entering the stage where, despite the austerity, the reserves are now also beginning to decline, as would seem to be the case that between Thursday the 3rd and Friday the 4th the foreign exchange reserves fell by \$40 million - I do not know if they have improved since - if we are now having a reserves depletion problem as part of the general economic problem, there can be no better time for the Government to completely review its overall economic policy because, at the end of the day, the only benefit that was supposed to have been realized by Barbados was the building of the reserves. Even if the reserves now become unstable, it means that the whole policy has become bankrupt. I am saying that we have reached that stage where, in my judgement, Sir, the programme has - and I am summing for the benefit of the House - gone haywire, that the \$81 million in Government's revenue should be in and of itself enough to tell the Government that this economy is far, far, far more unstable than the Government is prepared to concede. That far from realizing the 2% growth that it was supposed to have realized this year, the economy is falling by 4%. So there is a net decline as compared with the prediction of 6%. That is a drastic, drastic decline by any measurement coming after 2 years of previous decline. Unemployment has now reached over 23% almost 24%. I am not going to give the Government a chance to contradict me. That is the official level of unemployment in Barbados now.

Aside.

Mr. O. S. ARTHUR: Yes. Too dangerous a price is being paid for this so-called stability in the programme. Government has also now reached a crisis in its relationship with the multilateral institutions because of its tendency to give commitments which it does not follow through and it has compromised Barbados' access to multilateral funding.

11.15 a.m.

Part of its cash flow difficulty is precisely because it has frustrated its programme with the institution.

In addition, Sir, the Barbados Labour Party will in no way be supporting Government's extension of a programme with the International Monetary Fund. It was always the intention that the IMF and the World Bank should be working together. That has not happened, Sir. We don't believe that the Government can possibly tell the people in this country that it will extend the programme. I would urge strongly that we should go back to the people if that was the case. There are people who were led to believe that there would be a recovery after 18 months. They were led to believe that they should sacrifice for 18 months because a recovery coming after 18 months. Let us go back if that has to be the case and tell the people what we all want to do.

More to the point, Sir, I believe that this debate highlights the need for the Government to be more forthcoming on what has gone wrong with the privatisation programme because a lot of its financial problems now originate from the failure to realise what was forecasted from the privatisation programme and what has gone wrong in its relationship with foreign borrowers.

Mr. Speaker, Sir, I am obliged to you.

Mr. H. A. BLACKMAN: Mr. Speaker, I rise in this debate to make my contribution. First I would like to say that a lot of the things that I felt were going to happen have happened.

Mr. Speaker, let me say at the outset that the biggest problem in this country today is that there seems to be a lack of decision-making at the right time and in the right place. I get the impression, Mr. Speaker, that the Minister of Finance is interested in 3 things –

- (1) meeting IMF targets,
- (2) having a surplus on current account at the end of March, and
- (3) his political survival.

Mr. Speaker, let me deal with the first one – meeting IMF targets. Time was, Mr. Speaker, back in 1983/84 when the party to which I have the honour to belong **was** in the habit or used to make sport of the governing party at the time, about meeting IMF targets. We used to throw scorn on the Barbados Labour Party about meeting IMF targets.

Mr. Speaker, it has got to the stage now in Barbados where the only good news coming out of Government at any time, at the end of each quarter, is that the Government has met the IMF targets. Mr. Speaker, I do not believe that meeting IMF targets is news. I would think that if you

failed the IMF target it is news but we have got to the stage in Barbados, Mr. Speaker, that meeting IMF targets is put **as** a headline "The Government has met the IMF targets" – nothing to do with the suffering, nothing to do with how many people are laid off, nothing to do with what is happening, the breakdown in social relationships in the country, but that the Government has met the IMF target.

The second point, Mr. Speaker, is the surplus on current account. I believe that it would make good saying and it would sound very well at the end of March to say that you have a surplus on current account. I have observed, Mr. Speaker, and I have read, I think it was in September, that the IMF had recommended that the expenditure for that month should have been reduced to \$18 million. At a meeting of the Christ Church Branches, held in St. Lawrence, the Minister of Finance was quoted as saying that he was able to reduce it to \$4 million. My point, Mr. Speaker, is this, that if the IMF recommend that you reduce your expenditure to \$18 million and you were able to reduce it to \$4 million that is nothing to brag about because it is an extra \$14 million of pressure that you have put on the people of Barbados; but that was a **cause** for celebration.

Mr. Speaker, the situation in Barbados has become critical and we cannot discuss this measure today unless we go back and see where we started. Mr. Speaker, let us go back and see where we started. In discussing this measure you have to look at the financial statement made in the Supplementary Budgetary Proposals on September 17, 1991 and you have to look at the Budgetary Statement made on March 31, 1992. Let me start first with what the World Bank said about Barbados in August 1991. This is what the World Bank said at page 120 of a document entitled "Barbados – Requirements for Sustained Development". The World Bank **said**: "Barbados has had no difficulty so far in increasing tax revenues over time but the tax burden is reaching high levels by any standards".

That is what the World Bank said in August 1991, that the tax burden is reaching high levels by any **standard**. That was before the supplemental budget of September 1993.

Now let me explain why we have to go to that Budget of September 1991. In that Budget the Minister of Finance said that the deficit would be \$170.5 million and that it was to be financed as follows:

multilateral institutions	–	\$77.5 million
bilateral arrangements	–	\$5.5 million
suppliers credit	–	\$14 million
divestment	–	\$40 million
commercial borrowing	–	\$24.5 million

making foreign financing of \$161.5 million. Also the Minister of Finance went on to say that he would collect \$9 million in domestic financing from the National Insurance Fund and non-financial enterprises.

Now, Mr. Speaker, it is obvious to all of us in here, that the \$77.5 million from the multilateral institutions has not come in. Mr. Speaker, I have said it on about 3 or 4 occasions in this House, that the multilateral institutions are willing to bend over backwards and help Barbados because Barbados has always been a country that they looked up to. They are not willing to bend over backwards and help Barbados as long as the present Minister of Finance remains as Minister of Finance. One has to say it and it is a fact. They are never going to bend over backwards to lend Barbados money as long as the present Minister of Finance remains as the Minister of Finance.

Mr. Speaker, let me just proceed. I will say a few words about divestment because I believe that this debate is going to come up in here on privatisation at some time shortly, so I need to say a few words about divestment. Mr. Speaker, I am not against divestment. I believe in divestment if the Government is divesting because it believes the entity it is divesting will be better served in the private sector. I do not believe in divesting just to raise revenue in order to meet IMF targets.
11.45 a.m.

Let me say this in passing. I have read and I have heard in this Honourable House where the Minister of State in the Ministry of Finance has been taking to task persons who said and who believe that the Government was hasty in selling off certain entities, and that there is not the transparency, to use that word, that there should be with this divestment. In responding to that point, the Minister of State said that the Government is now using certain financial institutions, like Ernst & Young, to look at this thing because of the misguided statements of persons about how the Government was doing its business. I am not quoting the words exactly, but words to that effect.

I do not believe that the Minister of State in the Ministry of Finance really should have said that, because in the Budget of 1992, delivered by the Minister of Finance, the Minister himself said that these shares at BET and at the Telephone Company were sold to pay the Japanese Yen Bond loan. Not only did the Minister of Finance say that in the Budget presentation, but if you look at the Budget you will see that divestment is to bring in \$40 million, which means there is a target set for divestment. So it is obvious that we are divesting to get revenue, because the amount of revenue we should get by divestment has been stated here as \$40 million.

Mr. Speaker, let me press on. We are debating today the raising of the treasury bills limit. On all the other occasions where the limit was being raised there was an increase in Government activity, and on page 5912 of the debate on Tuesday, October 23, 1990, when the present Minister of Finance and Prime Minister came to this House to increase the limit, he said: "Therefore an increase in that limit occurs from time to time..." - because previously he had given the times it had been increased - he went on: "It is expected that as the level of economic activity in the country increases..." Mr. Speaker, is there any increase in economic activity in this country? Let me read it again: "It is expected that as the level of economic activity in the country increases as the demand for additional funds becomes greater, ..." - the only person who needs additional funds now is the Government, nobody else - "...as the demand for additional funds becomes greater, then the limit on the amount which may be borrowed on the local market will increase from time to time."

