

THE House of Assembly Debates (OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Tuesday, February 23, 1993

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

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)

His Honour T. C. ESTWICK, B.Sc., LL.B., (Deputy Speaker)

Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.), J.P., (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)

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

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

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

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

Mr. H. A. BLACKMAN, B.Sc. (Econ.)

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

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

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

Hon. E. fi. GREAVES, G.C.M., B.A., Ed.M., (Minister of Housing, Lands, Community Development and Culture)

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. G. W. PAYNE

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

Prayers were led by Rev. Father Ivan Harewood. Mr. SPEAKER: The House is in Session. MINUTES

Mr. SPEAKER: The Minutes of Tuesday, February 9, 1993.

Hon. P. M. GREAVES: Mr. Speaker, the Minutes for the Meeting held on February 9, 1993, have been circulated. I move that they be taken as read and be confirmed.

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

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

PAPERS

Hon. E. E. GREAVES: Mr. Speaker, I am commanded to lay the following: -
The Land Registration (Suspension) Order, 1993. FIRST READING OF BILLS

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

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Bill to amend the Supreme Court of Judicature Act, Cap. 117A.

ORAL REPLIES TO QUESTIONS

Hon. P. M. GREAVES: Mr. Speaker, I beg give notice that reply to Parliamentary Question No. 9 asked by the Honourable Member for St. Thomas is now ready.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to give notice that reply to Parliamentary Question No. 26 asked by the Honourable Member for St. Andrew is now ready.

Hon. E. E. GREAVES: Mr. Speaker, I beg to give notice that reply to Parliamentary Question No. 49 asked by the Honourable Member for St. Peter is now ready.

Hon. M. A. KING: Mr. Speaker, I beg to give notice that reply to Parliamentary Question No. 63 asked by the Honourable Member for St. Thomas is now ready.

SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: Mr. Speaker, I move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of today's sitting.

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

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

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the order of the day. Order No. 12.

ORDER NO 12: RESOLUTION TO APPROVE THE BORROWING BY GOVERNMENT OF U.S. \$12 MILLION FROM THE-NATIONAL WESTMINSTER BANK PLC, THE ROYAL BANK OF CANADA, THE BANK OF NOVA SCOTIA, AND THE CANADIAN IMPERIAL BANK OF COMMERCE TO ASSIST IN FUNDING THE GOVERNMENT'S CAPITAL DEVELOPMENT PROGRAMME

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, in rising to introduce this Resolution into this Honourable Chamber let me begin by saying that all of us as Barbadians wish to see our country progress. We wish to see it continue as one of the outstanding countries among developing states in terms of development in those areas which tend to lead to a better quality of life and to better standards of living.

Indeed, the records indicate that as a country we have been able to register many successes during the time of our Independence and build on the foundations laid long before that.

During the period 1985-1989, the economy, in fact, grew in real terms between 3% and 4%. After that, with the onset of the international economic recession, the Gulf War and its aftermath and the bunching of debt repayments, we had to go into a period, and we not only went but we were forced into a time of recession and we had to take the necessary steps in order to rebuild and restructure our economy. We are still in that period. We are still seeking to rebuild and it is incumbent on all of us to contribute to this process. 12.30 p.m.

It is our country and we have to work together in order to do the things that will see us through this time. It is a time that affects, not only Barbados, but is pervasive in most economies throughout the world and each country in its own way has to make that necessary adjustment. We ourselves in 1991 introduced a programme, with the support of the International Monetary Fund, and that programme comes to an end at the end of March of this calendar year. But after that, Sir, it does not mean that we will be able to go back

to the old ways of doing things. We will have to be cautious and we will have to be very wary. As Shakespeare said,

"It is a bright day that brings forth the adder; And that craves wary walking".

I would not wish anyone to believe that because that programme will come to an end that it means there will be an end to requirements for exercising prudence, sound management, and appropriate fiscal monetary and physical policies in order to keep the ship of state steady.

Sir, in order to achieve the objectives which we have set ourselves as a country we have to maintain policies that can lead to increased output, to reduction in unemployment and a sound balance of payments as well as to keep inflation at bay. In order to achieve the increased output and reduction in the levels of unemployment we must put in place strategies that will ensure that a capital works programme of an appropriate and affordable size is the instrument which we should be using.

When I presented the 1992/93 Estimates of Revenue and Expenditure complemented by the Financial Statement and Budgetary Proposals it did indicate that our capital works programme would be of the order of some \$169 million or thereabouts of which the substantial part of \$160 million was supposed to come from foreign financing. We have had some setback in that particular programme. Some \$40 . million was expected from the proceeds of

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divestment of some public entities and that process has not yet been finalised so that the inflows from that source are not, as I said, yet realised. We also expected some inflows from some of the multilateral institutions but these have not yet been secured as discussions and negotiations have not yet been finalised. But work continues in these areas and it is hoped that there will be or could be a meeting of minds. If there is not that meeting of minds then we will have to find other means of maintaining and putting in place a capital works programme that would provide the necessary support and stimulus to our economy.

What I am saying is that it continues to be necessary for us to seek foreign exchange and this foreign exchange should come ideally and substantially by what we are able to earn from our own efforts at penetrating markets. It should come also, where appropriate, from judicious use of the international capital markets and from those multilateral institutions which support our programmes.

The Resolution that is before us, Sir, seeks to give authorisation for the borrowing of a sum of US\$12 million from the National Westminster Bank PLC in the sum of US\$3 million, The Royal Bank of Canada, US\$3 million, The Bank of Nova Scotia US\$3 million and the Canadian Imperial Bank of Commerce US\$3 million for a total of US\$12 million. That is the amount and I have indicated the lending Banks.

The facility, Sir, will be available for drawing for a period of 6 months after the date of the signing of the facility's agreement and drawings may be in minimum amounts of US\$3 million or in integral multiples thereof. In respect of amortisation that will take place 3 years from the date of signing and will be in accordance with the following schedule: 20 per cent of the amount of the loan, that is, US\$2.4 million 364 days after the signing, then 30 per cent of the amount of the loan which is US\$3.6 million on the second anniversary of the loan and the second anniversary of the loan adds up to 50 per cent and then the final 50% of the amount of the loan is U.S. \$6 million on the third anniversary unless the facility is extended. The facility is extended at the bank's option for a further 2 years. 12.40 p.m.

The interest rate will be the London Inter-Bank offered rate for 1, 3 or 6 months drawing plus a margin of 1.75% for years 1 and 2 and a margin of 2% thereafter.

A commitment fee of 1% will be payable quarterly in arrears on the undrawn and uncanceled portion of the facility. The borrower may cancel or prepay any portion of the facility in minimum amounts and integral multiples of \$3 000 000 upon 30 days written notice of any rollover date. All expenses including legal, travel, printing and any out of pocket expenses would be for the account of the borrower.

Those are the details of the loan, Sir. This Resolution is being brought under the authorisation of the Special Loans Act, Cap. 105, Section 2 under which the Government is authorised to borrow from time to time from any bank, corporation, company or other institution sums not exceeding in the aggregate of \$500 million on such terms as may be agreed upon between the Government and the lender of any such money. I have given the amount that we are proposing to borrow which is \$12 million and I have given the terms and conditions that we are seeking between the Government and the lender.

Sir, as I have indicated, it is necessary in order to support our Capital Works Programme to have access to these resources and those resources together with other resources will ensure that we are able to maintain our Capital Works Programme that will seek to provide employment for people of this country. I think, Sir,

we would all support such an approach and I would just like to put out for general consideration the necessity for all of us to be as understanding and cautious in our comments because rash comments can adversely affect the financial stability of the country and the financial policies of the country as we seek on behalf of all of us in this country to keep the ship of state sailing to safe havens.

I referred, Sir, to the programme with the International Monetary Fund and that programme is coming to an end at the end of March. To date, Sir, we have satisfied all of the macro-economic criteria which we were supposed to meet and that is a tremendous achievement on the part of all of us. They are policy programmes which we have either implemented or we are in the process of implementing and we will continue to work on these. I think it will generally be agreed that during these tough times we have taken the tough actions that are necessary in order to seek to solve and to correct the problems with which we were faced and with which we continue to face.

I therefore, Sir, commend this Resolution to the Chamber. I will be proceeding to London to sign this agreement and I am expecting that we will get through this Resolution expeditiously so that we can after this particular phase turn to the other aspects of our programme and the other steps that will be necessary in order to continue the inflow of resources to assist in our programme, Sir. We will be exploring other avenues for the raising of foreign loans. It will be necessary to continue, as I said earlier, to seek resources and will use our best endeavours in order to achieve the worthwhile goals. Borrowing has been a policy that has been pursued by successive Governments and it is sound that we should acknowledge the necessity, given our own relative lack of resources to utilise funds from

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whatever reputable and legitimate sources we can find those funds. 12.50 p.m.

I think, Sir, the situation is well understood by all Members of this Chamber and I therefore propose that this Resolution do now pass.

Thank you, Sir.

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

Mr. O. S. ARTHUR: Mr. Speaker, Sir, at the outset let me indicate that the Opposition received notice of this Resolution yesterday, but we have no interest in being a hindrance to the execution of Government's business. Although the notice was late, we are prepared to accommodate Government in the discussion of this Resolution.

Having said that, Sir, let me also deplore the continuing poor way in which the affairs of the Ministry of Finance appear to be administered. It is now becoming the practice that on every instance when a substantial matter has to issue from the Ministry of Finance, the House receives that matter relatively late. Too many matters come from the Ministry of Finance replete with errors, giving Members of this House insufficient time to give to important issues the kind of consideration the issues deserve.

Mr. Speaker, this loan Resolution is coming to the House after Government has had almost an entire year to try to raise money on the international capital market. There is no good reason that can explain why notice of this Resolution should have been given yesterday. But as I said, Sir, this Opposition will not be open to the charge of seeking to obstruct the undertaking of Government's business. We are prepared, even under adverse circumstances, to proceed with a debate on the matter.

We have a very deliberate interest in proceeding with the debate. Sad to say, as usual, the Prime Minister's presentation to the House did not attempt seriously to provide a background to this issue. Sad to say again, Mr. Speaker, the very dire straits, the very serious economic circumstances in which Barbados now finds itself could not be gleaned from what purported to be a presentation from the Minister of Finance. The truth of the matter, Sir, is that a loan of this character, coming now, is an embarrassment to this country. As I said earlier, for the last year the Prime Minister and Minister of Finance, presiding over a \$3.5 billion economy, presiding over a budget of \$1.3 billion, has been trying to raise about \$20 million on the international market and nobody would take notice of him. What we have coming to the House today is a

US \$12 million loan that is raised largely through the involvement of those banks with branches in Barbados. Some of the banks that have involvement in Barbados are really involved in this loan because they do not want to be accused of not having a sense of obligation to this country. But the fact of the matter is, Mr. Speaker, that for the whole of the last financial year the Minister of Finance had been trying to raise a \$20 million on the international market and nobody would take him on.

Equally, Sir, the money the Minister is now raising to finance the next year's capital programme was in point of fact intended to be raised to finance last year's capital programme; to generate employment and economic activity in the last year rather than in the year to come. But the House has not been given any inkling of these circumstances by the Minister of Finance.

I also want to charge today, Mr. Speaker, that the programme between the Government and the International Monetary Fund is also experiencing some very serious difficulties. One of the reasons why the Government of Barbados has to be borrowing these funds is precisely because the Government is not now in a position to continue to draw down funds from the IMF. That is a fact, Sir, and I believe I have a responsibility to the House to put it in context.

The present programme between the IMF and the Government of Barbados differs substantially from the programme of 1981. In 1981 the IMF entered into a relatively straightforward programme with the Barbados Government in which we had to meet certain quantitative performance targets; targets limiting the size of the fiscal deficit, targets limiting the amount the Government could borrow from the banking system, targets limiting the amount the Government could borrow on the international financial market. This programme is fundamentally different, however. In addition to the quantitative targets the Government has to meet on a quarter by quarter basis, the Government of Barbados has also had to agree to carry out a large number of qualitative institutional reforms, including a massive divestment programme, a programme of institutional change at the level of the public enterprises, Sir. The Government also agreed to carry out a programme of tariff and trade reform. It also committed itself fundamentally to the exclusion of an incomes policy and a number of administrative reforms designed to simplify the process by which business in Barbados takes place.

The point is, Mr. Speaker, that in addition to meeting the quarterly performance quantitative targets, the programme between the Government and the International

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Monetary Fund required that two reviews should have been undertaken. I read to you, Sir, from the Letter of Intent between the Government of Barbados and the International Monetary Fund, which has already been made a document of the House, at paragraph 34. It says:

"The second review, to be completed before November 15, 1992, will assess, in particular, progress made in structural reforms with respect to taxation, administrative regulations, the public enterprise and the financial sectors, and the tariff and trade regime."

Mr. Speaker, the facts are that the review of the qualitative targets the Government will have to meet has not yet been completed, because the International Monetary Fund is totally dissatisfied with the lack of progress that has been made in a number of substantial areas. I will cite some, Sir. The Minister of Finance must know, for example, that the International Monetary Fund has not completed its review and it is not allowing Barbados to draw down any more funds, precisely because it is totally unhappy with the pace of Government's privatisation programme. He was good enough to tell us that he was expecting to draw down \$40 million from the sale of Government enterprises. But he did not put it in proper context to tell us that the failure to put the privatisation programme in train as anticipated is now causing the Government of Barbados' programme and the draw down of funds in particular from the International Monetary Fund to be put in jeopardy. 1.00 p.m.

Fundamental changes have to be made in the agricultural sector. The ADC and the BMC were to be amalgamated; no further progress has been made on that score. Fundamental progress has to be made in

relation to trade and tariff reform. By now, Government should have been in a position to present to the country a comprehensive programme of trade and tariff reform designed to create a bias in favour of export development in this country - and the IMF is holding the Prime Minister to his word that by now it would have been in place. To the extent that he has not accomplished it, they are saying that he cannot get any funds from them until those reforms are instituted.

Equally, Mr. Speaker, from the very outset, Government's commitment to give effect to an incomes policy has been one of the qualitative issues at the core of the programme between Government and the International Monetary Fund. Indeed, the IMF is very concerned with what now appears to be Government's present position regarding giving effect to its word on an incomes policy. There are a large number of outstanding issues between Government and the International Monetary Fund that prevent the second review from being completed and, consequentially, prevents the Government of Barbados from drawing down funds from the International Monetary institution. Therefore, let me starkly set out the foreign exchange situation that faces this country.

Barbados has come to the watermark. This country is in dire straits. These are our foreign exchange options. We either earn the foreign exchange or we borrow. Government had been hoping that a bountiful tourist season would have boosted Barbados' foreign exchange earnings. The reality is that arrivals are down and the hoteliers are being faced with the prospect of having to set summer rates in winter. This country is no longer earning foreign exchange.

What about our capacity to borrow? As I said earlier, for a year the Minister of Finance has searched the world to borrow US\$20 million. Companies and individuals raise US\$20 million as a matter of course. For a whole year, our international credit worthiness has been so reduced that the Minister of Finance has not been able to secure replacement of a US\$20 million on the market except with the assistance of banks which have branches in Barbados and, even then, not all. One bank has been burnt because of the nature of its recent relationship with this Government. Equally, Sir, the Minister should indicate that we do not only have difficulty raising loans on the international financial markets but that Barbados' capacity to continue to borrow from the multilateral institutions has now been put in great jeopardy precisely because the Government of this country has not been living up to the qualitative parts of the programme that it had entered into with the International Monetary Fund.

I am accused of speaking sometimes too harshly about members of the Central Bank. But, it seems to me, as if there is an act of deliberate deception being practised upon the people in this country. I am hearing from the mouth of the Prime Minister how wonderfully well we are doing in relation to the passing of the IMF test. But the people in Barbados are not being told either by the Bank's staff or the Minister of Finance that the tests - to be passed in this instance are not just qualitative pertaining to Government's deficit, Central Bank's lending to Government and Government's borrowing from the International Monetary Fund but there is a whole range of qualitative institutional tests that have to be passed; and Government is doing poorly. The Central Bank's staff is doing Barbados a great disservice in not bringing to the attention of the people of this country the peril that faces us.

I object that the Prime Minister and Minister of Finance *ot going to commit political suicide, as is

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his wont, by giving a full disclosure. But I cannot in all conscience tolerate a situation in which persons who ought to be professionals in their conduct going to the public and say they are passing tests, without giving the public the full extent of the tests that we should be passing and are not. This matter has to be put in its proper context. This country is in dire straits. We are not earning foreign exchange and our capacity to perform has been considerably circumscribed. Therefore it behooves this House to look seriously at the character of this loan.

The last time when Barbados went into the international market, as Members will recall, the terms surrounding the loan were draconian and without precedent in the history of this Parliament. We have

been put to the necessity as a Parliament to agree to a situation where the Government of Barbados, as part of the exercise of having access to international financing, had to agree to the separate setting up of a separate sinking fund for a loan when The External Loan Act, Cap. 94D already requires that whenever we raise a loan by way of a bond that Government has an obligation to set up a separate sinking fund. Government was required to set up a separate sinking fund because the people in the international markets simply had no confidence in the Prime Minister of this country nor in the Democratic Labour Party Administration.