The Minister of Finance at that time was saying that, as economic activity in the country increased, you would need to increase the limit. The Minister of Finance went on to give the reasons why you will need to increase the limit. He said Government expenditure had been increased by a regrading exercise, a reclassification exercise, the impending salaries settlement, all of those things. So there was increased economic activity, but there is no increased economic activity. This measure is plainly and simply to bring down the Ways and Means. This is almost entirely committed to bringing down the Ways and Means, because you have to pass a test on 31st December.

Let me read, Mr. Speaker, from that Budget which was given to us on March 31, 1992. The Prime Minister and Minister of Finance said in that Budget:

"During 1992/93 it is anticipated that there will be real growth of 1.2 per cent and, during my presentation, I will be outlining various strategies which are aimed at stimulating the productive sectors."

If there were growth in the economy, the Prime Minister would be getting his revenue. We all agree on this. But, Mr. Speaker, I have read that Budget Speech about 100 times and nowhere have I seen any measure, after the Minister of Finance has said here:

"I will be outlining various strategies which are aimed at stimulating the productive sectors" to give us the 1.2 per cent growth this year. There is nowhere in this document that any strategy or measure has been put that would have given us that growth this year. In manufacturing, in here they say they will be turning EPC and IDC into the

Barbados Business and Investment Promotion Corporation. Where in that will there be growth this year?
11.55 a.m.

Tourism – establishment of a Tourism Advisory Committee: expected inflow of \$75.5 million. It did not come and might never come. New legislation to establish a national tourism policy. Where in that is anything to increase the tourism arrivals?

You go now to agriculture which in the Financial Statement and Budgetary Proposals took up from page 44 to page 47. I read it 4 times last night and I will tell you to read it again and see if there is anything in those 4 pages on agriculture that should have caused a growth in agriculture this year.

Obviously, when the Minister of Finance was saying that he expected 1.2% growth this year every single person in this Honourable House knows, and most of us told him, it was nonsense. The answer to that is no.

Let us go on. Page 23 of that same Financial Statement and Budgetary Proposals said:

"Government should not have to borrow from banks and financial institutions as in fiscal year 1991/92."

These are the words of the Minister of Finance.

"The private sector should therefore have access to the full amount of deposit growth and funds accumulated with financial institutions."

These are the words of the Minister of Finance.

Mr. Speaker, what needs to happen in Barbados is that the Minister of Finance should tell the people of Barbados the truth. Nothing but the truth will work.

The Prime Minister and Minister of Finance will have to tell this Honourable House whether it is true that the IMF is now telling the Rt. Honourable Prime Minister and Minister of Finance that if he gives back the 8% to the civil servants the incomes policy goes through the window. The Rt. Honourable Prime Minister and Minister of Finance will have to tell this Honourable House if it is true that the IADB and the World Bank are recommending that he extend the IMF programme.

What has to be done in this country is that the truth must be told to the people. I do not understand how any

Minister of Finance with a situation such as exists in Barbados today can continually go on television and say that things are getting better and that there is light at the end of the tunnel. I think the Minister of Finance needs to come back to this country on television and tell the people of this country that the light he saw at the end of the tunnel has been temporarily turned off.

You have to understand what is happening in Barbados today. You have a situation, Mr. Speaker, where the people in Barbados are not being told the whole truth. With regard to privatisation, I am waiting on that privatisation debate. What I have realised with the privatisation issue is that very little is coming out and when people complain about the lack of information they have they get a response: "I didn't know that you didn't know this." But first, you put some lashes on the people who are complaining that enough information is not coming out and then end up by saying: "since you didn't know, I will make it available to you." There are too many things that we do not know.

Mr. Speaker, I have always heard Errol Barrow say on numerous occasions that when the Government of Barbados owns anything, 250 000 people own it. I am not against privatisation, but I will privatise if the private sector can be more efficient at running it than the Government. I do not believe in privatisation for the sole reason of raising revenue. If you are telling me that, if the Government owns something, 250 000 people in Barbados own it, is it not incumbent on any government if you are selling any item that the 250 000 people of Barbados own, to let them know exactly and everything that you are doing?

What I find strange as well, and this is what fortifies me in my view, is that the Government's privatisation policy is strictly a revenue raising measure. If you go back to our manifesto of 1986, the entities that we said we were going to privatise are not now coming up for privatisation. The ones we are privatising now are the ones we never intended to privatise. Mr. Speaker, how do we put these things together? How do you reconcile a policy of getting rid of your most beneficial and productive entities and at the same time you just bought Harrison #1? You just bought Harrison #1 because, as you said, you wanted the 250 000 souls in this country to have a piece of the rock, yet in the same breath, you intend to sell off everything else that is making money. How do you reconcile the 2 things?

Let me say this. I am a Barbadian and I want the best for Barbados, the very best and nothing but the best. I have nothing against any person or against anything. I just want the best, in my view, for this country. When I stand in

this Honourable Chamber, Mr. Speaker, I speak because I want the best for this country.

Asides.

Mr. H. A. BLACKMAN: A fellow talks and says, not when it comes to Lotto. He wants to divert me. Mr. Speaker, I will repeat that if tomorrow any 2 or 3 persons were to start any project in Barbados and have the courage to take the chance and innovate and make a massive profit out of it, I will never agree with any Government's penalising those persons who show initiative and were willing to take risks and were open in what they were doing.

Asides.

Mr. H. A. BLACKMAN: I do not believe because the Instant Money Game may be making a lot of money that you should tell the people with the Instant Money Game that you are going to take away their money because they are making it.

Let me get back to the raising of this loan. At the moment, this is what is bothering me. For the past year or more when treasury bills were being floated in Barbados, seldom were all taken up. You may float a certain amount and you will get probably 70% of the treasury bills being taken up while the rest have to be taken up by the Central Bank. What has led us to believe that when we float these now they will be taken up by the financial institutions? The point one has to make is that whether there is \$124 million or \$24 million of extra liquidity in the system does not matter because, if you take out up to \$100 million, you are still removing that amount from what the private sector or the citizens of this country would have available to them, bearing in mind that it was said that Government should not have to borrow from banks or financial institutions this year as in fiscal year 1991.

I am saying that however you look at this, we are making this country worse and worse off.

The only country that is going through an IMF programme with not one of its productive sectors firing or being given the incentive to fire is Barbados. Something has to be radically wrong. I want to know if it is true that the IMF has told the Minister of Finance that he has not carried out many of the things he said he would have done in the Letter of Intent and that they are angry. I know it is a fact but I want the Honourable Minister of Finance to say it in here.

I operate in this House of Assembly on behalf of this country. I am going to speak whenever and wherever I believe that the citizens of this country are being taken for a ride or whenever I believe that they should know what is going on.

Mr. Speaker, the Minister of Finance has to come clean with the people of this country and tell them exactly what the situation is because I am saying this now. What would be extremely bad for this country is that, after all of this suffering, all of this heartache and pain, you have to go through another IMF programme or devalue in April. There could never be anything worse than that. We are going in the wrong direction. I have said from the outset in the Budget Debate this year that I did not believe the IMF programme, as presently conceptualised, would have led to any growth and that has been proven to be a fact.

Mr. Speaker, thank you very much.
12.10 p.m.

Mr. H. deB. FORDE: Mr. Speaker, Sir, a few days ago I issued an Independence Day Message in which I said very clearly that I could not at that time take the ground of trying to find the commonalities that would make things sound nice and easy to the country but I had to be forthright and frank with the country and tell them the stark truth which now confronted Barbados. As a matter of fact, I have consistently in public life and particularly since I have had the honour to head the Barbados Labour Party from 1986, and especially in the period from 1989 onwards, been extremely truthful, frank, and forthright to the people of Barbados about the economic circumstances confronting Barbados. Every word I have said, every forecast I have made, has been proven extremely correct in this country.