We have before us what purports to be a loan to finance Government's capital works programme. I am saying to the House that if the thousands of Barbadians who are unemployed were to look to the raising of this US\$12 million to finance a capital works programme to put them back into jobs, then those thousands of Barbadians who are now unemployed are going to be sorely disappointed. We are speaking in terms of a financing gap on the part of Government that perhaps could be in excess of \$100 million. The Minister of Finance expertly conceded that the possibility of his being able to have access to multilateral financing from the World Bank and the IADB is limited, for the reasons I have outlined, that he has not met the qualitative conditions set in the IMF programme. In last year's Budget, the Minister said that he was looking to draw \$77 million from the multilateral institutions together with the additional funds that he was going to raise on the private international market to carry out a capital works programme to put people back to work. He has now conceded that the possibility of our having to do without funding - if I am misrepresenting what he said, he is free to interrupt and I will give way - from the multilateral institutions is real. So we can say, "Goodnight, Nurse!" to that potential financing of \$77 million. Government's international borrowing requirements of \$100 million in the next financial year are to be met by the raising of a US\$12 million loan from the only people in the world who will now lend us.

The question the House has to ask itself and answer is what is the Prime Minister telling all of those thousands of people in Barbados who are looking to the Government to jumpstart the economy to create jobs? He comes with an over \$100 million problem and a \$12 million solution. That's the reality of the situation.

I also want to say the terms surrounding the loan obviously reflect people's lack of confidence in the Government - a \$20 million loan to finance a capital development programme that has to be paid back in 3 years. Obviously, when one is talking about a capital development programme one generally expects to have financing. The Prime Minister brings us a little 3-year loan, which I call a car loan; but even car loans extended by the Government last 5 years. 1.10p.m.

I think we should not make light of the issue, Sir. The truth is that if the Government is going to get involved in any serious capital development programme, and, perhaps, we ought to talk about it, this country has to recapitalise in most sections of our economy. Barbados has now reached the stage where our problems are just not the problems of policy, such as was the case in 1982, where we had too much domestic credit creation and therefore you could put back the economy right by stopping credit creation. The facts are that the fundamental productive sectors of this economy have virtually collapsed. Our problem is a problem of recapitalising agriculture, for example, to put it in a position where it can move from producing 40 000 tonnes to over 100 000 tonnes of sugar. But you would have to recapitalise it and perceive it as a long-term objective.

Our problem, Mr. Speaker, is to find a way of recapitalising the manufacturing sector in which, for example, the former leading sub-sectors like furniture and garments are now operating at 16% of the output of 1982. So we have to recapitalise manufacturing and we also have to find a way of recapitalising the development of tourism in this country. Barbados has a tremendous need for access to a large pool of long-term capital that can allow us to begin the process of recovery through rebuilding of the productive sector. I am saying to the House, with all due respect, Sir, that a US\$12 million loan that has to be repaid in 3 years bears absolutely no reality to our present capital needs nor can hardly go anywhere in dealing with the problems of recapitalisation.

Now, Sir, I want to address aspects of Government's external foreign strategy as it has expressed itself within the context of the IMF programme. From the very outset there has been a fundamental divide between the Democratic Labour Party and ourselves regarding the use to which the Government should put the funds to which

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it has access. The present programme between the Government and the IMF is an unusual programme and reflects fundamental in expertise in its negotiations for a precise reason.

Sir, countries go to the International Monetary Fund in order to secure a seal of approval to enable them to approach the financial market and expand their access to credit. That is one of the principal reasons why Governments go to the IMF. You go with a view of being able to tell your creditors that you have put in place a programme with the IMF that would allow you over a predictable period to put your macro-economic problems behind and you are seeking their financial assistance in order to assist in underwriting that programme. Therefore, Mr. Speaker, it is standard practice in most IMF programmes for the programmes to provide a latitude for the Government to be able to borrow on the market.

In this particular instance, from the very outset, this Opposition pointed out that, when you analyse the quantitative targets the Government had agreed to with the IMF, they were unusual to the extent that our programme required us to pay the world. Table 4, dealing with the quarterly limits on net disbursements, indicates that the IMF expected over the period of this programme that our repayment of loans would be in excess of our receipts of the proceeds of new loans, sometimes to the extent of about \$55 million. So Barbados entered a programme with the IMF in which there was the position that, contrary to what had been experienced in other countries, rather than we get an inflow of capital to help rebuild the economy, we would have to pay the world. We pointed out early that we would not have been able to agree with a programme of such dimensions.

It is also true, Mr. Speaker, that one of the other important values of the IMF programme to developing countries has been the facility that it has allowed Governments to reschedule their debts without inviting international disapprobation on themselves. Mexico in 1982 set a trend whereby developing countries in the world with large debt Overhangs could approach their creditors under the auspices of an IMF programme and say, "Gentlemen, we have a limited amount of foreign exchange. We know we owe you but we cannot pay in the amounts you now require. Let us have a new set of terms and conditions for the repayment of our debt."

Mr. Speaker, from the very outset, I certainly believed that to the extent the Government of Barbados was faced with the bunching of debt repayment caused by earlier borrowings of the Democratic Labour Party, that what was done in Mexico, what has been done in Jamaica, and elsewhere, should have been done here. The pragmatic value of a debt rescheduling would have been of this character. Last September/December the Government had access to \$60 million which it raised from the sale of our assets. It had 2 options. It could have paid back the Japanese all of the \$60 million loan it owed it then with no beneficial impact from the sale of our assets on this local economy. Or it could have told Japan, "You sell us more than we buy from you. We want to enter a process of having a principled restructuring of our debt with you such that the \$60 million we have access to would not go to you in one go. Let us give you \$25 million and use \$35 million or \$45 million to help start to rebuild this economy and let us do it in a principled way under the auspices of an international institution."

Now, Sir, I believe that a debt rescheduling element was vital in the circumstances where this country faced the problem of having to find a large sum of money in one day in order to pay its creditors. But the Minister countered by saying that if Barbados, and I think vain-gloriously so too, was to engage in debt rescheduling it would weaken the credit-worthiness of this country in the eyes of our creditors and would stop us being able to have access to foreign loans.

The truth is, Sir, whether we reschedule or refinance our debt or not, the rest of the world sees the same numbers the Government sees and the Opposition sees and they know of the peril in which Barbados finds itself. The bottom line is simply this: that even without rescheduling, this Minister of Finance has had to

walk the world for a whole year looking to borrow money from banks and they have not taken him on because they know the situation is bad.

I raised the point, Mr. Speaker, and I want to say it again, that immediately after this IMF programme ends -and the IMF certainly believe, contrary to what the Prime Minister himself has said, that the programme ends on May 31 rather than March 31 - the Government of Barbados is going to have to find another large set of money, I think over \$80 million, to repay another Japanese loan that was raised by that Minister of Finance in 1988. Now, all the frenzy over the sale of public assets and all the hardship the people of this country have been put to in the course of the last year have really been directed towards enabling the Government to accumulate a certain amount of foreign exchange to be able to pay those loans. I am saying to the Government that it will get the full support of this Opposition if the Government, given the dire straits in which thousands of Barbadians now find themselves, seeks to have a principled restructuring of our debt so that any little foreign exchange we have access to is not only going to pay creditors but can now in some way be used to start rebuilding our productive sectors. The Minister of Finance has himself not yet addressed his

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mind to the question of how he is going to meet that debt repayment when it falls due. If indeed as he indicated he is having difficulty realising \$40 million from the proceeds of divestment then it would seem to me that to the extent that \$40 million from the sale of assets is important to his being put in a position to repay the Japanese later this year, then that Japanese loan will be in difficulty in any event. I am saying, take it out of the realm of the uncertain. Let us do what businesses and individuals do when their debt burdens become too large in relation to their cash flow. Let this country seek to use the offices of its relationship with multilateral institutions to so ration the use of its foreign exchange so as to better manage our obligation to our creditors while we start rebuilding this economy.

I want in this debate to underscore in a way - the Prime Minister has not - how very vital it is for us to begin to concern ourselves with the whole question of growth. 1.20 p.m.

The Prime Minister has now become, in my view, the victim of recessionary psychology, Sir. Year by year he has presided over an economy in which recession compounds recession. And he is quickly becoming irrelevant, if he is not irrelevant already, precisely because he cannot envision how a Barbados economy can grow again; But the rest of us who are free from his recessionary psychology and who have constituents to face must begin to exercise ourselves with the question of how this economy can be put on a growth path again. Mr. Speaker, Sir, I want to underscore how serious it is. Members of this House are very often given to speaking about how Jamaica was mashed up in the 1970s. In fact the Jamaican economy over the course of a 7-year period saw its real output fall by as much as 17 per cent. This economy has had a 3 per cent fall in its output for 1990, a 4 per cent fall in its output in 1991 and on top of that and compounding it, a 4 per cent fall by official estimates in 1992. And there is the possibility, Mr. Speaker, Sir, of between a 4 per cent and upwards fall this year if the numbers in tourism are as bad as they are. The fact therefore is that this country can in the course of 4 short years experience the kind of decline that Jamaica experienced in 7. Members on the other side, of course as you know, said that Jamaica was mashed up. So that in 4 years Barbados faces the prospect of experiencing the kind of decline in the economy that Jamaica saw in 7. Jamaica, Sir, went down a slope but this country is going to fall off a cliff. It is our responsibility in this House to begin to address the issue how do we prevent that from happening. Now, Sir, it is quite clear to me, for sure, that if we have to depend upon this Minister of Finance to get this economy going again, Sir, we will be sorely disappointed. The Minister's speech today, Sir, was in my view, a declaration of surrender. It is quite clear that the Minister of Finance can no longer manage his relationship with the international lending institution. But, Mr. Speaker, Sir, what are the facts? The facts are that if we are thinking seriously in terms of having to recapitalise this economy then the major source of funding for recapitalisation of this economy must come from the multilateral lending institutions if only because our savings are not sufficient, our holdings of foreign exchange are not sufficient and the rest of the world as this loan implies is unprepared to lend us money.

I am saying, Sir, it is a dangerous thing for the Minister of Finance, Sir, to make this declaration of surrender in relation to his relationship with those institutions. It might well be that there are aspects of Government proposed relationship with those institutions that are thoroughly unpalatable. But the time has come for the Prime Minister to let it all hang out. I am tired having to guess and speculate as to what are the kinds of institutional reforms and the kinds of policies on which there is a substantial difference between the Government and those institutions. But the fact is, Sir, the \$77 million that can go into our productive sectors hang on how Government's relationship with those institutions is handled.

Now, Sir, I am not prepared to guess; but I believe that this country is going- to suffer a slow suffocation if it does not quickly have access to long-term capital from some source. Therefore the Prime Minister, Sir, cannot be allowed just to come blandly to the House and tell us that despite what is happening in the country, despite record levels of crime in Barbados, despite record levels of unemployment in this country and grief and suffering in the country as well that we may not get funds. I am saying to the House that Barbados cannot any longer afford this kind of approach to the management of our affairs. Now, the question of the growth of this economy, Mr. Speaker, has to do with the way in which some of our domestic approaches to the sectors are handled. I want to say it again and to tell the Government in advance that it has been a tremendous mistake to defer carrying out indirect tax reforms, particularly, Mr. Speaker, to put the tourism sector in a position where it can regain viability.

Let me explain, Sir. This Government has approached indirect tax reform, in my view, and in the view of this side, by putting the cart before the horse. I feel that indirect tax reform should have been done long ago for a precise reason. The most important sector in Barbados is tourism. The tourism sector in this country, Sir, went into recession from the third quarter of 1989; so it went into recession before there was an international recession. Now that the international economy has recovered, Sir, it is still in recession. So we cannot look to external factors to

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explain its problems. Obviously a large part of tourism problems, Sir, are home grown. What are those problems, Mr. Speaker? Year by year by year the Democratic Labour Party administration brought to this House a series of indirect taxes - increases in consumption tax, increases in stamp duty - believing it was putting them on luxury goods. But in point of fact all of those so-called luxury goods are inputs to tourism. So from 1987, and I am not excusing the former Minister of Finance, year by year the tourism industry in this country was put in a position where it was made increasingly uncompetitive by the character of the indirect tax regime that this country was instituting.

We now have a situation where tourism inputs attract a luxury tax of 20 per cent and that is our most important foreign exchange earner. So that you must not be surprised, Mr. Speaker, that there is no investment in tourism and that the sector cannot do its marketing nor can it hold its own. The fact is, Sir, that the cash flow position of tourism has been so weakened and the potential rate of returns in the sector is so weak that on-going business will always have difficulty operating and you are going to find it almost impossible at the existing level of indirect taxation to attract new investment to tourism in this country. So that I am saying to the Government a special deal for tourism in Barbados, Mr. Speaker, Sir, is urgently required. This country is not going to make any rebound from its present economic difficulties until such time as our main export sector is put in a position where its cash flow and rate of return are such as to inspire investor confidence.

Now I am being told by Government that the indirect tax reform, which can assist in dealing with the problem of our most important sector, are two years hence. That is why I am saying, Sir, that the recessionary psychology that has overtaken the Prime Minister is dangerous for this country because Barbados simply cannot wait for 2 years before dealing with the problem of the tourism sector. I am calling now in advance of the budget for the 1993 budget, if it is to mean anything to the people of Barbados, to bring a new deal for tourism at least. Even if the Government cannot deal with all of the rest of the indirect tax reform that is required, let the 1993 budget at least contain a new deal for

tourism in order for that sector to be able once again to show signs of growth in this country. Now, Sir, the question of an incomes policy. One of the real outstanding points of difficulty between the Government of Barbados and the IMF is this question of an incomes policy. I believe that the divergent views expressed by Members of the Government side in recent times indicate that there is a total confusion within the Government itself as regards the continued pursuit of an incomes policy.

Now the Prime Minister of this country prizes himself or so he believes that he is a political scientist. But when the economic history of this country is written it may well be said of him, Sir, that he bought for himself 18 months of political survival by putting the medium and long term viability of this country at risk. I want to repeat the point that he has bought for himself 18 months of political survival because every decision that he makes is a pure political decision that acts and deals with only one issue, that is how can I in the short term maximise the political... 1.30 p.m.

Mr. SPEAKER: The Honourable Member knows very well that, as soon as you go into the conduct of a person, you are going to have a problem. Yes, you are. You are supposed to deal with the principles and the merits of the Bill. The Prime Minister is not a principle nor a merit.

Mr. O. S. ARTHUR: I agree with you that he is not a principle. He is nothing. He does not even understand the word, Sir, but he has gone on record as saying....

Mr. SPEAKER: I am cautioning the Honourable Member that that Standing Order must be observed.

Mr. O. S. ARTHUR: Mr. Speaker, I agree. He is not a principle, Sir. He is behaving like a joker. That is what he is and I agree with you, Sir, that he is not a principle. He does not understand the word "principle" either and it has to be said. He has gone on record as saying that he will not undertake economic policies that will allow him to commit political suicide. That is the point that I am addressing, Mr. Speaker. There comes a time when if you believe in something you have to follow through irrespective of the political consequences. There comes a time, Mr. Speaker, when the survival of a country is bigger than the political survival of any one man. I am saying to you, Mr. Speaker, and this House that on the question of an incomes policy the only thing that has been of concern to this Prime Minister is his sheer political survival in his post and I will explain why, Sir. We now have in this country, Mr. Speaker, and as the Member for St. John said the spectre of devaluation which continues to hang over the people of this country after all they have been through and after all the sacrifice. I appreciate the point that he made and the honesty in which he made the point. But the point is this: that 18 months ago the Prime Minister came to the people of this country and said that he was committing himself and us to an incomes policy because it is an alternative to devaluation. What did he do, Mr. Speaker? He gave the multilateral institutions the impression that his commitment to an incomes policy was a long-term commitment.

Indeed, Mr. Speaker, when you read the Letter of Intent, it speaks in terms of a wage freeze this year 1993.

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The Prime Minister knew that he gave the multilateral institutions his commitment that his holding of an incomes policy as a substitute to devaluation was a long-term commitment, because if you devalue you would not come 18 months later and reverse a devaluation. Having given those institutions that commitment, Sir, he gave the trade unions, Cabinet and this House the commitment that he was going to reverse it in 18 months. That is a fact. He even brought legislation to the House, Mr. Speaker. I have heard Members of the Cabinet speaking, I believe, from a position of honesty that their understanding was that the incomes policy was going to be an 18-month position and thereafter we would have the restoration. From the very outset, Mr. Speaker, the Prime Minister knew about the incomes policy and I am going to be very careful about this because the Letter of Intent speaks to it directly. All this confusion this country is being put to of whether there will be a wage freeze this year or not has already been determined between

the Prime Minister and the IMF in 1991.

Aside.

Mr. O. S. ARTHUR: In paragraph 27, it calls for a wage freeze in the public sector in 1992 and 1993. There was never any doubt, Mr. Speaker, as regards to the commitment which the Prime Minister gave. But he gave the IMF one commitment that he is not going to restore and then he gives the unions and this House another commitment. I am saying, Mr. Speaker, that this country is now being put in a position where there is now a fundamental confusion as regards to the willingness of the Minister of Finance to carry through on what was conceived from the very outset of the programme with the IMF as the core of the programme.

Barbados' programme with the IMF was unique and different from all other programmes because Barbados is one of the few countries in the world that has ever gotten into a programme with the International Monetary Fund in which an incomes policy was set out as an alternative to devaluation. Mr. Speaker, an incomes policy notion as a substitute for devaluation was only accepted with the greatest difficulty by the IMF. Indeed, at the very outset, it is a matter of fact that the proposal was that there was to be a 10 per cent in the public sector and a 10 per cent in the private sector. That was the initial thinking on the matter, Sir. If you are going to have an incomes as a substitute for devaluation, it has to not only be a public sector instrument but it has to affect the whole economy.

Sir, I am saying that whatever the outcome of this particular matter the truth is that at the centre of all the economic confusion that is arising in this country over the question of an incomes policy it is the attitude of a Prime Minister who really and truly believe that he is this great political scientist and that he can manipulate institutions and groups. The question of political suicide and not committing political suicide is a central issue when serious matters within the economy have to be resolved. That is what Barbados' present position boils down to whether we are going to allow a Minister of Finance to believe that his own political survival surmounts the welfare of a whole population. It has to be dealt with courage.

Mr. Speaker, in the last Budget debate, I came to this House and said to the extent that we in the Barbados Labour Party were of the view that we did not want to see a devaluation in this country. We do not want to see a devaluation in this country, Mr. Speaker. I have lived in a country where there was a devaluation. I know what it will do. We said that we were going to give Government certain critical support on an incomes policy. It took courage on the part of members of this side because our tradition is that we believe Barbados should be put first. Yet, the architect of an incomes policy is here today and there tomorrow on the issue.

The time has come for the Minister of Finance and Prime Minister of this country to show political power and to start taking calculation based upon the long-term survival of this economy rather than the question of where he stands with his Cabinet and the unions which seems to be his main preoccupation. He has to leave. The fact is that if he is unprepared to leave, Sir, he has to give way. This is really the argument and case that has been put against the Prime Minister of this country. The political temporising has to stop. It really has to stop. You seem to feel that I am speaking in strong terms but I want to speak in strong terms about this matter, Sir. I truly believe that the time has come when a clear perspective of the long-term problem that faces Barbados must be put seriously for the people of this country. 1.40p.m.

We keep hearing, for example, that he is satisfied. Just to show you what I am talking about, Sir, the Prime Minister went the length today to say that his Government has satisfied all of the macro economic criteria set out in the IMF programme. At paragraph 6 of the Letter of Intent it is stated that this IMF programme, from a macro economic point of view, was designed and based on the presumption that Barbados was going to realise a 2% growth in the economy in 1992 and a 3% growth rate thereafter. The Prime Minister tells us now that this programme has been a wonderful programme, because it has realised all the macro economic criteria. The main macro economic criterion has been the growth rate.

Mr. Speaker, I believe that the most important aspect of leadership now is to get this country mobilised to,

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first of all, understand its difficulties and, secondly, having understood its difficulties, to begin to deal with them. My argument is that the greatest disservice the Prime Minister is doing to Barbados now is blurring the population's understanding as to what our crisis is. We see it when he says that all the macro economic criteria have been met.

The fact is, Sir, that under the IMF programme the main macro target is that the economy would have grown 2% in 1992 and 3% thereafter. What the Prime Minister should have said is that the basic macro economic criterion upon which the IMF programme was founded has not been realised, that in point of fact the programme was supposed to bring about a recovery within 18 months and that recovery, as measured in terms of a 2% growth last year and 3% growth this year, has not been met. Far from being met, Barbados is on a rapid downhill course. The public has to understand that, precisely because it is my judgment that in political terms the Barbadian public took the Prime Minister at his word when he said he was going to bring about a recovery in 18 months and it gave him 18 months of political breathing space. But there is no recovery in this economy.

The programme was also predicated on the presumption of a strong recovery in tourism. There has been no such recovery. Last year the Prime Minister came to the House and told us that the situation in the country was so good that he was going to commit himself to a policy whereby the Government would not have in 1992 to borrow from local banks. I go back to his Budget on 31st March, 1992, at page 8. "The private sector should therefore have access to the full amount of deposit growth . and funds accumulated with financial institutions."

Last year one major macro economic criterion was that the Government would not use local financing and to get the economy going again, Mr. Speaker, you would have a situation where all the deposit growth would go to the private sector. What has been the result? What has been the outturn? The facts are that last year up to October, for which information is published, Government's access to domestic credit, in a year when the Government said it would not use domestic credit but leave all to the private sector, Government access to domestic credit grew from \$525 million to \$664 million. It increased by \$139 million. The private sector access to credit declined last year from \$1.336 million to \$1.295 million. The Government sets out on a macro economic programme at the start of the year which said that to get the economy growing, the Government is not going to borrow from the domestic banking system; it is going to let all of the increase in deposits go to the private sector. What do we have at the end of the year? Government's net access to domestic credit from the private sector had grown by \$130 million, whereas net credit to the private sector had declined by as much as \$41 million in the course of 9 months.

There can be no mystery surrounding the reasons why the economy is in the dire straits in which it now finds itself. The fact is that in the very year when there should have been a private sector led rebound of the Barbados economy, financed by its access to domestic credit, the private sector access to credit has been diminished while the access of Government has gone up. This is one of the macro economic criteria that is important: that there obviously has to be a reversal of the private sector and Government, a fundamental change in the access of the private sector and Government to credit if this economy is to go forward. Mr. Speaker, the Prime Minister, in dealing with the macro economic setting of Barbados, also keeps making reference to the fact that Barbados is overtaken by an international recession. It is a dangerous and incorrect perception. The truth of the matter is that Barbados' recession began in the last quarter of 1989 when construction fell by 13% and when there was a fall off in long stay visitors to this country. When our recession began in the last quarter of 1989 there was no Gulf War and there was no international recession. Our recession has persisted long after any signs of recession in the international economy have continued to be evident.

As regards the notion of an international recession, the *Economist* in its last issue pointedly drew reference to the fact that where the United States of America is concerned, the recession lasted for only 9 months and that the fall in output in America in the 9-month period when there was a recession was 2V₄%. America, like most of the rest of the world, has been caught up in a period of low growth, accompanied by high levels of unemployment, because there has been a structural transformation in the way in which activity is undertaken, more and more high tech activity, at the expense of labour. The world has been caught up, Sir, not in recession, but low growth. And to the extent that there was a recession it lasted for 9 months and the

fall in output in America was 2V₄%.

The Prime Minister wants us to accept that a 2Y₄% fall in output, occurring over a 9-month period in our main market can cause a 4-year decline in Barbados to the extent of a 15% fall in our economic activity. That is the confusion that is invited by his method of discussion. If he were to analyse the facts before him scientifically, he would recognise that to the extent that there was an international recession, it was of limited duration, involving a small contraction in world output and to that extent therefore cannot explain the problems he is facing, which is a protracted 4-year decline in output to an extent that compares unfavourably with the worst experience in the developing world. 1.50p.m.

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I say this, Mr. Speaker, in order to come to one of the main points I have to make in this debate. Most of Barbados' economic problems today are home grown. This notion of telling the Barbadian people that the rest of the world is responsible for what is happening to us is a perception which is at variance with reality and at variance with what the Government itself told the International Monetary Fund when it entered its programme because it said at paragraph 2:

"At the core of the external pressures were central government operations."

Sir, I am thoroughly dissatisfied, as you can tell, at the manner in which the Prime Minister has presented this Resolution. I believe in the need for foreign borrowing. I personally cannot find it within me to vote against a loan. I will not vote against a loan brought to this House to finance a capital programme to create jobs. I do believe that now more than ever in the history of this country there is a requirement for economic leadership in this country and that the Statement by the Minister of Finance was one that directly established that this country cannot at all look to him for any aspect of economic leadership.

This country, Sir, is in dire straits and I do not believe that the Minister's presentation today, previously, or at any time, has ever come into any serious contact with the dire nature of the predicament that faces this country. As I said earlier in my debate, this loan is an embarrassment to the country because it is one year late in coming, one year after the Government had exhausted almost every possibility for raising finance on the market. It is a substitute to Government's being able to draw down funds from the International Monetary Institutions precisely because the Government is not meeting its target and there is no meeting of minds on the most important part of our programme. The Government has not been able to draw down funds from the IMF despite telling the country that it is passing the tests. It has now to make recourse to these kinds of institutions.

Therefore, it behooves this House to take the present circumstances seriously and to insist that this country has to be put on an alternatively new course informed by alternative perception of our present circumstances and our future prospects, a new course in which economic leadership rather than the kind of to and fro dithering on points of substance are part and parcel of our political experience. I will support the loan, but I can do no less than strongly condemn the messenger who brought it to this House. I am obliged to you, Sir.

SUSPENSION

Hon. P. M. GREAVES: Mr. Speaker, at this hour we have endured a lot in this period of time and I move that this sitting be now suspended until 3.00 p.m. today.

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

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

RESUMPTION Mr. PRESIDENT: This sitting is resumed.

Mr. R. L. MORRIS: Mr. Speaker, in the discourse by the Honourable Member for St. Peter attention was placed on the incomes policy as being critical in a qualitative manner in relation to the entire structural adjustment programme. The impression I got and I believe other members also got was that the policy was not being observed and because of that the Government is not really passing the IMF programme in a significant area.

The further impression I got was that the Honourable Member for St. Peter was speaking against some good and sound knowledge about what is happening in industrial relations but, of course, that was not buttressed by that good and sound knowledge. Impressions were being given, but there was no attempt to buttress the impression by resort to facts. I find it very difficult and wonder why a person of that eminence, the principal spokesman for economic affairs on behalf of the Opposition, could want to make such comments without unloading himself of the information which he may have to share with this Honourable Parliament and with the people of our country.

As far as I know, Sir, since October 1991, a number of collective agreements would have been signed at the macro economic level, including sugar, and we are now reaching a stage where we are finishing the hotel negotiations and several others at the work place at the plant level. From my knowledge, most of those agreements have been following the basic guideline that have been established for an incomes policy in our country.

I wish to elaborate on my own perception on wages determination in our country. I speak as an individual. I speak neither as a Deputy General Secretary of the Barbados Workers' Union nor as a Member of Parliament. It seems to me that one needs to recognise that our country has passed through various stages and that our institutions must recognise the need for change. The Barbados Workers' Union was established in the period around the time of the Second World War. It was established before the start of the War but it started to mature and to

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grow after the end of the Second World War in 1941. There was not much action during the wartime but after that the Union started to grow and develop as an infant.

Between the period 1945 and 1973, one can argue, was easily the greatest boom period in terms of economic development of the world. Any period before that, even the so-called industrial revolution would pale into insignificance in terms of economic development in the world. It blossomed and grew between 1945 and 1973. Therefore an institution that came into being at that time was one that was operating against that period of maximum prosperity in the world. In fact, if we were to look at the development of our own country between 1945 and 1973 one would see that continual and upward growth because it was pulled along with the developments worldwide. 3.05 p.m.

The Union therefore at that time would have been into the business of income distribution in the sense that there was relatively an easy period in which wealth which had already been accumulated could be transferred, translated and distributed, and where the opportunities for growth and mobilising new wealth was always possible. For instance, once you started to use up the wealth that had already accumulated in the sugar industry, then new wealth was created in the hotel sector that did not exist before, new wealth was accumulated in areas of manufacturing that did not exist before. So one must see the union's strategy in terms of using collective bargaining and other tools in relation to that particular period. The union could have been militant in terms of getting certain levels of increases for its membership. I think that to a large extent that laid the economic foundation for our country because our country would grow on the basis of goods and services, and salaries and wages would play a very important role in that respect.

The period between 1973 and about 1982 must be seen as a different period in some ways connected with the period we are in now except that in the latter period between 1982 to now, I think there has been a separation of the difficulties in the world economy. But from about 1973 down, I think we were into a

different kind of period all together. Therefore, industrial relations and the trade unions had to show that kind of adjustment also. What I am saying is that, generally speaking, we have adopted wages determination policy relevant to a particular period. The trade union recognises the importance of a wages determination policy that is relevant to the particular period. When we examine the characteristics of this period, both at the macro and micro level we recognise the fundamental importance of changing our way of doing business. In other words, we might maintain the same tool, in this case the tool of collective bargaining, but our strategies and techniques have had to vary.

Now, we hear, for instance, a great emphasis on maintaining basic wages and salaries while at the same time we have to be looking at increases based on productivity and profit sharing. Some people are talking about game sharing. Let us try to be as analytical as possible in terms of what we are saying. Ten years ago, for instance, wages determination would have been based on a number of criteria. Most important would have been the ability to pay. When you got to the micro level you sat down in front of an employer or group of persons representing a particular establishment and the ability to pay would have been fundamental.

Secondly, it would have been the question of the rate of inflation. That was vitally important. A third important criterion would have been the going rate in the country - what was happening country-wise, what was happening in similar institutions, etc. I think those would have been the principal foci of wages determination 10 years ago. We see an atmosphere where, perhaps, this has changed. There is change both in terms of details and emphasis. Ten years ago when you were looking at the ability to pay, a lot of subjective analyses would have been made both by the union as well as management because one of the important factors that should have been fundamental in these kinds of discussions would have been information sharing. Basically when you went before an employer and you cost your agreement in terms of what you recognised the cost to the employer would be, because what you did basically was to look at the payroll cost and the amount you were asking for, you would be able to recognise this was the total amount you wanted. You put that to the employer and negotiated for the process and ended up where the employer felt comfortable to pay because he might have been able to pass on the cost to somebody else. I think today we are in a different ball game. It is one where we expect that the sharing of information would make the whole question of ability to pay more relevant. But let me say this. If you are going to sit down in front of an employer and you want to discuss the well-being of that business because that is fundamental today, the major criterion that would be before a trade unionist today, I think, would be the survival of the institution and the guarantee of jobs. That would be No. 1 in terms of any wages determination.

The question which would be raised in terms of ability to pay would be provision of basic information so that a number of ratios could be established. We are talking here, for instance, about liquidity ratios, profitability ratios and efficiency ratios. Productivity ratios is the new thing. But for a long time those were the basic ratios you were looking at. You are looking at cash flow, liquidity and can the company really afford to do something. You are looking at profitability. Is the company profitable? Is

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the company enjoying the kind of returns on investment and is it able basically to add on new costs. You are looking at efficiency ratios. Was the company getting in its money in time, for instance? What policy did it have in terms of stock roll-over? What policy does it have in terms of getting that money that is out there with creditors who are bringing it into the concern in a rather efficient way so that it can mean business? Those are the 3 major ratios we used to look at. They are still very relevant.

If I sit down in front of an employer and he is willing to give me the information, I can do my analysis and look at his liquidity ratios. I can look at the acid test. If I can look at his efficiency ratios then I can make judgment calls in terms of what I can ask for on behalf of the workers. If we are going to be looking at productivity you still have to share basic information because companies would still have to give you information in terms of their sales or their output figures.

They still have to give you information in relation to payroll costs and I want to be very clear. When we talk about payroll costs we want to see management payroll costs as well as the bargaining unit payroll costs because we need to recognise that a lot of the inefficiencies associated with running businesses in

Barbados have to do not with the payroll levels when it comes to the bargaining unit but management level, the high salaries and other inefficiencies attached to the high salaries, because there is nothing wrong with high salaries necessarily. But if you have high salaries and you are not producing, managing or leading, you are not direct in planning, controlling and carrying out your functions that would make an entity work effectively. Then you might be more of a hindrance to the particular operation going forward than a group of workers who are the first to be axed.

When we are looking at financial information that is vital in terms of making decisions in collective bargaining, we want to know that all information is available. We want to know what fees you are paying lawyers and so on to give you advice. We want to know how you are spending money to manage the corporation because I say this: We have not paid enough attention to management in this country. The emphasis has always been turned on the workers. When there is a problem it is always the workers who are laid off or sent home but nobody must speak about management in the country. We are suffering from serious management failures in the private sector but nobody is to say anything about that either. We can talk about it in the public sector all the time. The politicians get all the blame but you look around Barbados and see how the private sector is functioning and how it has been functioning for donkey years. Who wants to speak to that? Then the newspaper will say somebody blasts the private sector management again because they are part of the same system, the same private sector. They have that sacred cow that every time you try to analyse a situation you are there fighting for some kind of confrontational situation and are attacking the private sector.

Let us understand. We recognise within the Barbados Workers' Union, and the other unions in this country, that there must be new norms in collective bargaining. But if we are looking at all of these ratios and not only productivity ratios, but all the others we talked about, there has to be a sharing of information. Right now there is nothing that makes that compulsory. How are you going to sit down in front persons who are not necessarily willing to share that information with you and then arrive at objective decision making? Secondly, Sir, there is a necessity on a national level also to develop various targets and certain ratios so that they can be used as norms. When we are looking at certain organisations and we are talking, for instance, about liquidity ratios, what would be a good ratio for a manufacturing company in terms of assets and current liabilities? What would be a good ratio for a manufacturing company in terms of current assets and current liabilities? What is a good ratio? Is it 150 per cent, 200 per cent, 300 per cent or whatever? We have to set our ratios. When a company is operating under a certain level then how do you operate? Now I can see the need in some Government Departments or perhaps the productivity Board to set the task of looking at industry norms so that a hotelier would know that if this is the level he is generating, it falls inside or outside or above the norm and he would know then that he has to get his operations better and he would also be given some ideas about how to improve. We need that at a national level. It is not a failing of the Trade Unions because we understood the need for these things a long time ago but I am saying to you that we have operated against past experiences that served us well at the time and now we have to change. The issue is not only about the trade unions changing; it is about businesses changing too. It is about Government changing. It is establishing new norms of operation and understanding that those norms that might have operated very well and served us very well before have become perhaps irrelevant or not as important as they should be. 3.15 p.m.

We have lots of people with qualifications in Barbados in terms of labour management relations, in terms of labour market analysis and so on. The question is, have they been set the task, have they been put to work to deliver the goods? So while we recognise that we have to sit down and talk at the level of social partners any assumption of any kind of social contract has to be against the background of discretion first of all; people meeting with their own programmes and trying to hammer out a programme that is best for this country.