The bringing of this Resolution for raising additional funds by way of the issue of Treasury Bills is another example of Government's economic policy having gone wrong. We are raising the limit from \$600 million to \$700 million and we are borrowing the money, not according to what the Minister introducing the measure would have us believe, in the expectation that part of this money is going to be used on capital projects, and for the purpose of expanding the capital base of Barbados. I do not accept that at all. What has happened is that the Government has, for almost a year now, been running its overdraft way and above the legal limit set by this Parliament, breaching the Laws of Barbados and the Central Bank, and compounding the issue by permitting cheques to be issued when the Laws of Barbados say it should not be so.

I made a statement about the Ways and Means position some weeks ago. My friend, the Honourable

Member for St. Peter, gave the up-to-date position a few days ago. The best information I have is that on December 4, which is about a week ago, it was at about \$250.9 million which was \$80 million over and above the limit set by the Laws of Barbados. If the Minister of Finance and the Governor of the Central Bank are going to be prepared to be consistent knowing that the legal limits are being exceeded, and the Government is breaching the very law that it has come down in this House not too long ago to have us correct the position, and has given us an undertaking that it is going to live within that law, then I say that the Prime Minister has failed in his **duty as** Prime Minister. That is why again I **tell** the Prime Minister he cannot breach the law then sit down and feel happy about it without resigning. I have said that to the Prime Minister consistently, not on the basis of any personal attack. But if we are setting standards, we must maintain those standards.

We have had the debate in this House where it has been said that people formerly broke the law. He is putting it right and we put it right. We all said then we were going to wipe the table clean. I **am** not talking about a temporary going over the overdraft for a day, a month or 2 and getting it back right. The Prime Minister gets daily a print-out of the Ways and Means position from the Central Bank. They do not have the courtesy of making it available to the Leader of the Opposition or the Shadow Minister of Finance. But we have to get the information ourselves, rely on whatever information we can find in the financial sector among the banks, the financial institutions and elsewhere. When we see these things going wrong and speak about them, we are either being told that we are prophets of doom and gloom or the political attacks come. Our concern is that if Barbados is to be financially and properly governed, then we must comply with the provisions of the law. It comes at the stage where last year, and in the years since 1990 and 1991, we have had a massive dose of taxation.

As the Honourable Member for St. Philip South has reminded us, the Prime Minister in his Budgetary Statement of March 31 this year said that the monetary policy may be eased during the course of the fiscal year 1992/93 because of an improvement in Government's financial position and the elimination of the Government's deficit. Government should not have to borrow from banks and financial institutions as in fiscal year 1991/92. The private sector should have access to the full amount of deposit growth and funds accumulated in financial institutions. This should increase the availability and reduce the cost of funds to the private sector.

Sir, the truth is that Government is having to borrow under this means an additional \$100 million. I am going to go so far as to say that despite the Minister of State saying there is liquidity in the system to the extent of \$124

million, or whatever, that the Central Bank is going to take up at least 80%, if not more, of this treasury bill issue. It is going to have to print more paper, or issue paper, if you like to put it that way. Using that, therefore, it may be able to redress Government's breach of the law by way of the Ways and Means vote. That is why I began by saying that I do not believe any of this so-called new money which is going to be **borrowed** is going in to create jobs for the people of Barbados or any capital formation.

Sir, between the period January to August 1992, if compared with the same period in 1991, there has been a decline in capital expenditure by 50.3%. In short, the capital programme in Barbados has been drastically cut. The reason why it was cut is to help Government balance its budget. The effect it has had has been massive lay-offs in the public sector, with a ricocheting effect into the private sector and felt in the retail industry as well as in the developmental parts of the private sector. The Government should not be surprised that the \$124 million in liquidity it says is out there is not being used by the private sector. In fact, Government is now going to plough it back in which again, in my view, will worsen still further the **recession**. It means we will not be moving forward in any way at all in Barbados.

There are some other interesting statistics I have to advert to. Because despite Government's massive taxation **programme** and despite the warning given by the Member for St. Peter to the Government as to the nature of its taxation programme and the effect it could have, Government has persisted to prove itself wrong and to prove us right by showing that import duties, for instance, declined something like 39% almost 40% in the period January to August 1992. Stamp duties down in a similar period by about 20.8%. Consumption Tax went up a bit. But overall the revenue is down. We told Government that this would happen if it overtaxed by way of indirect taxation as it has done. Since it relies so heavily on indirect taxation for its fiscal safety and stability then it has found itself on a very slippery slope indeed in the public finances. 12.20 p.m.

The Government must let the people know that it is not raising the revenue. At this stage it is \$81 million off its forecast. I do not see the activity taking place at this time in December or **indeed** projected for January, February and March to bring in the additional revenue. And despite measures like the Minister saying to people that if you pay up your arrears of Land Taxes now you are going to get off rebates, I do not see the revenue occurring. As a matter of fact, the only step that the Government took in the last few months to try to get any stimulus going was in relation to an injection of an extra \$9 million in tourism. That money has been badly spent, in some instances.

Does the Minister recognize – the Minister looks at me confused – that in Europe...

Aside.

Mr. H. deB. FORDE: Whimsically. The Prime Minister. ...for instance they have been giving money to some of the travel ~~trade~~ that sent the less people here and ignoring those who were bringing the biggest stimulus to tourism out of the European market. That is a fact. Does the Minister also recognize that the tourist programme has been so badly planned that it cannot have the impact that it should have because it came too late and in the wrong way, out of North America itself? The Prime Minister is scratching his head. If the Minister doubts me I am going to recommend to him, "Do not take it from me." I am going to ask the Minister to have a word with a former Minister of Tourism who has always been sympathetic to his Party, if he thinks I am wrong on this. But this is information that is absolutely reliable and I ~~am~~ saying that if you go through the hotels in Barbados you will not find that sense of confidence, hope and expectation that you should have expected at this time.

This has nothing to do with the worthless bad behaviour and action from some of our citizens who believe that they are going to kill off everything in the economy, by attacking tourists and what not, in the way that has happened in the last few days. Let me put the position of the Opposition absolutely clear on this, as we have always been. This Opposition whether in Government or in Opposition has always turned its face against those who harass tourists on the beach or elsewhere or would destroy the industry. They cannot and will not get our support. Just as we found Gabby's statement obnoxious, good music but obnoxious in philosophy, we find absolutely obnoxious as well the position as being articulated by people at Hackleton Cliff and elsewhere.

I want to say quite clearly, the Labour Party has said to the Government, a long time ago – they have only said now they are going to ~~take~~ us up on it – that a national approach and a national task force on crime to safeguard the number one industry of the country is required. We said we were prepared to play our part. We will not remain silent whilst people destroy that very part of the economy of Barbados that is crucial to us. Our position is clear.

But likewise, we have to say to the Government that if you have to grapple with tourism which is the first hope for recovery that you cannot go about it in the lackadaisical manner in which the Government has been going about it and you cannot hold back, until the last minute. As a

matter of fact, the contradiction was that in the last Budget the Barbados Board of Tourism did not get the money it deserved, and under some pressure from the young lady from the IMF, the Government then put up \$9 million too late, ~~too~~ little.

Aside.

Mr. H. deB. FORDE: I cannot call her name in here, Sir. The principal adviser down here from the IMF. Too late and too little and being wrongly spent. So if, at the last minute, you are going to give the Ministry an additional \$9 million having denied and cut back the **Ministry** earlier, you do not expect ...

Aside.

Mr. H. deB. FORDE: ...The Barbados Board of Tourism ...in those circumstances that you would have had the stimulus that has been called for.