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I will tell you what the problem is, Sir. The problem is that when organisations like trade unions in Barbados attempt to use objective norms in terms of leadership or try to set examples, there is a particular political philosophy that uses that term And I remember back in 1963 when Sir Frank Walcott attempted to establish the Windfall Fund. I remember how he was berated, attacked, and how the whole institution he

was trying to establish, how some sought to bring that down. It is amazing sometimes how the wheel goes full circle, because in 1963 what the Barbados Workers Union was trying to do was to set up a fund that in the future when workers were being laid off and severed and so on that something would be there for them to fall back on and those of us who were around at the time, young or whatever, know the position that was taken in relation to that Fund.

Now that there is a Government Fund established with certain rules and regulations, the ones who fought against these same funds now are advising the workers in all sorts of strange ways, against all reason, against the law that is established to deal with these matters. So we understand how difficult it is out there in terms of labour market relations, in terms of trade unions taking the right path and setting examples in this country in terms of where we have to go. But we stand committed to the business that we live by. Wages determination is not done wilfully by practitioners. If we want to sit down in front of any person we are trying to look at the information that becomes available to us. If it is financial information, economic information, whatever information is available we look at it and we make decisions along with those that we are relating to in order to get the best out of every particular situation.

Now we recognise that the comment made by the Honourable Member for St. Peter that gives the impression that the incomes policy is not being adhered to is an attempt really to put the unions in a particular situation. If we hold to the incomes policy then some politicians would be saying that the union is working with Government against the workers. If we do not hold to it then the unions would be destroying the country. That is the kind of position that some of these politicians would want to put you in. And we recognise that very well, Sir. Some of them, Sir, will say, some who would have voted against the 8 per cent cut, will come back and tell you now that the best thing is not even to restore it, and if any resolution comes to this House in terms of restoring it they will take a political position on it because sometimes honesty and truth and integrity cannot be found in some persons. And there is no attempt whatsoever to be objective about these issues that have national importance.

My own position is that once you know you are objective and right you can stand the test of time on anything that you do because time will vindicate any position that you take. Time will come, you cannot stop it. The now for now politics that we see being practised in Barbados ...

Aside

Mr. R. L. MORRIS: Don't talk about him at all, Sir. In fact I am ashamed because I have said before and I will say again, the Honourable Member for Christ Church South will stand by the courage of his conviction. I will say that now or anywhere else. There are others you cannot say that, about. Do not mention the former member for St. Michael South Central, to me one of the worst examples of politics that ever existed in this country. There is no question about that, Sir. I have said so before and I will say so again. I am surprised that the Honourable Member for Christ Church South will even mention him in this Chamber. I am serious about that, Sir.

Time will determine who served this country well. You can't stop that, Sir. I am really surprised that one does not recognise that these issues are becoming so politicised that they must cause problems in our country. The 8 per cent cut, Sir, has moved completely out of the realm of economics and has now entered into the realm of politics. I want to be very clear about this. If this particular administration is forced to put back on the 8 per cent then the Opposition politicians, if it leads to economic difficulties will be saying, I told you so, look at the difficulties. You have already heard the Honourable Member for St. Peter setting up himself. We know what his position is going to be. His position is, if you look at the Letter of Intent, at that time they were saying that if salaries and wages are 12 per cent of the GDP that cannot be sustained you should get it down to 10 percent. If you do that, obviously in a reducing GDP you are going to be in trouble so putting back the 8 per cent would lead to economic difficulties. So his position is how are you going to put it back on. You cannot win. If you put it back on he is going to 'buse you', if you do not put it back on he will be in a position to say, "But you told the civil servants you are going to put it on. You expected it to be put back on."

Mr. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. The Member, Sir, is misleading the House if only he is speaking on a point of conjecture and purporting that I would say something in the future that I have not said in the past and therefore, Sir, there is no basis for him to draw the conclusion which he is drawing. I do not want it written into the record that I am going to say something in the future based on conjecture. Mr. Speaker, Sir, I want to state that in my judgement he is misleading the House and I believe his remarks should be withdrawn.

Mr. SPEAKER: I am sure the Honourable Member would like to clarify that because I am not sure as to the
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point of order the Honourable Member has risen on but I suppose, as a matter of courtesy, you will probably explain your position.

Mr. R. L. MORRIS: Mr. Speaker, I will admit I have taken a certain latitude in interpreting the Honourable Member for St. Peter but I am going on past actions, Sir. I have been in this Chamber, Sir, with the Honourable Member on the discussion and debate of the 8 per cent cut. If he analysed that it was the correct policy position to have taken in the interest of the country I expect he would have voted for it, Sir. He did not vote for it. That is the record, Sir. The record is that he did not vote for it. 3.25 p.m. I am assuming that he did not vote for it because he believed that it was not the right economic prescription for the country. But the issue will come again and he will be required to vote for or against it. He is giving the impression that if it goes back on that it is not good for the country. I will be watching to see how he votes, Sir. I know that he sets himself up one way or another. If you put it back on, look what you are doing to the country. If you do not put it back on, you are selling out the workers or something like that. Now that kind of now for now politics, Sir, is not good for our country. I am seeing a lot of it, Sir. But the kind of leadership that is necessary in our country at this time is the kind of leadership that will say to the people of Barbados that this is what we want as a nation. It might make you popular or it might make you unpopular. When I hear the Honourable Member for St. Peter speak as an economist and I have said so all the time, I have the highest respect for him. I have heard him in this Chamber several times make statesmanlike pronouncements about the economy. I sat here and I listened to him because I know that he has a tremendous capacity as an economist to do and say what is right for this country.

Sir, I want to go a step further. I do not think he is concerned about political leadership over there, Sir. I do, not think that he is one in the race. I really do not feel so.

Aside.

Mr. R. L. MORRIS: I am a winner. I am No. 1 in what I want to be in and I want you to understand that. I am in no race with anybody else. I am good and I am No. 1 in what I want to be in. You are not in the race for leadership so you can be in a position to dispassionately advise any of them who want to be leader over there based on your professional knowledge and guidance. I read a paper written by the Honourable Member for St. Peter in 1982 or 1983 about IMF policies and so on. An excellent paper, Sir! He looked at why his administration ran the country to the IMF. He looked at the difficulties and he was able to advise in a professional capacity to do not do that again. I said that I believe that if the Honourable Member for Christ Church South would have taken that advice at the time and did not run himself into certain difficulties and now this is just straight talk...

Aside.

Mr. R. L. MORRIS: Sir, I am just saying what I read to be the circumstances at the time. The Honourable Member for St. Peter would now be in a position at this time again to give that kind of advice to whoever his next leader is going to be when the shake-out comes. When it comes, he will be in a position. It might be the new and continuing or it might be another. I am not getting into your affairs over there. Whenever that comes, you will be able to give the relevant advice in terms of 8 per cent or no 8 per cent or whatever. Mr. Speaker, I am saying that what we need in Barbados now more than anything else are cool heads and leadership at all levels. We have it already over here in terms of leadership. All the maligning that has been

done by the Barbados Labour Party and all the attack on leadership that has been established...

Mr. H. deB. FORDE: On a point of order, Sir. The Honourable Member is accusing Honourable Members on this side of maligning persons. He must withdraw the word.

Mr. SPEAKER: My recollection is that he said Barbados Labour Party.

Mr. H. deB. FORDE: He said on the other side. It could only be the other side of this House, Sir.

Mr. R. L. MORRIS: Sir, if the Honourable Member is having difficulty with my statement, I will rephrase it.

Mr. SPEAKER: But for the record, it would be better for future reference. Did the Honourable Member say the Members on this side or Members of the Barbados Labour Party? I think the Honourable Member should clarify that with me first which he said, because my recollection was that he said both.

Mr. R. L. MORRIS: Mr. Speaker, all the maligning of the leadership of the Democratic Labour Party...

Mr. SPEAKER: That is not what I am getting at. I am trying to get the record straight. The Honourable Member for Christ Church West has objected to the fact that the reference was made to him...

Aside.

Mr. SPEAKER: You withdraw that.

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Mr. R. L. MORRIS: All the maligning of the leadership of the Democratic Labour Party, Sir, that has been done in this country which has now turned into maligning the leader of the Barbados Labour Party and all other social institutions in this country cannot be good for the country. It cannot be, Sir, and what I am saying is there have been a calculated policy of maligning leadership. What goes around comes around. What we are doing in our country is setting the ground. I have done history enough to understand so has the Honourable Member for St. Peter. There are some people in Barbados who believe that social revolutions come in 60 year cycles. IB 16 Bussa, 1876 Confederation, 1937 and now they tell me it is 1997. There are anarchists out there and, when anarchists see that there is a crack in the leadership of a country, this makes room for anarchy and chaos. This is where leadership groups seem to be at each other's throat, where in the governmental system there is a fragmentation, where in the church there is a fragmentation and where in your economic sector such as big corporations there is difficulty. Take sugar and you have Plantations Limited and BS&T that are in trouble. You are seeing certain groups in our society who are not against using these moments for their own purposes, some out of ignorance and some out of design.

Sir, the other historical fact that the Honourable Member for St. Joseph knows and the Honourable Member for St. Peter knows is that these disturbances do not come at the bottom of the depression but when things start to swing up. By 1996 or 1997 if things go well, they will start swinging up then. He knows that. He is a student of history. I am saying to you that we have a particular responsibility in this Chamber to understand that nothing we do in the labour market area and in the economy of this country should be taken lightly. The discussions that we are having at a macro level about a 8 per cent cut and those sorts of things which are treated lightly, as though they are some jokes, are serious things about our economy. Unless we are able across the party divide to agree on a number of things about where this economy will go and project that agreement to the people, on this side we are against devaluation. I have not heard the Barbados Labour Party speak to that whether they are for it or against. In fact, I think that I have heard the spokesperson for Finance, the Honourable Member for St. Peter ask more than once -what is the big thing about exchange rate adjustments? Demand and supply works for money like anything else.

Mr. O. S. ARTHUR: On a point of order, Sir. The Member is misleading this House, Sir. Even today I took a party position on the question of devaluation in this House and the Member is misleading the House

entirely to say that the Barbados Labour Party has not taken a position on devaluation. I spoke in this House on it even today and I really ask that those remarks that were attributed to me of things that I have never said be withdrawn from the record, Mr. Speaker.

Mr. SPEAKER: I think this is a case where the member himself has put the record right and that certainly counter-balances what the Honourable Member said. What I will say to the Honourable Member is that, if the Honourable Member objects to a statement which he says that he has not made, the Honourable Member should not repeat it.

Mr. R. L. MORRIS: If the Honourable Member is saying that he is against exchange rate adjustment at this time as a prescription for handling the economy, then I join hands with him as I do on other things. Then together we will partly share the responsibility to talk to our constituents in terms of what that means in terms of other policies that will be necessary in this country if we are to make sure that we do not have an exchange rate adjustment.

I thank you very much, Mr. Speaker. 3.35 p.m.

Mr. H. A. BLACKMAN: Mr. Speaker, I am getting involved in this debate because I believe that certain things have to be said. Let me say up front that I am supporting the Resolution because I have always taken the principle that I am supporting my country. I am not supporting any one man at all, I am supporting the country and if I have to speak certain things here this afternoon I want it to be understood that I am speaking according to how I see things, and no amount of talking about people speaking because they have this or that motive is going to divert me from speaking on behalf of this country.

I have heard the speech of the Minister of Finance and, to be honest, Sir, I felt sad. To me it appeared to be a tale of woe.

The first point I wish to make, Sir, is that there seems not to be a thorough understanding of what this country signed when it signed the Letter of Intent. Before I get to that understanding of what we signed, let me just say a few words up front about the matter of incomes policy. The Minister of Finance in September, 1991 asked to cut the Civil Servants' salaries by 8% for 18 months. That was agreed to and the salaries were cut by the 8%. At the same time the Minister of Finance was telling the IMF, and I quote from page 4, paragraph 10, of the Letter of Intent which is already a document of the House:

"The curtailment of the central government wage bill is a key element, not only of the fiscal consolidation but also with respect to incomes policy. The release of about 2 000 temporary and casual employees and

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a reduction in civil service pay of 8 percent aim at scaling the wage bill back to the level of some 10V₂ percent of GDP that prevailed in the second half of the 1980s, prior to the increase in that ratio to about 12 percent over the past two years. This increase has proven to be unsustainable, particularly in the face of the weakening of the economy in the intervening period."

Mr. Speaker, let me explain that. What the Minister of Finance was telling the IMF was that the wage bill was at 10½% of GDP and that it had then gone to 12%, which was unsustainable, and that he was laying off workers and that he was cutting the Civil Service pay by 8% to roll it back to the 10V₂%, which we all take to be sustainable by reading this. Since 1990 the output of goods and services has fallen by 3% in 1990, 3.5% in 1991, 4% in 1992. The point I am trying to make is that you promised the Civil Servants on one hand you will give them back the 8% in 18 months, and at the same time you led the IMF to believe that the cut was permanent, or that it was a long term cut. That is why the IMF could have said to him 7 weeks and 3 days ago that if he gives back that money he will have breached the contract he signed with them with regard to incomes policy. That is a fact. Mr. Speaker, the problem today in Barbados has nothing to do with whether you have money or not, it has to do with confidence and telling things as they are. Come out and tell people this is the position. From December the Minister of Finance was asked about the restoration of this 8% and the Minister said on each and every occasion: "The law only allows me until March 31", whereby every single Civil Servant in this country and the media, because I heard it on CBC

and on VOB that the Prime Minister has promised to give back the 8% at the end of March. I told my wife he never promised that, all he said was that the law gave him until March 31.

Mr. Speaker, you know what happens when you lead people to believe that they are going to get back the 8%, and in fact when the Minister of Finance made the statement in here on the state of the Barbados economy he repeated it. He said, on page 9 of that document:

"The other point which I wish to make in this respect has to do with the issue of the 8 per cent reduction in the emoluments of public servants which will come to an end at the close of the current stabilisation programme in March. Put another way, Mr. Deputy Speaker, Government by way of the Public Workers (Reduction of Emoluments) Act, 1991 has no legal authority to continue with that reduction beyond March 31, 1993."

Mr. Speaker, all it needed, 3 or 4 months ago, was to take the workers into your confidence and tell them exactly what the situation was. Let me say this now, and this is my view from my heart, the question the Government has to answer is, does it have the money to pay them. If it has the money to pay them, there is no question that they have to pay them. If they do not have the money to pay them, come out and tell them that. It is as simple as that.

All the diversionary tactics about using the money to create employment bring me back to the Letter of Intent. Recently I heard a gentleman say that he would recommend this Letter of Intent as a model for other Third World countries. I read it about 5 times after he said that, because I could not believe he meant the same Letter of Intent I was reading. This is one part of the Letter of Intent we signed, page 2, paragraph 6: "In summary, our macro economic objectives are (a). to maintain an annual rate of growth of about 3 percent thereafter;" meaning after 1992-93. Mr. Speaker, only God Almighty could have said that. No human being could sign a document stating you are going to maintain an annual rate of growth of 3% thereafter a particular year. Not even the United States' economy can say that. That is not all. If you turn to page 3 you will see there:

"The strengthening of Barbados' external reserve position is projected to be achieved through a shift in the external current account position from a deficit in 1990/91 to surpluses of at least 1 percent of GDP from 1991/92 onwards." 3.45 p.m.

What does "onwards" and "thereafter" mean? As far as I am concerned, it means for as long as the IMF is controlling this economy. The Minister of Finance started today by saying the IMF programme would come to an end at the end of March. He said that about 3 times.

Mr. Speaker, I read where the Minister of Finance has said that the IMF programme is coming to an end at the end of March. This is what the Honourable Minister of Finance goes on to say:

"What I can say is that we value very highly the surveillance activities of the Fund and the consultations with us on our external payments position, current account balances, capital flows, the management of our international reserves and our exchange rate system. We also value highly the consultations with the Fund on those aspects of our domestic policies, such as Government's spending and aggregate demand management...." Mr. Speaker, all this means is that the IMF is going to survey and be in control of this economy in Barbados

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for a longer period than if it had signed an official contract because Barbados is at the stage today where we cannot get a cent on the financial market unless the IMF says they have passed and are up to standard. Even with the IMF saying they have passed, it took nearly a year to get US\$12 million, even with the IMF acting as though it were lateral

Mr. Speaker, there is nothing that is going to save this economy except confidence in the leadership. There is no confidence in the leadership by the people, by the institutions or by anybody. Unless that problem is

tackled, we are doomed.

Let me go on, Mr. Speaker. What needs to happen is this. The Government needs to make decisions more openly and frankly with the people of this country. It should explain better what it can do because concealment only postpones disasters instead of avoiding them. Meanwhile the mass and all the mess will one day still have to be faced.

Come out and let the people know what the truth is. You cannot be bragging that you are meeting IMF targets. You cannot be bragging about how you have handled the situation and your revenue is such and such and yet will not tell the people that in the first 9 months of 1992 the fiscal deficit was financed primarily by domestic institutions.

The recovery in liquidity enabled the commercial banks to contribute \$93.6 million compared to only \$8.4 million during the same period in 1991. Can you imagine it? In a year that the Minister of Finance tells the country that all the money in the banking system will now return to the private sector and that Government will not have to borrow from the private sector this year as it did last year, this is what turned out. The Government borrowed \$93.6 million as compared to \$8.4 million the year before. You have to understand what is happening in this country. Mr. Speaker, I am going to speak in this country regardless. I am speaking on behalf of this country. I have always spoken how I feel. I believe this country can do better. I believe that the institutions love Barbados. They want to do everything to help Barbados, but confidence in the Minister of Finance is totally lacking. It has to be said that if we are to save this country and by implication if we are to save this great Party of mine, fundamental decisions have to be taken.