Sir, I want to look a bit at manufacturing because one has to say a bit about this. Manufacturing also has the potential to earn foreign exchange. I am saying, once again, we have had a contradictory policy from the Minister. And I am talking about the Minister of Finance. It is not for want of warning. From this side of the House, within the House, outside on the public platforms we have clearly articulated to the Minister that you cannot have a stop, go policy towards the manufacturers and expect at the end of the day that they will be making a contribution to growth.

I regret to say, Sir, that the manufacturing sector has lost between 1989 and now the fourth quarter and the second quarter 34% of all people who have been employed in manufacturing who are no longer there. Well in excess of 5 000 have been lost in the manufacturing sector, in recent years, since 1989. We have to extract the figures because the Government does not give you those figures but we have had the figures extracted. I am saying to the Government, on the best information available to me through my research services, that well in excess of 5 000 jobs have been lost in the manufacturing sector or 34% of the persons employed in manufacturing have lost their jobs. These are very serious things. These people are on the breadline, they are not being retrained and the opportunities for them to find alternative employment happens to be lacking. Sir, it does not take any wizard to find out, as well, that in the public sector the loss continues very heavily from year to year to the extent that, as the Honourable Member for St. Peter has said – We are going to use the official figures. Using the official figures – you now have people out of work, almost 24% which comes to the 30 000 people I was talking about. It is a disaster. I am not surprised that even the workers union is forced to go on time off, time on, although they can cut management

without affecting their programmes very significantly. But they are forced to go on time off, time on. Sir, this is the first time in the 50 odd years of unionism that I have seen a programme of a Government affect the workers to the extent that they have not only turfed them from working in the governmental sector, caused retrenchment in the private sector, but even causing retrenchment among the workers' unions themselves.

12.30 p.m.

Now, Sir, in the private sector they have had to send home from the top the executives rather than, from the bottom. That has happened. They started at that. But, Sir, there are some human consequences flowing out of bad fiscal policies that are *hurtful* to us all and I want to talk about those human consequences.

Sir, there is not a day that I, as a Member of Parliament, go without receiving a plea from the heart from some woman, particularly, who is out of a job and without anything to eat. I believe, in almost all of our constituencies, we are confronted with increasing poverty and malnutrition. Well the Honourable Member says not malnutrition, we are not at the stage of Guyana yet, which is a very serious problem if the Honourable Member listened to the speech made by the Minister *Texeira* at the United Nations Conference on malnutrition recently. Guyana is a heartbreaking problem. We are not at that stage yet. I am not going to give an extreme. What I am saying to Members is that we are witnessing, however, the resurgence of malnutrition in Barbados and it is becoming a serious point where there are people out of work, without any prospect of work and without now the extended family being able to assist them.

Sir, it is said they are not only begging for money like water but what is bothering me, particularly, is the consequential increase in crime that is occurring, where people are breaking into houses now and stealing food. Some of them are breaking, not for *jewelry* or money. Some of them are breaking and taking away milk, bread, eggs, rice, flour, potatoes. That is the level to which we are reaching in Barbados and I do not believe that all of them are breaking because they are basically bad people, although I am not condoning any breach of the law, even in that regard and for those purposes.

Sir, I am saying that we are having people going around hungry and not being able to get 2 proper square meals, and in some cases one proper square meal a day in Barbados today.

Aside.

Mr. H. deB. FORDE: That is where the economy is bad. I said, Sir, that the intervention again by way of

Treasury Bills in the manner in which we are going to intervene will, despite what the Minister said in his Budget Speech, force out the one or two who may still be persuaded to look in the private sector for capital for expansion because we are intervening in the local market. I can't anticipate the next measure that is coming but the intervention is going to be greater than the \$100 million by way of Treasury Bills this year. It is going to be a greater intervention and the more the Governments sucks up the less the Government leaves out there to be used and be useful for creating *private* initiative.

I said, Sir, it will also deepen the recession. I have said before that we have got past the recession and we are in a slump in Barbados. When I said earlier this year that we were in a slump, the Ministry of Information, as usual came out and issued some statement in reply. We usually get a flurry of *Lough* statements from the Minister responding to me and then I respond to him in a tougher way and then silence reigns. So that there must be the realisation that we are definitely in a slump and there is no immediate prospect of moving out of that situation, Sir.

I will go further, Sir, with a poor liquidity situation and with another fall, that is, if the figures given by the Honourable Member for St. Peter are right, and I think they are right, that we seem to have had a loss of about \$40 million recently in our external funds position with our position not stabilised and no *external* exchange *liquidity* I can see no conditions for growth immediately within this economy. I cannot see it coming at all.

Let me state the position, Sir. I am going to ask the Minister, he has been asked by both Honourable Members who have spoken, and I am addressing my words directly to the Prime Minister, as Minister of Finance. I am not addressing my words to the Minister of State in the Ministry of Finance because I believe that we deserve an answer, in this Parliament, from this Minister of Finance, on these measures. The Minister must tell us. Our information is that the Minister of Finance or/and his officials have been discussing with the IMF at the highest level, an expansion of the IMF Programme beyond May 1993. Let me put it this way, Sir. There is a definite possibility that as a condition for drawing down and getting funds and a proper programme from the World Bank and the IMF, the Government will have to go into an extended programme with the IMF beyond May, 1993.

12.40 p.m.

I believe that the Minister must be candid with the public of Barbados and as early as possible make the information available to us. I am going to ask the Minister if it is intended that the incomes policy as at present

practised by him will be continued beyond 1993. If not, as presently constituted, will there be an incomes policy, and what will be the concomitants of that incomes policy? The Government already has before it requests from the principal union representing the public sector, the National Union of Public Workers, for not only restoration of the 8%, but as well for an increase in wages. That is before the Government. The Government **has** merely perfunctorily acknowledged **receipt** of the two letters written to it. I want the Government to tell us in the context of the state of the economy and the structural adjustment position what is Government's position in relation to an incomes policy beyond May 1993.

The **Government** should also be aware that despite what it has said, the private sector has not consistently been able to stick to any policy of reducing workers' wages. That would lead to a riot in Barbados. Indeed, nor has it been able, in the circumstances, to prevent giving some increases, not based on productivity either, so that the Government has to spell out quite clearly to us at this stage what is intended to be its position after May 1993.

Now, Sir, I do not want to go through listing, as I did a few days ago, the non-performance of the various sectors. Suffice it to say, for the purpose of this debate, that other than for the offshore service sector there has been no area of significant growth in any of the sectors at all. I am very concerned about the sugar sector, Sir, and I am going to tell the Minister why I am concerned. I am concerned **because** this year, and given the present weather conditions and the state of the canes, we cannot get above 50 000 tonnes. In fact, I will say we are going to get about 40 to 42. If we get a lot of rain between now and the end of January, hopefully we will go up by another 5 000 tonnes. If the Minister drives through the country, as I do, he will find that canes that are about three feet high are shooting **arrows** and you are not finding the joints of cane there should be, so the crop is poor. What is worse, Sir, is that the effect on the 1994 crop is a very serious matter for us.

I have to take the sugar industry very seriously. There are 7 000 jobs at stake here. Any week or two weeks of delay has serious implications for 1994, **because** we have to finish with 1993, and 1995. Let me tell the Minister what is bothering me. Does the Minister recognise that Barbados, which before never had to import molasses for rum, is now going to have to import molasses, maybe up to the year 2001, at a foreign exchange cost which we ought to be saving if our sugar industry was functioning? I will tell the Minister further. The Minister should know that the prospects for growth in the rum industry are quite outstanding with a single European market. We have already doubled, in nominal terms, the amount of rum we are selling overseas and it is a growth sector, but we are

being adversely affected by what is happening in the sugar industry, and the approach to agriculture must be swift and prompt.