There is no sense trying to get around what is happening in this country because it certainly will not go away that way. You cannot have a situation where the Minister of Finance continually talks about recovery around the corner and nobody at all can see the corner. When economies are fragile, confidence is the factor more than any other that decide the outcome. The trouble is that when you keep making jolly predictions they start to be disbelieved when they have been refuted time and time again and you continue to make the predictions. A point is reached where the soothing words become harmful because they are read as incompetence or a refusal to face up to difficulties.

There was a time when this country believed in its Government, but now the country believes that its rulers are either incompetent or mad or both. That is the situation in this country today. There is no confidence at all in this country and it is not going to change unless radical changes are made because this country means more than any single person. I believe that this country demands more from us than propping up the political career of any one person and I am warning this country again and I am warning the members of this House of Assembly that if we believe in our country, something has to be done because total confidence is lacking. I do not want to see my country going any further down. Mr. Speaker, do you really think I could feel good that at a time when the IMF is still controlling this economy that we find it almost impossible to get US\$12 million?

Let me just say this further. At page 9 of the Minister of Finance's Budget on March 31, the total financing requirement was set down as \$170.5 million. The Minister of Finance said foreign financing from multilateral institutions was going to be \$77.5 million. I would like to know how much of that multilateral financing have we got. The Minister of Finance went on to say - commercial borrowing \$24.5 million. I do not want to say that what is written on this document is not true, but I am wondering if that \$24.5 million is not the US\$12 million which we just got here to bridge this financing deficit gap.

Also in this figure he said that divestment should have brought in \$40 million. The Minister of Finance admitted today that very little or none of that \$40 million has come in, but this document said that any shortfall on that divestment would be made good by borrowing on the financial market. On the financial market we took a year to get US\$12 million. You can see that if you do not get that money for divestment, that is another \$40 million down. Do people understand what is happening in this country? What really is ailing Barbados is not an economic crisis. It is a crisis of expectations and confidence. 3.55 p.m.

What counts now, Mr. Speaker, is the need for clear rules in lead of a wink and not improvisation. We need a firm understanding and competent leadership in this country. Prime Ministers and Ministers of Finance

especially Prime Ministers, are granted a source of power they are expected to tab without restraint, the power

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to inspire, exhort and motivate a nation. We need someone as leader of this country who can do that. Let me say this, Mr. Speaker. I am going to support any measure brought to this House of Assembly on behalf of this country and the people of this country. I am making it known today that I will not be silenced when it comes to speaking out against the ills in this country and what I believe is wrong. The Prime Minister's greatest failing has been his inability to convince Barbadians that he has a coherent, workable prescription, or any prescription at all, for our domestic ills.

Mr. Speaker, I am going to support the Resolution but I believe I needed to speak on the seriousness and critical crisis that is facing this nation today. We are being led down a precipice like the Gadarene swine and something has to be done about it.

Mr. Speaker, thank you very much.

Hon. D. J. H. THOMPSON: Mr. Speaker, I do not propose to be very long in this matter. I think the Honourable Member for St. Peter indicated at the end of his rather lengthy presentation that he would be supporting the loan. His only problem was that he condemned the messenger who brought it to the House. On that basis it does not fall to me to engage him in any debate if the confines of his contribution are solicited towards the messenger and not the substance. Therefore, there is not a lot one should wish to reply to. I think I should, however, take the opportunity to make a few points because some of them are important.

The first point of interest is I am not an economist and I do not rush to the defence of professional economists. But the Honourable Member for St. Philip South did point out in his presentation that there was an economist who said that the Barbados Letter of Intent was a model one. I happened myself to be at the function at which this was said. He was a Trinidadian Professor of Economics who came here to address a seminar at the Barbados Workers' Union Labour College. I do not think he was attempting to get involved in Barbadian politics. He was looking at the basis of the programme the Government entered into. He seemed to be suggesting that the way in which the Letter of Intent was negotiated, and the principles on which it stood were desirable as alternatives to devaluation. He felt, and perhaps he is right, that in terms of the Barbados Letter of Intent, it represented a major departure from the kinds of programmes the IMF had been prescribing for countries of the Caribbean.

Now the Honourable Member for St. Peter also expressed similar sentiments in his speech and said this was probably one of the first programmes in which the IMF put as the centre-piece of its economic engineering the issue of an incomes policy. I think this is the basis on which the economist was speaking. I do not think that we ourselves should seek to deride him after the fact and it would be unfair, in my view, for professional economists to take positions like that against each other without the benefit of the facts. The point is it is my view that I am collectively responsible as part of the Cabinet that approved this Letter of Intent. It would have to fall to me to say as I assume all other persons who are part of that Cabinet would, and assuming as well the person who introduced the matter at Cabinet, would wish to accept that the Letter of Intent was a model one. I would not expect anybody to present to me a defective Letter of Intent either in the House or in Cabinet and then a few months later come up to the public and say to me that Letter is now defective and was not the kind of arrangement we should have entered into. That is all I am saying, Mr. Speaker. I take my responsibility as a member of the Cabinet seriously in that regard. I am only saying that I, who am now the Minister of State in Finance, did not myself prepare or approve any Cabinet Paper relating to any Letter of Intent. I am saying to this Chamber that it has been said in here and I want to make this point very clear because I am not defending any individual, that the Letter of Intent was amended in the absence of the then Prime Minister. It therefore was amended by Cabinet and Cabinet would have to be advised on how to amend it by the person who was the substantive Minister. I want to make this point very clear because I am not going to sit in my seat

any longer and make it appear that people can just cut loose from policies and give the impression that when they are sitting as part of a Cabinet they can go along with things, or even introduce things, and 18 months later put me in the position where I feel as if I am some kind of an idiot because I accepted the advice I was given.

Aside.

Hon. D. J. H. THOMPSON: If I am to be an idiot, I would say that I am an idiot. However, I wish to say that my position has not changed. The Letter of Intent was introduced. I accepted the terms of the Letter of Intent and the Government is functioning as much as it can within the confines of that Letter of Intent. I take collective responsibility. I am saying to you that I was not then the Minister of State in Finance but I take it as my responsibility now to ensure that those policies which I as a member of Cabinet agreed to, and which I as the Minister of State in that Ministry also have some responsibility for, are developed to the extent that they produce the results which the Government anticipates should be forthcoming.

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I am very worried, Mr. Speaker. I must tell you that everybody is off-loading about how they are committed to the truth and so on and sometimes in politics one has to hold back in the interest of collective responsibility. This is one of the traditions we observe. But let me make this point very clearly, Mr. Speaker, that it appears to me...

Aside.

Hon. D. J. H. THOMPSON: They cannot terrorise me. You think the Honourable Member for Christ Church South could terrorise me, a Deputy Prime Minister that did not even know the IMF was here when it was here?

But, Sir, it is of concern to me that in this Chamber we have had a continuing series of scenarios with some members, for whatever reason, departing from the Cabinet and then seeking to cut loose from policies which they either advised the Cabinet to pursue or in the absence of that advice, collectively accepted. I am not sitting through it anymore myself. I am making my position clear. I voted for and accepted the Letter of Intent and the objectives of that Letter of Intent are what this House, as I understand it, under this particular Resolution, is debating. 4.05 p.m.

Let me move on to some of the more important issues that have arisen in this particular debate. This economy is functioning at a much lower level of economic activity than had been anticipated. Nobody is denying that. The Honourable Members on that side have had the benefit of the out-turn figures to the end of December. They have the benefit of the Central Bank Reports and their other agents and friends who give them information from time to time and there is nothing wrong with that. I am not saying there is anything illegal in that. Everybody apparently has benefitted from that in the past and the information is not secret. I do not think it is secret. It is no big thing.

We have said in the course of our presentations in this House that we are functioning at a lower level of economic activity. Revenues have been depressed and we indicated the gap in the revenues. That gap is going to be further compounded by the fact that Government carried out direct tax reform which in many cases has increased people's disposable incomes in the year 1993.

If you live in a time warp and you cannot step out of the year 1986 and therefore can see no further than 1986 you are bound to feel that everything you say is important and there are some people in this Chamber for whom 1985/86 period is their hiatus and anything after that has been an unfortunate denouement. But the point, Mr. Speaker, is the Government has accepted and indicated to the public that there have been delays in the privatisation programme and the Government has made it clear to this House on each occasion that it has arisen that it is still in negotiation with the financial institutions on the level of funding and the kind of conditionalities that will apply to that funding.

When we agree with the international institutions the Honourable Member for St. Peter tells you that the agreement is a disaster, the conditions are too harsh, shock treatment will not work, this programme is

going to bring devastation on this economy and when we do not agree this Government is attacked for failing to come to agreement with the International institutions on the conditionalities and this is the kind of debate, Mr. Speaker, that we are having in this Chamber time and time again.

The World Bank programme as everybody knows, as envisaged by the World Bank, requires some trade reform policies to be implemented. Even before they are implemented, assuming that they will be, there are members on that side who get up and say those policies are going to wreak devastation on this country. The social sector programme that is being devised by the World Bank, which the Government has not agreed on but some Honourable Members have had the benefit of seeing some of the parameters of it, they have said it is undesirable. They are opposed to means testing, we will be going back to the 1930s and other scenes like that. Yet in this debate one is getting the distinct impression from members of the Opposition that because the Government finds itself functioning at lower levels of economic activity that it should fold its arms and agree to all of the conditionalities and accept international finance on any terms on which it is offered. That is the impression, Mr. Speaker.

Mr. SPEAKER: Order, please. Order, please.

Hon. D. J. H. THOMPSON: So that is the impression, Mr. Speaker, that anybody analysing the features of the debate would go away with. The Government is still in the process of negotiating its programme with the Inter-American Development Bank. It is still in the process of negotiating some of the parameters of the World Bank loan. The Government itself is working on its own structural adjustment strategy which seeks to set out for the Government the direction that it hopes to take to the nation in structural adjustment so that we do not have conflicting or overlapping policies between the institutions. All of this is going on right now, Mr. Speaker. So, as I say to you, it would be desirable if the conditionalities that were applied were capable of acceptance at this time but there are some features of them for which we still have to have on-going discussion.

New let us move on to the specific International Monetary Fund Programme that we are in. The Honourable Member for St. Peter has said that the second review was not carried out or completed - I do not remember which word he used - in November and that is not something that the Government has hidden from the people of Barbados. The second review is being worked on. There are aspects which one, I assume, would call structural components of the International Monetary Fund loan which have taken longer than had been anticipated. But I will give you another example of the duplicity that we get in the discussion of Barbados' economic policies. We take the privatisation issue. If you fast track privatisation, Mr. Speaker, Honourable Members say and they feel, with some justification, that in fast tracking it that the process does not have integrity, that it loses its clarity, that Parliament is left out and that policies are implemented without the public of Barbados being involved in them. When you slow down the process to involve the public and as a result of that you get lags in the privatisation policy then the simple point is that the Government is not going to be able to receive the proceeds of privatisation in time. It is as simple as that. It is not a particularly difficult issue for the understanding of persons who have a smattering of understanding on matters of this sort.

What really this debate is about, Mr. Speaker, is that you will be criticised if you agree and criticised if you do not agree. Either way you turn, you are going to be under the very heavy hammer of those who do not support your policies or those who feel that those policies are not in the best interest of the people of Barbados.

I do not think that there is any area of Government's International Monetary Fund Programme in which we have not taken a public position of one sort or another. The incomes policy as I understand it has been set out clearly. The Government has established the productivity board. The productivity board as I understand it is to impact in the area of measurement of productivity in the Barbadian economy. Like I say, people who are in a time warp would not understand that these things have been happening throughout the world and will, to some extent, reach Barbados. But if you live in 1986, Mr. Speaker, and can move no further than that and your mental faculties are frozen in time you would not appreciate that these are developments that are taking place throughout the world and which Barbados can implement as part of its incomes policy and as part of the structural reforms that it hopes to introduce for the development of the Barbadian economy.

4.15 p.m.

The particular stricture which the Honourable Member for St. Peter levelled against technocrats in the Central Bank of Barbados in relation to them not doing the country good service is unfortunate. I heard all of the Central Bank's Press Conferences on television like everybody else. In large measure, the Central Bank has been speaking to the issue of stabilisation and it is my understanding that what is essentially being said, and one cannot always deliver good news, that there are achievements which the people of Barbados have made under the stabilisation programme. We have not achieved every single objective in terms of the structural reforms as yet, but we will achieve all. I am saying that we will achieve all. There are some that we have achieved short of the May deadline and it is quite well known. In October last year, there were a large number of people both in the private sector and political parties who felt that by January the Barbados dollar would be devalued. There were people closer to the Government who were constantly telling their colleagues that the Barbados dollar would be devalued. We are now 13 months later and the Government has been able to defend the exchange rate in that period of time.

Aside

Hon. D. J. H. THOMPSON: You know the black market price. But I do not buy on the black market so I would not know and I do not pimp for information in those kinds of places. Therefore, I would not know, Mr. Speaker, the black market or other rates prevailing in Barbados.

The fiscal balance has been achieved and, even though there has been some debate as to whether fiscal balance is desirable or not, the Government has been able to balance its revenue with its expenditure and the Government has also introduced structural reform. It is well known, Mr. Speaker, that the Government had been able in the period to introduce the reform of the direct tax system; to conclude its analysis of the reforms that are necessary in relation to the indirect tax system because administrative training and development will take 2 years to implement. We have concluded all of that initial work already and consultation between the private and public sector has been enhanced by the establishment by both the Foreign Exchange Committee and the Economic Consultative Committee. The mortgage interest rate was able to be reduced by 1 per cent and the semblance of an incomes policy was able to emerge. I am not saying that this or any Government would be able to reach all of those reforms in perfection. But I am saying that 15 months ago there were many Barbadians who felt that none of this was impossible. Sir, the real point that I am trying to make is that in defence of the policy one has to point out to Barbadians that we have made some progress and I believe that we have made substantial progress in an environment of considerable hostility. That is something that has to be clearly understood. The Government committed itself along with the people of Barbados to avoid an exchange rate adjustment and that is what the policies have been aimed at avoiding and have so far achieved. If that in itself is not an achievement, then Honourable Members on both sides would be free to say that the policies which were enunciated in the Letter of Intent and which have been implemented are entirely without foundation and have failed completely to achieve any of the targets. That is not so. As I have said, we have made some incremental progress and I think that is my understanding of what the technicians of the Central Bank are saying. They also say, and it is how I feel too, that the only thing that will produce growth is the structural reforms and we have to get them introduced as soon as we can.

Sir, we have the sugar reforms in the sugar sector which commenced from last April and have taken an inordinately long time to introduce for a variety of reasons. The majority of them have not decreased the focus of the reforms themselves because Government still has its eyes fixed on the ultimate objective, which I am certain that it will achieve. It is stepping along the ladder that some of those reforms have not met with the smooth transition or the smooth progress that Government would have anticipated. But I challenge anybody in this Chamber to tell me of a modern day sugar producing country that has opted to reform a sugar industry as comprehensively as we have done and has been able to do it in a shorter time and successfully. I am saying to you, Mr. Speaker, that has not been achieved. When we spoke of reform in the sugar industry, people said to the Government look at the scenario in Mauritius. But Mauritius has not been able to get any further, Mr. Speaker, in its sugar reform for a variety of reasons. *The Financial Times* recently carried, as I said already, a report on the delays that the Mauritius Government has experienced in relation to the introduction of reforms in the sugar sector.

Sir, we are dealing with a lot of different areas. In the tourism sector, Government came to Parliament and introduced its tourism legislation for re-organisation of the Tourism Authority which is the policy making institution, together with the Minister, in the tourism sector. Those particular reforms will also take time. If you look in the international business sector, there has been some growth and in the non-sugar agricultural sector there has been some growth. In the manufacturing sector, the decline as we all know did not begin in 1991. If anybody said that in this Chamber, they would be more than dishonest. The decline in the manufacturing sector even predates 1986 when one looks at the recent statistics. A recent report from the CDB has placed the decline of the manufacturing sector, I think, in the year of 1984 where the real decline in manufacturing began. Therefore, the imposition of duties was not achieved.

The point is that we now have to put in place, as the Honourable Member for St. Peter likes to say time and time again, a new entrepreneurial class and also the support mechanisms to develop agriculture. These things are not going to come overnight. I understand when people feel frustrated. In Government, we feel frustration when we come up with policies and find that the private sector itself can see no further than the 4 corners of their own office or business. They are unable themselves to achieve any of the reforms that the Government seeks to put in place. That is also the case as I have indicated already in the sugar sector and in the tourism sector. Let us make it very clear. The Honourable Member for St. Peter said that the Government has to make adjustments to the indirect tax regime in tourism urgently. I already said in this Chamber, and I know that there is no division in the Ministry of Finance on it, that this is something we have to move swiftly on. But we have announced the phasing of the indirect tax reform. I indicated then that, if concessions can be given to any sector as we move over that 2 year period, they will be given. Now the Honourable Member for St. Peter is also aware that the Government committed itself to some consistency in relation to the direct tax regime in Barbados. Therefore, for you to achieve changes in the indirect tax regime, one is doing that against the background that you do not wish to do any further tampering with the direct tax regime. That is the policy. We said that we would seek to introduce a consistent tax policy in relation to direct taxes so that individual citizens can plan on the basis that they understand this will be the nature of taxation that will be obtaining over a reasonably fixed period. One of the greatest criticisms that the Government has had in relation to its tax policy is chopping and changing. Therefore, one has to commit oneself to some kind of consistency if you are interested in developing a tax regime that is stable and that will encourage investment. 4.25 p.m.