Again, Sir, the public does not seem to listen, but on this side of the House we have clearly articulated that the sugar industry, and agriculture as a whole, **is one** in which the **Opposition** has put forward concrete proposals that should be listened to. We are not seeking to divide the country on this. You will have heard, Sir, the Honourable Member for St. Joseph speaking the other day, who made the point as to the manner in which we could increase productivity, we could give incentives to workers and push the industry forward by changing some of our taxation policies in relation to workers' wages and give people hope again that agriculture, and sugar in particular, can go forward and make a contribution to the country.

Mr. SPEAKER: The Honourable Member must conclude.

Mr. H. **deB. FORDE**: You have indicated that my time is up, Sir, but at this time of the year in this Parliament I used to expect in the **heydays** of proper economic management that Governments would be coming down with cheer, not listening to the news **that** yesterday we sent home 24 more people from the Transport Board, not listening to the news that we have to borrow another \$100 million under this Treasury Bills Resolution and probably another \$100 million under a Bill in order to meet Ways and **Means**. We used to be able to bring hope to the people at Christmas time of some more people getting employment. Now that is not there. In the heydays, we used to be able to say to the public workers that we would at least give them an advance on their wages. Sir, instead of advancing, the Government has placed this country into **retreat**. It is a sad Christmas for all of us.
12.50 p.m.

Let me end as I said the **other** day, the only thing that holds out hope is that part of **the** National Anthem which says the Lord is still on the people's side and he will deliver us in time.

SUSPENSION

Hon. B. M. TAITT: Mr. Speaker, at this hour, I think Honourable Members will probably deserve a break. I beg to move **that** this House do now suspend until 2 p.m.

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

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

RESUMPTION

Mr. SPEAKER: **This** Sitting is resumed.

Mr. R. C. EASTMOND: Mr. Speaker, I rise to make some observations in relation to the question of **treasury** bills. As is known, based on experience over the years, Government would from time to time issue these Bills and invite people in the community to subscribe to them. On the face they represent an apparent short-term investment where in return for passing monies onto Government people get a Certificate or a Bill to be redeemed in the future.

My view, Mr. Speaker, is that it is impossible to separate debate on this matter from the overall investment climate in Barbados in this day and age. The reason why I am mentioning this, Sir, is that I have heard Members from both sides of this Honourable House indicate that there is a need to entice Barbadians to become investors and to get more involved with the economy. My view is that in circumstances where the investment climate is right for investment then the type of response that Honourable Members in this House anticipate would come. Where there is an investment climate that is hostile and savings may be declining the type of response from the average Barbadian that Government would expect may not be forthcoming.

Let me clarify what I am saying, Sir. I am going to submit to this House that wherever an economy is being encouraged to become private sector based and wherever an economy is to be structured to encourage ordinary citizens and corporate entities to invest in the economy, there must be a very great reliance on monies coming from surplus earning units in the community. In any situation where the total amount of savings in the community ultimately may impact on investments there must be a scenario set where persons are encouraged to save and out of those savings to invest.

What we have in Barbados in the last 2 years or so is a situation where a number of institutions, firms and private individuals who may very well have been in a position at one time to invest in all forms of security are finding the going so tough that a lot of people who would normally be surplus earning units have become **marginalised**. They would have been people whose incomes had **supported** not only their normal expenses but a fairly generous level of savings who are not now able to invest in anything, not able to save in ordinary savings, to invest in fixed deposit accounts and certainly not able to invest in treasury bills.

My fear, Mr. Speaker, is that the ordinary citizen, as a person in the community whose income has been diminished and whose capacity to save has declined, may

not be **encouraged** to take up monetary instruments, papers, securities and such like. I believe I heard the Honourable Member for Christ Church West say it might very well be that additional **treasury** bills made available to the public may never reach the small man or the average income earner. Over time we have had a situation that whenever Treasury Bills were put up for issue a large number of institutional investors because of their financial capabilities or because of knowledge of the economy were able to take advantage of the purchase of these Bills to the exclusion of the average fellow in the community.

Indeed, Sir, it would appear that if, for example, \$100 million were made available, in excess of \$90 million would be taken up by commercial banks, insurance companies and other wealthy institutions able to make use of the offer. As a result, a lot of Barbadians would not get a chance to purchase the Bills.

In addition, it would **seem** that there are in Barbados a number of ordinary Barbadian people, including middle-income people, who would like to take a chance at the treasury bills but who do not understand how the system works. They might very well be excluded through no fault of their own. For example, I am told that if an ordinary fellow wanted to buy \$10 000 worth in treasury bills there is a particular bidding system in effect that the average fellow does not understand. When he goes to bid, if he bids at a point which might not be acceptable to the authorities issuing the bills, he would be automatically shut out.

I believe Government bears the onus of informing the community about how the system works. Both sides of this Honourable House have spoken about economic emancipation. If we are going to set the stage for economic emancipation which the Honourable Member for St. Lucy so keenly agrees with me, should be put in place soon then we should let people know how particular systems work so as to attract them and not leave them out. My concern then is that whenever treasury bills are issued there **are** times when too many people from the rank and file of the **community are** left out.

There are those persons who may not be left out through need or shortage of money but may be left out through not knowing the intricacies of the bidding system, and then big, financial institutions in Barbados get an opportunity which the average fellow would not get. My concern is to encourage Government to embark on some type of educational programme in order to encourage the average fellow to make use of opportunities for investment in the economy and let people know how some of these things work. You don't want it to be said at the

of the day that this Parliament is party to any particular policy where we approve measures in circumstances where in so approving them we give an advantage to a certain privileged sector in the community and, at the same time, create a disadvantage for those who are not privileged enough to make use of the types of facilities offered by means of the Resolution now at hand.

Finally, Sir, I wish to say that Government must ensure that it understands that in restructuring the economy it must pay close attention to programmes that will not wipe out those entities in the community who would normally invest from their savings. At the same time, too, we must make sure that some of the reverses that income earners may have suffered over the last 2 years are put in check.

With those remarks, Mr. Speaker, I am much obliged to you.

Hon. D. J. H. THOMPSON: Mr. Speaker, in view of the mood of the House I will try to be as brief as I can in responding.

I want to thank those Honourable Members who contributed to the debate and to say that some of the contributions were worthy and some made sense. There were quite a few which were made obviously without the benefit of critical information, some of which could be obtained quite easily, but it was obvious that some of the speakers opted not to use the opportunity to gather the relevant information in responding to some of the issues that were raised. That is one of the perils of politics which although it may depress you and myself at times, Mr. Speaker, is something that we have to live with.

The Honourable Member for St. Peter seemed to suggest in his contribution that I down played the impact of this borrowing in relation to the issue of a capital works programme or a job generating programme and that the fact that I said it was but one of the reasons for the requirements in relation to borrowing meant that that was not foremost in my mind. Well, they are a combination of factors and there is no attempt to conceal that that combination of factors has contributed to our bringing the legislation now.

By increasing the loan limit it also has a prospective impact in the sense that funds will be available for Government to borrow on the domestic market, not only in this fiscal year but in the following fiscal year. Much of this money will be channeled into capital works projects in the 1993-94 fiscal year.

In relation to the Head entitled Investment which the Honorable Member for St. Peter spoke of, the Government had provided \$44.68 million by way of its Estimates for the 1992-93 fiscal year. Some of this, in fact \$25 million of this, was supposed to be drawn down from the international financial institutions and the balance would be Government's contribution to that particular Head. The Government has forged ahead in spending its part of that allotment and so far \$9 million has been spent in the tourism sector in an advertising campaign which should see increases in tourist arrivals in the short term. That is a special marketing programme by the Board of Tourism. \$3 million is being spent on a programme for training and retraining of several public sector workers which the National Training Board is now undertaking and for which these workers received a stipend. They are also involved in retraining in areas which should provide them with self-employment and opportunities to be reemployed in other sectors in Barbados.

\$0.5 million is for consulting services to assist in the preparation of the 3rd educational and training project, for possible funding with the World Bank.

That portion of the Head, Investments, is being used in respect of these 3 areas I have mentioned. All of which should have some impact on the productive sectors. Expenditure on tourism should have some impact on tourist arrivals. The expenditure on retraining should have some impact in making the workforce more adaptable to change, particularly, in relation to the kinds of reforms that the Government hopes to implement over time in the Barbadian economy and also, perhaps, provide skills for people so that they can move back into the labour market even if it is in the informal sector. So I think that money has been wisely utilised in that area.

In addition, the revenue shortfalls have occurred because of a conscious policy by Government, particularly in relation to the concession or restoration of 50% of the concessions to manufacturers, as well as the adjustments which are contemplated in respect of the removal of certain taxes and levies in the next calendar year commencing January 1, 1993. The restoration of the 50% concession will have an impact in relation to the decline by \$81 million in the revenue because that has already been done. The other concessions which are being granted effective January 1993 would have an impact for the balance of this fiscal year and going into fiscal year 1993-94.

On the question of divestment. This is something I do not want to spend a lot of time on. Government has divested 3 sets of assets. The shares in the Barbados External Telecommunications, the shares in the Barbados

Flour Mills and it is quite correct to say that the Government made it clear that the shares in those 2 entities were being sold to raise foreign exchange. The only other entity in which shares have been sold is the Pine Hill Dairy, so no impression should be given that there has been some attempt for Government to rush to sell off the assets. In fact, it is quite the opposite.

So as to have a clear process which has some integrity there have been some delays because we had to build in safeguards in the process of divestment. By building in those safeguards so that Honourable Members would be satisfied with the way in which the properties are being divested there has been a commensurate delay in the process of divestment.

That is a simple matter and anybody who **seeks** to question the Government's integrity in relation to this matter, or my own integrity by seeking to challenge what I have said in the past about divestment, simply does not understand. The point was being made and I continue to make it that privatisation as a whole should not be viewed merely as an attempt by Government to raise cash **because** it is cash strapped. It is a very simple point which I do not think admits of any particular criticism. In addition to which, Government should not only view the process of privatisation as **offloading** assets at below their value.

The reason why there has been some delay in the process is so that the safeguards which Honourable Members of the Opposition and others have called for in relation to the sale of these assets are now being built into the system. We cannot be perfect in relation to the way in which the assets are sold. The Pine Hill Dairy's assets were not concealed. They were sold by the securities exchange with a prospectus available on the status of the company. We probably could have sold more but the problem is that at the time when we were selling the shares everything bad about Pine Hill Dairy was being heard. Now months later we are hearing about the great export thrust, the potential of the company and all of the other things. If you are facing that kind of private sector pressure – **there were** people in the private sector, large corporations that **wanted** to buy the shares, but precisely **because** we put a restriction on the amount that you could buy they obviously were annoyed. Therefore, they had some impact on frustrating the sale of shares in the Pine Hill Dairy. This point has to be made. We restricted the shares so that we could sell to the farmers, to the workers and to average **Barbadians**. The number of shares you could purchase was restricted to the aggregate and also the categories to which those shares should be sold.

You must know that there are big investors in the agricultural sector in Barbados who probably would wish to buy all of those shares if they could get them. Therefore,

they would do **anything** to **frustrate** a policy which gives a wider class of persons an opportunity to be involved in the process. This is one of the lessons we have learnt from that particular exercise.

Some of the reforms that the Honourable Member for St. Peter said need to take place in the productive sectors are important reforms that are taking time. The restructuring of the sugar **industry** is something that we have been **bauling** with for a long time and, as I have explained to the House, there is really no easy solution short of acquiring assets and then putting in place some governmental entity to run them. I do not think that would be the best way for us to start the restructuring process in the sugar industry even though there are arguments in favour advanced not only on this side but by Honourable Members on that side but they have concealed them from this House from time to time. The manufacturing sector, I **think**, with the restoration of the full concessions in the short-term, should be able to return to a more stable environment. This may **attract** some investment in the sector.

2.25 p.m.

I do not think the Honourable Member for St. Peter could be right. Maybe he is, but, perhaps, he is saying that his ears are closer to the ground than mine. I cannot believe that the manufacturers in Barbados believe, or that anybody has told them, that the Government is removing all of the imposts on any input in the manufacturing sector for goods both on the domestic market and for **exports**. That has never been conceived of by the Government. In fact, the Honourable Prime Minister went as far as to add to his delegation the President of the Barbados Manufacturers' Association. So he should be aware of the arrangements that Government is making and to which Government has given a commitment. If the public has that perception....

Aside.

Hon. D. J. H. THOMPSON: Well, I do not know what they do when they go up there but they say that is what the politicians do. I would hope those persons who go at the expense of Government would spend time doing the work they say the politicians do not do.

The Government's objective is to provide a framework within which the manufacturers can continue operation where the **inputs** in the manufacturing sector can be brought into Barbados free of those imposts in relation to goods that are being manufactured for export. That has always been the policy the Government **has** enunciated. I cannot imagine there could be any confusion in the public domain. We simply cannot afford, in my view, to have those concessions **directed** to manufacturing for **the** domestic market at this time. They have to understand **that** whatever concessions are given they are going to be

targeted for export. That is the **best** way I think we can move from there.

The comments of the Honourable Member for St. Peter in relation to the international institutions are by and large hear-say, and he knows that, apart from the document he has produced which I cannot verify myself, and would not want to verify in this debate, but it is a document of the House. There has been nothing else yet said by him upon which I can rely with any accuracy. Nothing is wrong with hearsay in the context of these debates.

When the Government had a salutary relationship with the international institutions, the Honourable Member accused the Government of being a puppet, of being in the arms of the international institutions, of being responsive to people pushing buttons from Washington and of sending the Constitution of Barbados up to Washington. Now the Honourable Member is alleging that there are difficulties with the international institutions, he is pleading with the Government to return to the very situation he once despised. In other words, he is saying to the Government, "Embrace the international institutions now. Do what they want you to do. Push all of the reforms right away". This seems to me in the context of this debate to be strange. Maybe that is his own orientation. There are things the international institutions recommend that we have to accept as part of the stabilisation programme. Some of the reforms they recommend will take a longer time to proceed with.

Aside.

Hon. D. J. H. THOMPSON: Mr. Speaker, I do not want to be sidetracked by that. This is not the debate to address those issues and I do not wish to delay the House this time with those considerations. I **am** sure the Honourable Member for St. Peter has an idea of the direction Government is pursuing. He knows the solutions are not going to produce perfect results. All of us on this side are equally concerned about the levels of unemployment in Barbados. Therefore, any effort we make is being made to reduce the levels of unemployment by whatever means we can. There should be a **sincere** pact, I think, between politicians on issues like this. All of us who go into our constituencies have to face young people who have just left school with a good education and no immediate prospects and we feel the same kind of pain, particularly as the blame is always thrust at us as politicians. This Government would like to move on to the path of growth as quickly as is possible in the circumstances. If we can have an improved capital works programme next year which can produce results in terms of creating jobs for Barbadians, that should have a positive impact on the economy. That investment would come in all 3 sectors, tourism, manufacturing and the sugar industry. That is what is being contemplated.

The last point was made by the Honourable Member for St. James North which related to the marketing of these Treasury Bills. I assume he wishes a response on this. There are instruments that Government could probably **attractively** package and sell to the public but I do not think the kinds of instruments that are presently issued under this legislation are targeted at members of the public. I am not necessarily sure they should be. The point **is** the deposits which the bank uses to purchase these treasury bills are, in fact, deposits that you and I make in the banking system, so in a sense we contribute by that means **to** the purchasing of these Treasury Bills. It would, perhaps, be useful to have more attractive instruments which could be issued to members of the public for specific public projects with which they may identify such as developmental bonds and this kind of thing. We have been very reticent in Barbados to really push these kinds of investments.

The programme with the Inter-American Development Bank contemplates Government developing the **capital** market in Barbados. This would include better arrangements to **market** a whole range of securities **as well as** shares in public companies. Once that is in place I think that would be an easier way for Barbadians to invest in these entities.