I am saying to you, Mr. Speaker, that based on the record there certainly was never, under the Barbados Labour Party, even with the wisdom of the Honourable Member for St. Peter, any consistency in relation to tax policy which achieved results which are any differed from those which obtain in Barbados today. The same kind of criticisms you have now are the criticisms you had then, and those reforms, as I have indicated to you, are going to take considerable time.

I think the last point I want to make, Mr. Speaker, relates to the issue of debt restructuring. The Honourable Member for St. Peter, in my view, has handled this matter in a particularly flippant way and as a professional economist I am certain he knows what the impact that debt restructuring has on economies. I think what he says about debt restructuring makes sense and it certainly, if one were able to pursue it in the easy way in which he suggests you can pursue it, would be something any Government

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would wish to pursue. But the Honourable Member for St. Peter knows how debt restructuring is gone about, particularly where your debt profile is essentially with private commercial banks and not with international institutions.

Aside.

Hon. D. J. H. THOMPSON: Let me finish the point, I also wish the Honourable Member for St. Peter to know, because I know he knows it already but I need to repeat it, that while he is in Barbados seeking to make it appear that Barbados is one of the poorest - I do not want to say poorest countries in the world - but one of the most backward countries in the world, certainly since this Government got in office. The point is

that when you leave the shores of Barbados, international economists are not as sympathetic to Barbados' plight as Honourable Members over there make it out to be. They consider that this country has a standard of living which is higher than it should have and they do not approach the issue of Barbados with all of this goodwill and sympathy which some Honourable Members seek to interpret.

There are many people in the world who feel that Barbados has a standard of living which is much higher than it should have for a small developing country. They consider that our standard of living is too high, that the social services we provide for our people are too much, that the benefits they receive are too much, that the standard of education for a small country is too high, that the standard of health care is too high and that the whole economic development of this country is almost unexplainable. Therefore, Mr. Speaker, when one pleads for leniency and for sympathy....

Mr. SPEAKER: The Honourable Member's time has run out.

Hon. D. J. H. THOMPSON: I am going to make this last sentence, Sir. When one pleads for leniency in relation to these matters, one can only often plead for leniency and for sympathy from a condition of considerable weakness. I am saying to you that Barbados is not viewed as an economy which is on its last legs, nor is it viewed as an economy which is unable to grow and to develop in the medium term and certainly in the long term.

With those few words, Sir, I wish to give my support to the Resolution.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, it is a good thing you intervened to save the Honourable Member from himself and the House from him. It is fairly obvious that today he delivered himself of a speech which can be characterised as being an example of inexperience, immaturity and lack of knowledge of the subject with which he was dealing.

The Honourable Member obviously has a difficulty with the speech of the Honourable Member for St. Philip South and with the fact that everyone who has analysed the programme, of which today he has told us he is a firm supporter, has come to the conclusion that the programme is nothing but an abject failure in many respects.

The burden of contention of the Opposition is that today we find ourselves in the position in which we are being called upon to give our support to a loan, the terms of which indicate quite clearly that there is a total lack of confidence in the international lending community in those who control the economic affairs of Barbados, the Minister of Finance, and it is not surprising that others have come to the same conclusion as we have, that is, that he is not supported by any able assistance.

The position is, Sir, that the truth is something that the Honourable Member for St. John dislikes. He continued today to repeat the statement that the 1982 IMF programme was designed by an individual without reference to his Cabinet colleagues. We have repeatedly drawn to your attention, Mr. Speaker, that that is a lie. That statement is a lie. Mr. Speaker, the document was laid on the Table in this House and it stated specifically that members of the IMF came to Barbados and had discussions with the Minister of Finance in Cabinet and with Cabinet members. There can be little hope for the Honourable Member if in the face of the clearest evidence he will proceed to say that he does not believe it.

The truth is, Sir, that there are some people whose character is such that the truth is irrelevant.

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, on a point of order. Let me get some clarity in this debate. I want the House to be assured by the Honourable Member that the last reference he made is not a reference to any member who sits in this House.

Mr. SPEAKER: I am clear he did not make a reference to you. That is my understanding.

Hon. H. B. St. JOHN: I will give no such assurance.

Hon. D. J. H. THOMPSON: Mr. Speaker, on a point of order. The Honourable Member cannot in this Chamber impute improper motives to me, or in any way suggest to this House that I am a person who, because of my character, is untruthful or for whom the truth is a stranger. Therefore, on that basis I have to ask, since the Honourable Member gives no such assurance, that that particular reference be withdrawn and struck from the record.

Mr. SPEAKER: There is a difference between a reference to a specific member and a general statement. The Honourable Member, as all members do, made a general statement. I have indicated to members that if

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they have reason to believe that another member has breached a Rule of the House, then I would ask the Honourable Member so to do, but my understanding was that it was a general statement, so that from the point of view of the ruling it could hardly be making reference to the Honourable Member.

Hon. D. J. H. THOMPSON: Mr. Speaker, that was my understanding too, so I am just clarifying it.

Hon. H. B. St. JOHN: Mr. Speaker, if I may go ahead, the position is that this House had the benefit at the time when we were debating the programme of the Government of the experience of members on this side and we were, pursuant to our national duty very careful to point out the specific areas which would inevitably lead, if continued by the Government to failure. We pointed out in particular that it was nothing but economic stupidity to pursue a programme in which the taxation measures were such that it would depress the productive sectors in the country. We begged and beseeched the Government to follow the good example of the programme in 1982 and insist in their dealings with the International Monetary Fund that the productive sectors should be isolated from the draconian taxation and interest demands. That was most specific. We said then that the inevitable consequence of a pursuit of that policy would be that the Government would end up getting less revenue. That is exactly what has happened. That is why today we find ourselves in the position in which we are worse off. The people of Barbados have not quite yet appreciated that the International Monetary Fund programme is about to come to an end and we are worse off than we were when we went into the programme. .4.35 p.m.

It is true that we had a small problem with our fiscal deficit and with our balance of payments, but those problems could have been corrected by more fiscal discipline on the part of the Ministry of Finance. Let us never forget that when you are dealing with the question of wages and salaries in the Public Service in Barbados that all of us should have benefited from the experience that this country "had with giving in to the demands of public sector unions around election time.

It is quite significant that there is a coincidence of numbers, that the very Government that in 1990 and 1991 gave out a regrading of \$35 million by way of an increase in public service salaries is the very Government that has been forced to cut back those to the extent of \$37 million. It is very ironic. When we say that a lot of our problems in the economy are really domestically originated, that is one. Now, Sir, I deal as a Shadow Minister most of the time with the productive sectors and I want to say again, that it is my opinion that one of the reasons why we were not able to encourage banks that operate in Barbados and probably the largest bank that operates in the economy of Barbados, Barclays Bank, to put one cent into this loan, this miserly sum of US\$12 million - in the context of a \$3.5 billion economy, \$20 million is a farce - is because they recognise that here we are with the agricultural industry as a whole worse off than it was a year ago. The industrial sector is worse off and the tourism sector is worse off.

Sir, we have to deal with that problem and the Honourable Member for St. John does not deal with that problem. He promises us some kind of never-never restructuring, that in the end he thinks will change the structures in those sectors. Those are problems that have to be dealt with. We on this side pointed out that if you put Barbadian manufacturers in a disadvantageous position *vis-à-vis* their

competitors that you would be the authors of large-scale devastation in that sector. We were right. I remember specifically drawing to the attention of this House that in 1991 when the Minister of Finance came in here with the Order repealing the duty free concessions to such a large range of manufacturing inputs that that would be the inevitable consequence. I have lived to see and hear even the gurus at the Central Bank publicly get up and admit that it was a wrong-headed policy to have placed Barbadian manufacturers in a position in which they would lose their market share of their own Barbadian market to other CARICOM manufacturers who were supposed to be operating in the same market but who did not have to pay the taxes. It is like putting a man to fight in a ring and tying one of his hands while leaving the other man with whom he is fighting with both of his hands free. That is an act of political stupidity which has had devastating consequences for employment and earnings in Barbados, and it was predicted. The speeches in this House made that abundantly clear.

Today, even though the Government has admitted that it was wrong, the Government is still so indifferent to the interests of this area of economic activity that it refuses up to now to continue to give duty free entry to raw materials and inputs. Even in its latest act of relief it has still not gone to the position of giving the full relief. Now what do you call that? We in the Opposition can only give it its true label. We can only say that we understand the position of the Honourable Member for St. Philip South. He has seen the light. We saw it long ago.

We are again appealing to Government to return forthwith the concessions that manufacturers had and which they were allowed under the Common External Tariff arrangements for duty free entry, free of import duty for raw materials which come under the Conditional Exemption Duty and which other manufacturers in the Caribbean get.

Now, Sir, the second point that I have to make in this area is that I remember we have been trying for the last

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2 years to elicit from Government its specific programme and its specific views on the requirements in a restructuring programme for trade liberalisation. 4.45 p.m.

I remember on more than one occasion I drew the attention of this Honourable House to a document which was a World Bank document, in which the World Bank stated quite specifically that the Government of Barbados via a Central Bank letter, had agreed to the phasing out of licences and the trade liberalisation programme. I remember that when he was challenged to tell this House and the nation the details of the trade liberalisation programme, the Prime Minister and Minister of Finance in this House said that we were trying to make him responsible for some action of some petty bureaucrat in the Central Bank's employ, never telling us what the decision of the Government was. I again say, Mr. Speaker, that the time has come when the public must be told the truth of the requirements of the Inter-American Development Bank and the World Bank with respect to trade liberalisation and what the Government's views are so that we can have a national debate on whether what is proposed is in our interest or not. This is not a matter to be hidden.

Our information is that there is a disagreement between the Government and the international institutions with respect to the contents of the trade liberalisation programme. I happen to be of the view that we have to be exceedingly careful that we do not dismantle some of the levels of protection we have, particularly with respect to agro industry in Barbados. I stress that precisely for the reason that, in the European Economic Community, the United States of America, Japan, and in all of the big countries they have not unilaterally disbanded protection in those areas in order to placate the views of a bunch of people who, in any event, have now become redundant.

For the benefit of the Honourable Member for St. John - if he would stay in here he would get a little education - he would know that 1986 is very important and so is 1981 for the philosophy which was prevailing at that time and which caused so much poverty in the United States of America, so much

division in the society, and so much hopelessness in the society has now been discredited. The American Vice-President Clinton. So if the Honourable Member does not understand the relevance of 1981 and 1986 in economic policy, I am sorry again for Barbados. Hook, line and sinker he swallowed Reaganism as preached by his political party in 1986...

Aside.

Hon. H. B. St. JOHN: Reaganomics and Thatcherism.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is misleading the House. The Democratic Labour Party, the one I belong to, has never preached any Reaganomics and could not subscribe to Reaganomics.

Hon. H. B. St. JOHN: Mr. Speaker, that is not a point of order. That is a point of inaccuracy because the proposals that were propounded in here for tax relief for the rich, for privatisation and for the reduction of the activity of the Government are the embodiment of Reaganomics and Thatcherism. What has happened is that just as in the United States of America the impact of that policy led to an increase in the budget deficit so too in Barbados that \$125 million which was given back in taxation in 1986 to the rich and better off in this country has led to an increase in the budget deficit in Barbados.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is definitely misleading the House because the issue which he is discussing he himself admitted was only a back-raise of his own policy.

Hon. H. B. St. JOHN: The point was, Sir, that the Honourable Member swallowed it hook, line and sinker. I did not.

The basic position is we must know that our tax reform proposals are in serious trouble. The tax reform proposals which are being so strongly supported by the Honourable Member for St. John, are the very type of tax reform proposals that have now become discredited. The Honourable Member is saying and bragging that he is giving relief to the higher taxpayers by cutting the top tax rate when in other countries it has become recognised that you cannot cut the top tax rate all of a sudden without having to make up the revenue by soaking the taxpayers at the lower end of the scale. You must have a balance. They have to go together.

In this country, Sir, this party has an honourable record of gradual tax reform. We appeal to the other side not to accept the philosophies that are propounded by the delegates of the IMF who are in a large part appointed to espouse the philosophy that was then current and popular. Today we again appeal to the Honourable Members on the other side to look at their taxation policies.

Now, Sir, if you really want to see the impact on the productive sector, one can see that the percentage of Government revenue of the Gross National Product which has been taken by this Government has increased. That is one of the problems why we find ourselves in this position that this Government has been taxing the people at higher and higher rates annually as a percentage of the GDP. You have reached the stage where you have taxed and taxed so much that you find yourselves in the position that the more tax you put on the less you receive. That is the dilemma the Government created. That must be addressed.

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Sir, this is only the first of a series of debates that is going to take place on the stewardship of the Government in the management of the economy. We want to say - I want to repeat it - that there are still many parts of this programme the Government has not told the public about. The Government is hiding from the people of Barbados a number of important parts of the programme which relate to the trade liberalisation regime. It is a great pity.

Aside.

Hon. H. B. St. JOHN: I know the Honourable Member goes to Cabinet but he does not get all the information that goes there.

The Honourable Member brags and boasts about interest rates in Barbados. Interest rates in Barbados are still in excess of those charged in many other countries in the world. Talking about that, you will note all over the world interest rates have gone down dramatically. What is a dramatic drop in interest rates in Barbados? The Honourable Member is going to hide from this House, in consonance with their practice, that they have repealed the Rate of Interest Act and you are supposed to have a free market in interest. Why don't you come out and tell the public that as a result of the policies of the Democratic Labour Party all financial institutions in Barbados are free to charge what interest rates they like. Come out and say that. That is the position. 4.55 p.m.

Sir, we are debating this loan. The significant thing is, Sir, that the Honourable Minister of Finance in introducing the loan has not told this House the specific rate of interest. , He must not tell us about any formula by reference to the level of the bank rate. He must tell the house that is the formula but at a particular period of time, last Friday or whenever, the effective actual rate of interest was A, B or C That is what he says because if he says that we will then know.

Aside.

Hon. H. B. St. JOHN: It is common knowledge and you do not know. That is the point. That is a formula. Sir, our people in Barbados have had to bear a lot and the people, in my opinion, must be saved from the kind of political opportunists whom they have operating in our society. The position is, Sir, that the exact terms of this loan up to now is not being told to the public in clear terms. That only shows, Sir, that the Government has something to hide. Sir, with respect, I have been reading the *Financial Times* and I am aware of it. I want the Government to say and I want the Government also to point out that this loan, 3 years or 5 years, is the worst example of bullying that has taken place in the financial market because you run a country in such a way that the Banks feel that they can bully you. No other sovereign nation recently has submitted to these terms. Not in a market in which money is awash. They have money in all the financial capitals of the world. Sweden just raised a loan of \$2 billion, 10 years. Mexico... I know the Mexican Minister would not be foolish enough to sign one like this. That is a fact. The basic position is, Sir, that the international markets for loans for Governments who run their country in a manner which is regarded as competent by international people who make analysis of these kinds of things .

Aside

Hon. H. B. St. JOHN: It is not a bluff. It is a fact. Three years. As somebody said, these are loans that you get for trade credit. That is it, 36 months. That is what you get. That is the position. That is what the Government has done to the people of Barbados and its reputation.

Dr. R. L. CHELTENHAM: Mr. Speaker, the Honourable Prime Minister is anxious to have the approval of this Resolution behind him so he can board the plane to go off to the United Kingdom and do an injustice to the people of Barbados in terms of signing this loan,

Aside.

Dr. R. L. CHELTENHAM: I did not hear anyone say that, Mr. Speaker, but I think that even if it were said it would be important enough to be repeated.

Mr. Speaker, Sir, in a sense this has been a remarkable debate in my view, listening as I did with great care to the speeches that have been made. I want to begin with the speech of the Minister of Finance, the Right Honourable Prime Minister, because I think that apart from its omissions, it was also important for the heavy hint it gave, that Barbados is perhaps in deadlock with the international agencies with respect to the moneys for restructuring. I think that I picked up more than a heavy hint to that effect and that the time may come when we may have to go on alternative paths in terms of raising the money. The Prime Minister, whatever might be said about him from time to time, is sometimes careful to make points on the record, knowing that when it is said that he did not give any indication of certain things, in truth and in fact that

position can be met by reference to the record.

My understanding of what the Prime Minister has said, Mr. Speaker, is that the long negotiations, between Barbados and the International Agencies for funding for restructuring, are in deep deadlock and that Barbados may very well have to look elsewhere for the funding for the restructuring programme. I thought that it was remarkable that no one alluded to that very heavy hint.

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I think that his speech was also important, Mr. Speaker, because though paragraph 2 of the Resolution says that this US\$12 million is for capital development and I will quote the exact words Mr. Speaker: They appear in paragraph 3 "... for the purpose of assisting in the funding of the Government's Capital Development Programme,". The Prime Minister was very careful not to allude at all to that programme and to tell us precisely what are the projects which will be funded. That has confirmed my suspicion, Mr. Speaker, that this money is in truth and in fact for the propping up of the foreign reserves and that the money is not for capital development as has been indicated at paragraph 3.