Mr. Speaker, I do not think there was **anything** else controversially said. You would note very carefully the points I have responded to because I think **those** are the valid ones. All of the others could equally **fall** to the wayside **as** having no relevance to this debate.

With those words, Mr. Speaker, I am grateful to you.

The question that the Resolution do now pass **was** put and resolved in the affirmative without division.
2.35 p.m.

Mr. SPEAKER: Order No. 7.

ORDER NO. 7 – A BILL TO AMEND THE LOCAL LOANS ACT, CAP. 98

Hon. D. J. H. THOMPSON: Mr. Speaker, this is a matter which could be argued in similar terms to which I dealt with **the** Resolution concerning the Treasury Bills. This relates to an amendment of **the** Local Loans Act to increase the limit on nominal value of local debentures and Treasury Notes, which is presently \$450 million in the aggregate, to \$550 million.

With those few words, Sir, I beg to move that this Bill be read a second time.

Hon. C. V. WALKER: I beg to second that and reserve my right to speak, Mr. Speaker.

Hon. H. B. St. JOHN: Yes, Sir. I just want to make it clear – because I think that the public should be aware of the voracious appetite of the Government – that we just passed \$100 million in additional capacity for the Government to satisfy that appetite and here it is, we are now having another \$50 million. So that we have \$150 million in additional capacity for Barbados. That is a fact. This is not a simple matter.

I had hoped that during the course of this presentation that the Honourable Minister would have told us, notwithstanding the very long debate which I do not intend to go over, of the specific proposals to expend this additional capacity. We do have some problems, on this side, in getting across to the Government the fundamental problem that they really have is not lack of capacity to borrow. The problem that they really have is, that unless they make the decision to reverse the harmful policies that they have been practising... You have to make up in your mind that the programmes and policies that you have been pursuing are wrong and you should not feel, in any way, ashamed to admit that had you followed the policies that the Opposition had put forward you would not have been in this position. As Barbadians we threw out very valid suggestions that would have prevented the Government from being in this position.

I am just going to deal with one thing – one aspect of this policy – which I feel is very harmful and it is the policy in relation to the trade regime. I want to reiterate that no progress at all will be made in the manufacturing sector in Barbados until the Government recognizes that it has been pursuing a policy of failure to state openly and frankly to the manufacturers that they have agreed, as part of the structural adjustment programme with the World Bank, with the International Monetary Fund and with other institutions, that trade liberalisation in the context of Barbados means the revocation of licences. That is a very serious thing. Do not let us fool ourselves.

The reason why you do not get anybody buying Pine Hill shares is because people feel that the viability of Pine Hill Industries is utterly dependent upon the fact that it has a monopolistic position with the licences granted. That is a fact. The basic position is that, under the terms and conditions of the trade liberalisation programme, the agro industrial industries that we have in Barbados now will collapse. The Government is not being fair to the manufacturers because, on the one hand the Government is telling them that they have to be export oriented, that they will get concessions only for exports.

On the other hand, the Government is giving them absolutely no protection against imports from the rest of

CARICOM who have different terms and conditions for their manufacturers. You are "unfairing" the people. You are not protecting them against unfair competition. That is a fact. We have to bring these things out in the open. All of us as Barbadians would like to see growth in the economy. We want to see growth in the economy. But you are not going to get growth unless there is confidence. You cannot get confidence if you are telling the people half truths all the time. In this House, on more than one occasion, I tried to elicit from the Minister of Finance the terms of the letter, written by the Central Bank in Barbados, giving the assurance to the World Bank that the Government had accepted trade liberalisation. The Minister of Finance always replied to me saying that I was trying to involve him in matters that he did not know about. The Central Bank is an important institution in Barbados. As far as these third parties are concerned the Central Bank speaks for the Government of Barbados and commits the Government. No Central Bank Governor would write a letter saying that the Government has agreed to the phasing out of licences, unless the Ministry of Finance knows it, approves it and accepts it as part of the programme. It is this kind of deceitful approach that is creating this lack of confidence.

Not so long ago a statement was made by the Managing Director of Banks Brewery that to this day, despite all of their efforts to export to other parts of CARICOM they were meeting with licences and other difficulties, and other technical objections to free trade. Barbados had a reputation of being the most faithful adherent to the implementation of the decisions within CARICOM. It is not that way now because others have put stamp duty, consumption tax and other things on the people's goods and we did not demand reciprocity.

I say, Sir, that having regard to my years of experience that, unless the Government of Barbados is prepared to say to the rest of the Caribbean that if you do not implement the decisions that you make around the table, and you discriminate against our goods going into your market, your goods will not come into our market except on equal terms. That is the kind of message you have to send.

When we quarrel here and say that we feel it is unfair treatment to the manufacturers of Barbados to put taxes on their inputs and try to say that you are going to develop mechanisms to ensure that the taxes only apply to that part of the manufacturing capacity that is selling domestically, we say that as far as goods from Trinidad and other territories are concerned coming to our domestic market, our people are at a disadvantage, because the Trinidad goods can come in here having the benefit of not having had to pay tax on the inputs. That is a serious problem you have. It is a problem that arises in an integration movement. Unless you have a harmonized approach to

the totality of the domestic market, you are going to run into trouble. We are in serious trouble with this.

I want the Honourable Minister of State and the Government to understand that you cannot equate the Barbados market and our manufacturers with **Trinidadian** and other manufacturers in relation to this matter of taxes. Unless there is a harmonized regime running right through CARICOM the **Barbadian** manufacturers, by your policies, are going to be disadvantaged. You have to deal with it. The CARICOM Treaty envisages that in respect of certain items of inputs that you have conditional duty exemptions. You cannot pursue one policy and the other also.

Do not let us talk about just what was agreed. I am very grateful to the Right Honourable Prime Minister for keeping us up-to-date by sending to us the Heads of Government decisions, because there were decisions. But **the** decisions are meaningless. The decisions that were taken at the recent conference in Trinidad are really **meaningless** because it would take a genius to understand what the decisions are in relation to the trade regime and **the** particular periods of time when they are going to be implemented.

As far as my understanding goes, the original decision that was taken that by January 1991 there would be **free** trade and that you would have a Common External Tariff has been varied. But what is the time table for variance and is there a commonality in respect of each and every country? No. Because Belize has one thing, the Eastern **Caribbean** Common Market has something else, Jamaica has gone along by itself. I want the public to understand that the position with respect to many of the other territories is very different from Barbados. Because if I were a **Jamaican** I would have no duties at all or I would have 1%.

2. 45 p.m.

Because if I had one per cent or 5 per cent on a dollar at 28 to one that would bring me in much money. The protection that is given to the Jamaican manufacturers **domestically** does not come from duties and taxes, it comes from the fact that the Jamaican Ministers of Finance have decided that they are going to pursue a policy of providing protection by way of devaluation. So you can't pursue the **same** policy. We have to be very careful about this and these are the reasons why there is no growth in the economy in Barbados. We have a real serious problem and you are skirting around the serious problems that you have. You are not being frank with yourselves because you are not facing the facts. You are not being frank with the public because you are not telling them and therefore your policies are bound to fail. I will end this way, Sir, when I was a little boy I had a great lesson in economics. I used to live in an area in which there was an old lady who had a beautiful wall house. She was a retired school teacher,

Sir, and she was so concerned with the appearance of owning this wall house that when she got her pension she refused to spend the pension and she died of starvation to save the asset, Sir. Now that is the same position. We are out here starving the whole of Barbados in order to ensure that we have foreign exchange. That is what we are doing, Sir. We are constraining our expenditure to such an extent as to keep the foreign exchange in a **certain** way and starving all the rest. The productive sector is being killed by our policy. We will get nowhere because all you have to do is borrow more money, tax more, get less, more **constraint**. That is the position. I appeal to the Government, Sir. There is such a thing as carrying out an austerity programme with such faithfulness that you reach the stage where you have a depression. That is where we are now.

Hon. W. O. FRANKLIN: Mr. Speaker, Sir, I am not going to be long but **first** of all let me say I am going to support the Resolution before the House. I listened to the Honourable Member for Christ Church South and I must start by saying I am in agreement with quite a few things that he said. Let me start by saying that for many, many years, Barbados has been the only country playing the Caricom game the correct way and up to now Barbados is the only **country** playing the Caricom game. In the Heads of Government Conference that has just finished, Mr. Speaker, I said that there should be no difficulty **with** everybody introducing the CET that was agreed to **because** everybody got what they wanted. What I mean by that is, you have a number of **accommodations**, the OECS have their own list, Belize have their own list, Jamaica have their own list, then there is a List B, then there is a **list** C, then there is a List A, and all of these lists were done because every individual country **wanted** something special for themselves. Believe it or not, Mr. Speaker, the only country, I believe, that did not ask for any special List **A**, B, C or D was Barbados. And as a result, Mr. **Speaker**, Barbados has to be very realistic because the point raised is true, If you go into the shops in Barbados, every brand of beer manufactured in the Caribbean is on the shelves. Every single **brand**, **Stag**, **Carib** – you name it – they **are** in the shops in Barbados. Up until recently there **was** still the problem of getting Banks into St. Lucia and **into** St. Kitts but I have spoken to **both** of my colleagues and I have indicated to them in no uncertain way that **the** game is up, that if Barbados products cannot go into their country, their products will not be allowed into Barbados. It is as simple as that, Mr. Speaker. It is a straight thing, Mr. Speaker, that we have agreed to certain rules and if all of us don't play by the rules, the rules will be broken and Barbados has played by the rules religiously and have continued to play by the rules but we just have to signal to them that the rules are there for everybody.

As far as the manufacturing sector is concerned, Mr. Speaker, let me state that it has been proven to have been a disaster in removing the **tax** concessions for imports.

Let me slate this right away, Mr. Khan was in **Trinidad** and he is well aware of what has been agreed. Mr. Khan is the Honorary **President** of the BMA and he knows there has been an agreement that the imposts **be** between zero and 5 **per** cent. The zero per cent for imposts **has** been agreed by the OECS, the 5 per cent for imposts has been agreed by what we call the **MDC's** and there is a timetable for the introduction of that.

The President of the BMA, to my knowledge, came back and he briefed the local manufacturers on what has transpired. I spoke to him and he told me that the timetable would allow them to gear themselves to live with that and therefore I don't think it is fair to say that the manufacturers are expecting something else. If they are it is because they want to believe so but the President of the Manufacturers Association has made it **very clear** what agreement was reached in Trinidad.

We are trying our very best and one of the reasons why that was done is that it was said **that**, if we remove these, you will force manufacturers to look to the export market and there was this comfort zone in the domestic market which has led the manufacturers not be aggressive **et cetera**, but I am saying, **Mr. Speaker**, that you must inroduce a transitional period because we have to be realistic and realise that trade liberalisation is a fact. We cannot throw our manufacturers immediately to the wolves by saying that as from **tomorrow** you must **export** or die. My position in the Ministry of Trade is that we need a transitional period that would allow us to prepare our manufacturers both by **streamlining** their production systems, by improving wherever possible their management and their layout, by improving their purchasing as well by seeking the niche markets that are available to **them** and, most of **all**, insisting that the products must be of the type and quality that would allow it to compete,

Mr. Speaker, I **am** pleased to say **that** there are some signs that this is beginning to happen. Only recently we heard of Wibisco getting into the North American **Market** and this is as a direct result of the extremely attractive packaging of Wibisco, plus the quality of the product. There are other people who are beginning to look at their packaging and their **quality** whom we have to give time in order to work towards that. Therefore it is not opportune for me to say what strategy the Ministry would employ. The Ministry and the Government have to evolve a strategy to make sure that that time is **given** to them and they are allowed to perfect their product to be able to compete in the international market.

Mr. Speaker, sometimes it takes a catastrophe in a family to bring a family together, for them to look inward

and be able to draw on **their** inward strengths. I **am** observing, Mr. **Speaker**, that, if nothing else has come out of the last 18 months, people **are** beginning to turn inward for **strength** and to realise that they cannot throw their hands in **the** air. They have to get up and fight. What is happening, Mr. Speaker, is this. Another thing that this has taught us as well is that a lot of people are beginning to realise that a job is not a right but a job in any part of the world is a privilege for which you expect, in return; levels of productivity that are commensurate with the wages being paid. Also, Mr. Speaker, the fact that everyone's job is only, as well as yesterday's effort means you cannot sit down on your laurels.

I **am** beginning to see, Mr. Speaker, out of this, some signs that the resilience Barbadians are known for is coming to the fore and I **am** hopeful, with the assistance of the present administration and with all that we are planning that our manufacturing sector will forge ahead and be a stronger sector. As long as you shake the tree some leaves will fall off.
2.55 p.m.

Any time you shake a tree the rotten fruit and those that are too ripe will fall. This is a period for shaking the **tree**. This is not the only period. There was a shaking of the **tree** in the 1981-82 period and a lot fell out of the system, but those that **remain** in the system will be companies that are a lot **stronger**, with good efficiency, high productivity and **high quality** products, which will make sure that Barbados will be able to **compete** in the 90's and beyond.

Thank you, Mr. Speaker.

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

On the motion of Hon. B. M. TAITT, seconded by Hon. E. E. GREAVES, 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.

Clauses 1 and 2 were called and passed.

On the motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. E. E. GREAVES, Mr. CHAIRMAN reported 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 and cited as the Local Loans (Amendment) Act, 1992.

ADJOURNMENT

Hon. B. M. TAITT: Mr. Speaker, Honourable Members have sat all of Tuesday and most of today and I believe we need to adjourn until Tuesday. That brings us to the end of Government Business. We have had an ac-

commodation that we will resume Private Members' Business on Tuesday, and so I beg to move that this House do now adjourn until Tuesday, 15th December, 1992 at 12 o'clock noon.

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

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

CONTENTS

MINUTES

Hon. B. M. TAITT 2 11

Confirmation of Minutes of the Meeting of Tuesday,
December 8, 1992.

FIRST READING OF BILLS

Rt. Hon. L. E. SANDIFORD 2711

Bill to repeal the Stabilisation Tax Act, 1991.

SUSPENSION OF STANDING ORDERS

Hon. B. M. TAITT 2712

Suspension of Standing Orders 6, 16, 18, 20,
42(5), 43 and 44 for the remainder of the sitting.

GOVERNMENT BUSINESS

ORDER NO. 6 - RESOLUTION TO AUTHORISE
THE RAISING, BY THE ISSUE OF
TREASURY BILLS, SUMS NOT EXCEED-
ING \$100 000 000. 2 12

Hon. D. J. H. Thompson, 2712, 2731, 2732,
2733; Mr. O. S. Arthur, 2713, 2713, 2720,
2721; Mr. H. A. Blackman, 2722, 2725; Mr. H.
deB. Forde, 2725, 2727, 2728; Mr. R. C.
Eastmond, 2730.

ORDER NO. 7 - THE LOCAL LOANS
(AMENDMENT) BILL, 1992 2733

Hon. D. J. H. Thompson, 2733; Hon. H. B. St.
John, 2734; Hon. W. O. Franklin, 2735.

SUSPENSION 2729

ADJOURNMENT 2737

SPEAKERS IN THIS ISSUE

ARTHUR, Mr. O. S. (St. Peter)
BLACKMAN, Mr. H. A. (St. Philip South)
EASTMOND, Mr. R. C. (St. James North)
FORDE, Mr. H. deB. (Christ Church West)
FRANKLIN, Hon. W. O. (St. Philip North)
SANDIFORD, Rt. Hon. L. E. (St. Michael South)
St. JOHN, Hon. H. U. (Christ Church South)
TAITT, Hon. B. M. (St. Michael West)
THOMPSON, Hon. D. J. H. (St. John)