The reality is, Mr. Speaker, that this country's economy is in worse shape than it was when we entered into the IMF Programme. There has been an improvement in relation to the fiscal deficit but in terms of the earning and generation of foreign exchange we are much worse off, and in terms of the productive sectors the basis of any future foreign exchange, those sectors are in serious decline. In that respect our economy is much worse off than it was a year and a half or so ago when we entered into the IMF Programme. And both the nature of the loan and the difficulty that was experienced by this Government in raising it, point to a serious decline of confidence in the Barbados Government and the Barbados economy. I think that the fact that Barclays Bank, as has been mentioned, is not one of the banks participating in this loan says something of great significance too about how they feel about what is going on in this economy. 5.05 p.m. - Mr. Speaker, there was a time when, on the basis of a telephone call to the Crown Agents, when Barbados within a minute or less could go to the capital markets of the world whether London, New York or elsewhere and raise significant sums of money. Barbados had that reputation and that ability at one time - so high was our credit worthiness. It is a fact today that Barbados has taken one year scouting around the international capital markets in the world to raise, not \$20 million which was their target, but \$12 million on terms which are offensive to the national pride and not in the best interest of the country. That tells us something about where we are.

I am concerned, Mr. Speaker, not only about the fact that there has been a decline of confidence in our credit worthiness but about the Government's ability to manage. I think this is where the Honourable Member for St. Philip South continues to make his error. It is not only the Prime Minister that people within and without Barbados have lost confidence in, but it is the Government. There is no question that that is so. Mr. Speaker, I am concerned about the fact that this absence of confidence has been translated to the people of Barbados. I believe the problems that we are facing, Mr. Speaker, we can get out of them as a people. People are prepared to make the sacrifice if they are given the facts and if they are pointed the way. But my quarrel with the Government, and it is a quarrel which has been echoed in this Chamber before, is the fact that the Government has not been treating the people of Barbados with candour. We are always getting weasel words, words that can mean anything. We are not being told directly and unequivocally what the position is.

Mr. Speaker, you recall that 18 months ago the civil servants were told that the price they had to pay for avoiding devaluation in this country was the 8 per cent, and that after the passage of eighteen months the 8 per cent would be returned to them. Now that we are about to end that period of 18 months we are being told again that if they do not agree to the non-repayment of the 8 per cent there will be devaluation. That is the line that is being put to the civil servants. It has never been an honest position in my view, Mr. Speaker. There was never an equation between the 8 per cent and the avoidance of devaluation. Nevertheless, it was used and it was reflected in the civil servants' circular that preceded the withholding of the 8 per cent. The position today is that if they do not agree to its non-return there will be devaluation. It is again a further attempt to mislead the people.

My position, Mr. Speaker, is that the people need to be taken into the confidence of the Government. The Government needs to speak not with weasel words but in clear and unambiguous terms. They need to tell the people what is the nature of the sacrifice they have to bear and they need to be told realistically what is the time frame within which that sacrifice has got to be endured. We always knew that it could not be done in 18 months. We always knew that. Nevertheless, the Government was insisting on a time frame of 18 months during which the 8 per cent would be withheld and would be returned. We are again being told, Mr. Speaker, that there is light at the end of the road and that somehow Barbados is on a recovery path when the facts are tonight as I speak that Barbados is in a worse position economically than it was 2 years ago. Mr. Speaker, the idea that we could look to tourism to lead the recovery is completely false.

The facts are that in many parts of the tourism sector we are having occupancy levels of 25 per cent in the midst of winter in February which has been traditionally the peak month in the tourist season for the last 20 years. There are establishments that are offering summer rates in the midst of winter without any effect.

That is the point.

Aside.

Mr. SPEAKER: Order please.

Dr. R. L. CHELTENHAM: I am aware of that from my own knowledge, Mr. Speaker, and to that extent the people ought to be told very clearly that our options are closing on us very, very rapidly and that Barbados'

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position is worse than it was 2 years ago. The IMF programme has seriously failed and we are again going to be facing an acute foreign reserves difficulty.

Mr. Speaker, in the last year and a half we have survived because the IMF money went into the reserves and because we significantly reduced demand to the point that we were able to give some short term protection through unemployment and through a sharp lessening of disposable income in the community. It was hoped that by now the productive sectors would have got that restructuring which we had been promised by the Right Honourable Prime Minister for the last 2 years or more whereby they would be beginning to show new life and activity and Barbados would be on a new growth path. In truth and in fact, Mr. Speaker, that money has not been forthcoming. It is unlikely to be forthcoming in the present deadlock of negotiations from the multilateral agencies. We may very well have to do without it or go through a long and difficult process of trying to raise it from new sources. That is the position tonight.

As I understand it, in relation to the social sector alone, the multilateral agencies are saying that for the people of Barbados to enjoy social services as we have known them in the past, they have got to endure a means test. That is only one of the several difficulties and every person would have to submit to that test in the way that it used to be done 20 years and more ago. My position on that, Mr. Speaker, is this. It is wrong and mistaken for the Government to be conducting its negotiations with the multilateral lending agencies in secret. They should take the people of Barbados into their confidence because it will help the negotiation process. If the people as reflected in the newspaper columns and on the call-in programmes support certain positions, they may be the very positions that the Government may be fearful the people might not be supporting. Equally, if the Government is taking a strong position and the people are behind the Government, the negotiators on the other side will recognise the difficulty of the Government. They can go no more. They have no room to manoeuvre because the people are adamant as reflected in their expressions of public opinion.

Mr. Speaker, Michael Manley, former Prime Minister of Jamaica, reflected on where he might have gone wrong, things that he did right and things that he might have done differently when he was Prime Minister in that first 2-term session. He made it clear in a speech that I was privileged to hear that he thought one of the errors he made was not to have involved the people in the negotiating process. I think that is one of the mistakes this Government is making. The people are in dark as to what precisely are the points under

discussion and the points of divide between Government and the international lending agencies. 5.15 p.m. I think an additional point has to be made, which has not yet been made, with respect to the way in which this whole stabilisation and, hopefully, restructuring process has gone. It is that the interest of the workers has been completely ignored. It is clear that in relation to the Transport Board there would have been massive layoffs and a slenderising of the service; that there would have been privatisation and that hundreds of workers would have lost their jobs. It is equally clear that once you were going the route of appointing a receiver in the sugar industry the factory workers would have had to be severed, since there would have been a change of their employers, and yet no provision had been made in advance for the workers.

There will be several other instances of that sort of thing and the Government has to be on the alert. For example, dealing with the sugar industry, if you now insist that the plantations will have to be leased by a new company, it means that the field workers on the plantations will have a new employer, and the lease arrangement which is being envisaged by the Government will also involve the severance of the field workers. I have mentioned that because the Government will have no excuse if they go ahead with the lease arrangement in relation to the estates, particularly those that are heavily in debt, not to make provision for the severance of the field workers. The very reason they will have to pay them severance is the same reason they had to pay the factory workers. The drastic reorganisation involving new employers meant that their employment contract came to an end.

I am sorry that the Honourable Member for St. John, who seems to have taken over from the Prime Minister in many respects in the Ministry of Finance, is not in his seat. I know that he is young both in law and in public affairs, but he ought to understand clearly that the drastic reorganisation in every sector of the economy will involve termination of employment contracts and the need to provide for the severance of the workers. The workers in the Transport Board, the workers at the factory, all of them have suffered greatly, particularly the Transport Board workers, because of the fact that there was no foresight, no careful planning of the implications of what we are doing and the making of provisions for the workers. I hope that the Ministry of Finance at every stage will recognise that the exercise in which we are involved, involving massive restructuring, will call for the termination of the employment of a lot of workers and the need to make severance provision. That is a very important point which we ought not to lose track of. Mr. Speaker, in the end Barbados has to earn itself out of its difficulties. It is a point that has been made again and again, but it is so important, so basic, so fundamental that it bears repetition. We cannot continue borrowing to prop up our foreign reserves, that can only be for a short term, that is an interim measure, where you borrow to

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support your foreign reserves. Over the medium and long term you have to earn foreign reserves. You have to determine the productive bases of your economy and so stimulate them, so cultivate them that you can earn foreign reserves. Nothing that is happening in sugar suggests that we are doing anything to stimulate that sector, to cultivate it and to earn foreign exchange.

The story in the last 7 years is a sorry story of Barbados going from 110 000 tonnes of sugar to 40 000 tonnes this year. It is a dramatic decline and if we are not careful, Mr. Speaker, it will continue to decline. I believe that the reduction in tourism was something like 9% last year and if the present trend continues we will run into a double digit decline over this year and the look for turn around from that sector will not materialise.

Mr. Speaker, the manufacturing sector too is one that is of great cause for concern. It was only a few years ago that we were exporting \$¹/₂ billion from that sector. The Honourable Member for St. John makes the point that the decline in the sector started as early as 1984, according to a recent study by the Caribbean Development Bank. That might be so, but they have been in office since 1986 and it was their duty to arrest the decline. We on this side pointed to some of the measures that had to be put in place in order for the decline to be arrested. It is no comfort at all for the people of Barbados tonight to say that unfortunately they did nothing. The point I make, Mr. Speaker, is that we are going nowhere in Barbados, there will be no light at the end of the tunnel, the darkness will deepen, the economy will worsen until we get our

productive sectors moving. We cannot continue to borrow to prop up our foreign reserves. I want to touch on one other point, Mr. Speaker. It has been said that Barbados was given by the International Monetary Fund the option of an incomes policy as an alternative to devaluation, but there was a fundamental weakness in relation to the incomes policy. It had a certain effect only in relation to the public sector and the public sector only employs less than 25% of the work force. To the extent that it was only mandatory in relation to the public sector, that is the sector that does not deal with tradeables, it meant therefore that the implications in relation to your trading was limited, if at all of any impact. The very design of the incomes policy was so fundamentally flawed that we are not surprised that the impact that was hoped for has not been realised.

My position is, Mr. Speaker, that this economy is a resilient economy, as we have learned over the years, and can stand a lot of blows. Also, our people are resilient by nature and easy to mobilise. Their love and attachment to their country is such that people in Barbados will make sacrifices. They will bear the pain and do what is necessary in order to help the country lift itself from its difficulties, but the people have to be informed and told the truth. They have to be led and not misled. That is the position: we are not experiencing candour in relation to the guidance, the advice and leadership being provided by the Government. 5.25 p.m.

I think that the equivocal manner, the weaseled word formula to which I constantly refer was reflected in the way the Rt Honourable Prime Minister presented this Resolution today. It is time that people be told the truth and told that the situation is not improving; that the IMF programme has largely failed; new sacrifices are going to be necessary and that the time frame within which the recovery programme will be necessary is much longer than the 18-months as earlier indicated. It is time to involve them in the issues currently being discussed with the international lending agencies and the point of divide between the Government and the international lending agencies with respect to the restructuring of the Barbadian economy.

Hon. B. M. TAITT: Mr. Speaker, it is very difficult to sit and listen to this debate and not finally find oneself wanting to participate because a number of statements are being made and many of them were repetitive but they all are based, I suspect, on a kind of frustration about the truth, seeing the country in a particular state and not being able to hear a definitive answer that says, "by such a time we would have arrived at such and such a place".

The truth is that if one examines what is happening in the strongest economy in the world at the moment, the United States of America, one finds that the new President of the United States has discovered upon taking office there is a need to re-examine positions that he and his whole campaign had taken when they were in the throes of seeking office.

When I hear the Honourable Member who just sat down making some of the points he made and using some of the phrases, I begin to wonder if we are all in the same country. I think it is necessary at the outset to make a * correction; because the Honourable Member talked about a decline in the productive sectors and they talk about the productive sectors of Barbados as though these sectors are something that are there like a four-footed animal that if you just feed and water it, it will emerge from its illness whatever that is. The Honourable Member talked about a dramatic decline in agriculture and he quoted 40 000 tonnes for sugar. It is now accepted this year that the crop will be 50 000 tonnes and not 40 000. So I think we should take that.

Asides.

Hon. B. M. TAITT: The drama imported into the speech is removed considerably by 10 000 tonnes.
Asides.

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Hon. B. M. TAITT: Every year for as long as I have been in public life I have heard a prediction at a given time of the year as to what the crop is going to be, only to see it revised, depending upon the circumstances.

If it is 50 000 tonnes that at least suggests then there is an upward movement. The fact is that if we can get all the sectors involved concentrating on producing sugar cane in this country we can in fact begin to get towards 65 000 and 70 000 tonnes.

A number of reasons why we have not, has to do with the very poor management across the board. There is no reason why Barbados should not be now producing 75 000 tonnes of sugar. There are a whole set of reasons included in a number of documents and meetings that have been held over the last 10 years. The Honourable Member who just sat down was Minister of Agriculture and he knows that. He spent a considerable amount of time and brought an expert from Australia and the Barbados Labour Party Government gave up almost in frustration with the industry because they could not get the industry to go in the direction which they clearly pointed it to.

Asides.

Hon. B. M. TAITT: Let the former Minister of Agriculture get up and say if it is not so. The record will show that both Administrations have spent a considerable amount of time on the sugar industry trying to point it in an efficient direction for the 21st century. I am not going to discuss the interlude which we had in which the same member of this House who had castigated the industry on the one hand was in a position to take completely opposite positions. That is one of the problems that we have. The fact is that it does not take a Solomon to recognise that what is required primarily to get the sugar industry going in this country is the will, political and other, to get it going.

I want to deal with another sector, the manufacturing sector. I spent a substantial amount of my public life dealing with the manufacturing sector. The Honourable Member for Christ Church South can confirm that there is no greater -protected species in this country than the manufacturing sector. Almost every public utterance and public dollar spent by Governments in Barbados over the last 25 years has included some attempt to bring some protection to the manufacturing sector. However, it is difficult to get blood out of stone. No amount of utterances and rhetoric would cause the manufacturing sector to move, as the Honourable Member is suggesting, that what we have to have is a complete rethink. We have to recognise that we cannot go on forever. The world will not stand still and allow Barbados or any country of this size to put in a protective regime that will allow the manufacturing sector to be competitive. There are a few industries in Barbados that in spite of all that has been said have been making progress. If one takes the trouble to examine and identify them there are industries in the country that have in fact been growing in the last few years because their entrepreneurs have recognised that they were in a new era and the time has come when we have to look beyond the simple business of import substitution. The market of Barbados is too small for import substitution to be successful in the 1990's. By the year 2000 the whole concept of import substitution for small- developing countries would have disappeared.

The OECS countries were able to join together and, in a relatively short time, steal most of the market share of companies that had been established in Barbados a long time before some of them came into existence. It is time the people of Barbados and the media examine the manufacturing sector in much more detail and not discuss it in broad terms talking about a manufacturing sector as though we have... 5.35 p.m.

Aside.

Hon. B. M. TAITT: You may do it in those terms if you wish. But we have to stop talking about the manufacturing sector as if it is a monolithic entity that somebody can feed like a horse and it will start moving. The fact is that there are some people in Barbados who have been importers functioning in a manufacturing concern. There is nothing anybody from any side of the political divide can do for them and the sooner we come to grips with that particular issue the better it will be for the whole country. Sometimes you have to do a little surgery if you are going to get the patient to live.

On the question of tourism, Sir, much has been said about the tourism sector. It is true the Honourable Member for St. Joseph is a relatively innocent newcomer to the industry and therefore it may be the only thing of which he is innocent. But I am, even so, surprised to hear him talking about persons in the industry having to reduce their rates. Again it has to be recognised that whether you are selling a product from home

base in Barbados or whether you are marketing a product somewhere else, the product has to be competitive. The time has long past when manufacturers and/or hotel owners will be able merely on the basis of their location in Barbados to reap profits from the industry.

Again, there are tourism entities in Barbados that have managed to be successful irrespective of what has been going on. One only has to take one example of the Casuarinas. The Casuarina Hotel is a family-run hotel where people are prepared to work hard and commit themselves as a group to work. They have managed to be successful.

The Hilton Hotel, in spite of many difficulties, because it is the beneficiary of a worldwide marketing

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system, has managed to maintain an occupancy rate in excess of 80% all year round. The luxury hotels run by the people who own the Royal Pavilion Hotel have continued to have, along with Sandy Lane, good occupancy all year round because they recognise they must, in a society of this size, find their niche in the marketplace and work on it.

Mr. Speaker, if persons who have been given incentives for the refurbishment of their hotels and companies over a relatively long period of time do not make use of those incentives, then when the property becomes run-down, when it becomes difficult to manage, it is only a matter of time before that property starts to demonstrate its denigration by a reduction in its occupancy.

There is something else, Mr. Speaker. We talk about the rise in crime in the society. That is a fact. It has been happening all over the world. It is a phenomenon which is engaging the attention of people in almost every clime. But within the sector of the hotel industry there has been and there continues to be the odd hotelier who does not feel it is any business of his to pay any attention to the security surrounding his hotel. It is impossible to run a hotel anywhere in the world without providing some security. Anyone who has been to Geneva knows that the hotels look after their own security in the hotel itself. There is a time coming when we are going to have to discuss these things in much greater detail so we can get to the nitty-gritty of what ails us and stop having a repetition of the same old khaki pants, as Dr. Williams used to say, week after week, day after day.

Mr. Speaker, I was one of the persons who went and spoke to public officers and told them what I would do in the light of the circumstances which faced Barbados some 18 months ago. When the 8% was being discussed it cost some people some money. I was one of those Ministers, because I have a large Ministry, who discussed it with the employees. I told them then what I would do if I were in their position. There has been a systematic misunderstanding which was perpetrated in the headline on this question of the return of the 8%. I believe we owe it, as public people, to discuss this matter in real terms.

There is no question of the restoration of 8%. There is no barrel where the Prime Minister took the 8% and put it down in that he can take it up and hand it back. There are many people in this country who have been led to believe that the restoration of 8% is a case of giving money back to people. The law is very clear. It is crystal clear. Section 7 (1) of the Public Service Reduction of Emoluments Act, 1991-13 says that it "shall cease to have effect on the 31st day of March, 1993". So whatever arrangement we had would cease to have effect. What we must discuss now is what new arrangement is necessary to continue carrying the country in a given direction.

Aside.

Hon. B. M. TAITT: I will tell you. I have no difficulty because when I was in New York, I remember well, and I spoke to Tony Best I said that the period of 18 months could only be a bench mark. I said that. It was misinterpreted by whoever wanted to misinterpret it. But it was a fact then and it has come to fruition now.

Aside.

Hon. B. M. TAITT: I am not backing back. I never said anything other than what I am saying now. The newspaper carried a headline saying something about "Restore 8%". I am saying there is nothing to restore.

The public officers in Barbados have carried the 8% by themselves and the rest of the community has not had to carry any of that load. It is impossible for the public officers in Barbados to carry the load for the rest of the community for another period of time. Whatever arrangement is made must include the entire community. You would hardly need 8% across the board. Any calculation will show that there has to be a formula which can apply to all the people in the country which will not require....

Asides.

Hon. B. M. TAITT: The Honourable Members over there are raising questions and they are almost joyful. Why • is it all right and acceptable for the President of the United States to say to all the people in the United States he wants a wage freeze? What is wrong with our saying to all the people in Barbados that we want a 1%, 2% or $\frac{1}{2}\%$ cut? What we have to do is to find a formula that is acceptable to the trade unions, the manufacturers, the hoteliers and the people. I am saying, Mr. Speaker ... 5.45 p.m.

Aside.

Hon. B. M. TAITT: The Honourable Member feels this a great political possibility. All I am saying is that when you examine it, the number of preliminary indications suggest that we should not need to ask the population of Barbados to do more than one or $\frac{1}{2}$ to 2 per cent cut across the board - everybody, the whole country.

Aside.

Hon. B. M. TAITT: Whatever you choose to call it. If the Honourable Member is seeing it as moving back up 6V₂, all I am saying is that this is the kind of formula which we should be giving some consideration to. These are the kinds of ways in which we should be approaching this problem. How can we discuss this? The Government will have to discuss it with the others. This is how we

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should be approaching this. Not keep spending time every time we start to talk about the restoration of the 8 per cent. The restoration of the 8 per cent is dead. That is a dead issue from the 31st March. We have to discuss what new arrangements can be made, if any.

Aside.

Hon. B. M. TAITT: In my Ministry? You don't worry about my Ministry. When we come here for the Estimates, Mr. Speaker, we will discuss the Estimates. What difference does it make? I am saying that the Estimates I have are not for the Honourable Member. Sir, every single one of those Honourable Members on that side, here present, could afford, with the possible exception of one or 2, some kind of adjustment. Why can't the Ministers on this side of the House take some kind of adjustment? Why can't the other people in the society ...

Aside.

Hon. B. M. TAITT: All right the Honourable Member says it is not a good example. All I am saying is that it is not fair and no one will get me, Mr. Speaker, to say that the policemen, the nurses, the prison guards and the sanitation workers are to carry on with 8 per cent for another 18 months. I will never be party to that. I am saying that there has to be some other formula that could apply across the board to the whole country and we have to try and find it.

Aside.

Hon. B. M. TAITT: Yes and if I have not told him yet I am telling him now so the Honourable Members must not raise that question. It is not a matter to raise that question. I am saying that we have a responsibility. The Honourable Members on that side are in opposition but they have all said today how their first interest is Barbados. Each Honourable Member who has spoken so far has indicated that his interest is in Barbados. The Honourable Member said that the Barbados Labour Party has always put Barbados first. An opportunity presents itself now for you to assist in finding a formula. As you have said, you are not the Government and the only reason you might not be is because the Honourable Member is still ...

Asides.

Hon. B. M. TAITT: I am saying that the Honourable Members on that side have an obligation, along with the Honourable Members on this side to help find a formula that is acceptable for the entire community to share the burden. I believe, for example, that if we had to ask everyone in Barbados to give up 2 days' salary or a week's salary, depending on your station in life ...

Aside.

Hon. B. M. TAITT: The unemployed would not be asked to do anything except to find a job. If this formula is sufficiently wide then both the private sector and the public sector should find that it has more money that will assist in the creation of more jobs.

The Honourable Member for St. Peter will confirm that this is a feasible economic proposition and that is a point that needs to be made. We have a tourism product here. That tourism product is the country. We cannot allow anybody to come from Timbuktu and tell us that cleaning up the beaches and cutting the hedges and making the place look beautiful is wasteful expenditure. That is development of the product. The only product we have is the tourism product which is the country and therefore ...

Aside.

Hon. B. M. TAITT: But we are not the first people. We are not the only people. There are 168 countries in the world. All of them have had some kind of arrangement with the IMF. I do not understand, Mr. Speaker, why the Honourable Members on that side try to give the impression, as we did, Sir, when we were in opposition and the IMF came in for the first time. We had a wonderful field day. We blew them out of the water. We did not believe, because we had subscribed to the culture that having the IMF come into your house at all was the worst sin that you could commit. The facts are there, Sir, and I, Sir, was one like Paul. When I was Saul I persecuted them. I persecuted them mercilessly for bringing the IMF to the country. I joined in it. I did not know. But I have the courage to say, yes, my turn has come and the question is, now, do Honourable Members feel that because we persecuted them when they brought the IMF they must persecute us when we bring the IMF? Well feel free to persecute, but remember in the final analysis you have said, and I believe you, that the country is more important than what happens to either side! If that is so, then persecute us. But help at the same time to find a formula to move the country forward. I have no difficulty with that, Mr. Speaker. I have no difficulty with that. My profession, Sir, is politician. I am a professional politician. That is my job. Therefore, Sir, I have no difficulty having been on one side or the other of an issue at different times in my career.

Mr. Speaker, those of us who practise this profession know that it is necessary sometimes to see both sides of the issue and come down on one. But in the final analysis, Mr. Speaker, what we are called upon now, in 1993, as we survey the scene in 1993 and as we look at the world, we have like President Clinton to say, our time is now. It is our responsibility, as the Government to steer this ship and we have to propose the formula.

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The Honourable Members in the back, Sir, are suggesting that issues have a third side. Sir, apparently there is a side that only the backbenchers can see.

Quite seriously, Mr. Speaker, it hurts as a public person when you are not able to satisfy the needs of the people who constantly barrage you as a representative. You do not always have the answer and even though we like to pretend sometimes that we know the full answer it does create a problem because you do not know the answer. But the fact is that there is and can be light at the end of the tunnel. In the first place, Mr. Speaker, it cannot be said that Barbados is so badly off that we do not have a chance to move forward. We have not reached that stage. 5.55 p.m.

Mr. Speaker, let me tell you what I fear. Jamaica had the opportunity to have first one political party and then another political party and then the other political party back again. Seventeen years later Jamaica is still under the aegis of the International Monetary Fund. It is folly to expect that the International Monetary Fund, the World Bank or the IADB will come to Barbados and perceive Barbados in the same terms that we who have been born and bred here will perceive it. There are many people outside of this country who perceive us as living above our means, who think that our standard of living is too high and who think that we are arrogant. To some extent, Sir, they are correct but only to some extent. We have a right to have a high living standard. We have a right to have the same standard that they have and better.

Mr. Speaker, I heard a call-in programme host today as I was coming in speaking about this country after a caller had called in a disparaging tone. I would like to suggest to the people who host call-in programmes to recognise that one can have a political position without reducing all things to a state of indecency. I am concerned, Mr. Speaker, that in our discussion of the economic situation we are behaving and pretending as if this is the first country in the world that has had economic difficulties. It would be a miracle if we were the first. We have joined a long list of countries that have had economic difficulties and that are still having economic difficulties. Our solutions can be found and will be found here in Barbados. The IMF cannot produce a solution for us. The World Bank cannot produce a solution for us. The IADB cannot produce a solution for us. We have to find a solution here in Barbados and we have to do it together.

Sir, it is folly for the Honourable Members on this side to expect that the Honourable Members on that side are going to join in some kind of coalition effort. We do not expect a coalition effort. I have no interest in a coalition, least of all with some of my friends on the other side. The political system that we live in cannot generate a coalition effort. What it can do is to produce responsible opposition. Give responsible opposition when in crisis and the people will remember. The people will remember the stand which the Opposition took. If the solutions which we are seeking...

Aside.

Hon. B. M. TAITT: I have told you my solution. My solution is that there is a formula which can be produced.

Aside.

Hon. B. M. TAITT: How do you know? There is a formula which can be produced which will apply to the entire country and will not be as draconian as is even being suggested. I suggest to the Honourable Members to examine it. Let us take the people who are at work now. There are hardly more than 85,000 people at work in Barbados. There is roughly 85,000 people at work. I may be off a few thousand. The 85,000 people average a salary of about \$15,000. If we would take out some of our members over there from the two ends, the average might be even smaller. The average salary is about \$13,000 to \$15,000 a year. If we ask each of those persons to give up the equivalent of 50 cents a day by way of a reduction...

Aside.

Hon. B. M. TAITT: The Honourable Members have asked me for my solution. I am offering one. I am not giving you a detail. I am talking off the top of my head. Those persons who are working for \$300.00 a month would not apply. It would not apply to those persons clearly. I am talking about the people who fall into the category and we ask them to make a contribution to Barbados. We can ask the whole population to do it not just the civil servants. I have been misrepresented in the newspaper where the headlines sought to put me against my Government. Every time that is done, the headlines seek to do that. What I am saying,

Mr. Speaker, can be recorded and can be seen. I am saying that there is a formula that can work for the entire country. We have to discuss it. We have to negotiate and we have to get it done. The people will feel that they have done it together as a country.

Aside.

Hon. B. M. TAITT: The Honourable Member has suggested that we are having negotiations in secrecy.

Mr. SPEAKER: Time has expired.

Hon. B. M. TAITT: I am very grateful to Your Honour.

Mr. SPEAKER: I have always given extra time to Members.

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Hon. B. M. TAITT: Mr. Speaker, just let me make a sentence. My proposal is that since the present regime comes to an end March 31st it is silly to go back discussing that. I do not see the Government coming to Parliament asking for 8 per cent to be cut again. What has to happen is that there has to be a formula discussed and negotiated with all of the people that will allow for some programme that will be acceptable to everybody. I feel that this is possible. I think it can be done and I recommend to the Opposition that they join in that kind of effort so that you will be able to say with impunity that you made a contribution in moving Barbados forward. I am grateful to you, Mr. Speaker.

Mr. L. R. TULL: Mr. Speaker, Sir, last Wednesday I was standing in the doorway of a small church in Paynes Bay, St. James and I heard somebody saying that is the Minister of Health. On Saturday morning, I was walking through Bridgetown and a man walked up to me and said, "Mr. Taitt". Any offence that I might have harboured then up to now is somewhat dissipated by the fact that the Minister of Health, Mr. Taitt, has this afternoon in this Chamber said some things that make me feel that he is still a man in his own right. It is the first time apart from the statements made repeatedly by the Honourable Member for St. Philip South, who spoke as he did today with a tremendous amount of sincerity on matters that he feels very strongly about. I may say to him parenthetically that he cannot forever adopt an attitude of running with the hare and hunting with the hound. A word to the wise is enough. Back to the Honourable Member. A number of statements made by the Honourable Member for St. Michael West represent a sort of catharsis. He is going through a period of mental and intellectual cleansing. It seems to me from his contribution that he has now reached the point where he can say it in the local lingo - "He cannot take it no more". When he was pointing out the position in a number of areas, one in relation to the 8 per cent salary cut, he sought at times to wrap it up in a lot of obfuscation and semantics. I think what came through was a position where he felt that public officers really cannot in good conscience be asked to carry a burden anymore that people in the private sector have not been asked to carry. If that is his position, welcome to the club. He is taking a position that is at variance with that taken by the Prime Minister and Minister of Finance and by other members of the Democratic Labour Party administration and a lot of apologists for them. It is a position of conscience and it is one that has made me give an additional bit of respect to the Honourable Member. But, Mr. Speaker, everything lasts for a while and I am going to be watching the Honourable Member with an eagle eye to see if at some time in the future he seeks to move away from the very clear position that he has staked out for himself in this Chamber this afternoon. 6.05 p.m. I also want to thank the Honourable Member for giving the House the benefit of a preview into the coming plans of the Government in relation to this whole business of incomes policy. Those of us who sat and listened can see very clearly that the Honourable Member for St. Michael West is talking about an incomes policy that is going to move away from what we have been living with for the last 18 months. They have also made an important change in their thinking, a very substantial change. There was talk of Reaganomics earlier. The Democratic Labour Party administration at the beginning of its period in Government - 1986 and shortly thereafter - was espousing a number of economic policies that were clearly rooted in Reaganomics, which was the current thinking of the day. It was all across much of Europe that that kind of economic philosophy was what was required to address the problems of the day, and the Democratic Labour Party has demonstrated that there is very little original in its thinking. It jumps from one alien

influence to the other. They jumped off the Reaganomics when it proved not to have been successful. We do not have to go into the details. I only have half an hour, so I am not going to go through a review of all the policies that were introduced by this Government in the early 1980's. They have become discredited. A new President of the United States was just elected. He is still wet behind the ears, he is now learning state craft, he is now about to make the first tentative steps into important decision making in the United States, and he has not even done that before we are hearing from the spokesman on the other side that they are going now to jump on that Clintonomics, this new bandwagon. It has not yet been tested, but they are ready to jump on. I say there is no evidence of any creativity in the Democratic Labour Party, because it just holds on to all these alien movements, accept them lock, stock and barrel and foist them on Barbados. I am prepared, Mr. Speaker, if I have not got the drift correctly, to yield to those who could put me on the right track. But this whole business now of looking at people even on this side and talking about their incomes, who must pay and who must not pay, seems to me to be a kind of timid aping of the situation one sees in the United States.

I had not really intended to deal with the points I have made so far, except that....

Aside.

Mr. L. R. TULL: ...I do not know what predates the United States. I intended to speak on the Resolution, but I could not resist making the comments I have made based on the contribution made by the Honourable Member for St. Michael West. I am glad that he is finally able to say "my conscience tells me I cannot support this, that and the other, and from now on this will be my position." But I move from that, Sir.

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This is a Resolution dealing with a loan, and Parliament is being asked to approve the borrowing of US \$12 million for the purpose of assisting the Government's capital development programme. I am glad to see this, Sir. What the Prime Minister and Minister of Finance did not do in introducing this Resolution was to give us any details of this capital development programme. It is almost like asking Parliament to give a rubber stamp. You borrow the money and you say it is for a capital development programme and you do not say what is the capital development programme. As far as the law is concerned, the Government really, in seeking to get Parliament's approval for borrowing the money, must set out the purposes, and it means with specificity, what the money is being borrowed for. I do not even like the way it is done, about assisting in the funding. Assisting is suggestive of something less than omnibus, but I am not going to second guess the Government. I think it is important the Minister of Finance tells Parliament precisely what capital development programme he is talking about, what is this money going to be spent on.

I think I heard earlier in the debate today that a capital development programme was set out at the beginning of the last financial year, and I believe it was adjusted some time during the year. It was tremendously ambitious when one heard it the first time and some questions were raised about it. Those of us who are lulled into acceptance of these things by a word thrown here or there would believe that a capital development programme of some importance was coming in this financial year which is drawing to an end. I would like to know what we are going to do with this, and it is important from a number of points of view. The more important one relates to the question of employment of people, because we tend in this Chamber to have a lot of seminar discussions with a high academic content without relating a lot of it to the day-to-day experiences of the mass of people across this country. I heard the word "worker" come into this debate at a very late stage, after about 5 or 6 people had spoken, and I want to deal a little bit with this. I am glad for any capital development programme that will put some people back to work. I represent a constituency, and I live in a parish, that is reputed to have the highest ratio of skilled artisans to people. I do not know if it is true, but I have always heard that. The parish of St. George has all the artisans you can think about. The plumbers, the masons, the carpenters, the electricians, you name them, and I am seeing something for the first time since I have known the parish of St. George, and that is that there are a number of artisans who are unemployed and who are desperately looking around for work. Therefore, any capital development programme that will assist them, even in a small measure, obviously will be welcomed by me, because of my concern not only for the people of that ilk in St. George, but indeed for people of that ilk all across Barbados. I am also interested in it for another reason. I am interested because I see in Barbados crumbling roads, rapid deterioration in the Hbspital, in the educational plant - the schools. I see the collapse

of bridges and roads and I see nothing happening in the Scotland District. I see a general decrepitude of Government buildings all over Barbados and these things bother me. 6.15 p.m.

We hear a lot about the sugar industry and what has been happening in the factories recently and I know that the workers at Bulkeley Factory in my constituency are subjected to a higher intensity of asbestos danger than most of the buildings in Barbados and the Ministry of Health knows about it. I know that the asbestos problem is in the Queen Elizabeth Hospital particularly in the laundry room where people are subjected on a daily basis to the dangers of asbestos exposure. Even more frightening are the number of primary schools in Barbados where the exposure of children to asbestos because the roofs are breaking up and the asbestos is exposed is at a critical level.

I also know when we talk about the educational plant that roofs are leaking, toilets are not working and floors are in such a bad state of disrepair that I am surprised that some children do not fall through the floor at a number of primary schools in Barbados. There are schools and public buildings in Barbados where pieces of the ceiling fall on a daily basis on the people who occupy and use those facilities.

It is for reasons such as those that I am concerned to hear about Government's plan to spend \$24 million, not a great amount in terms of the needs but some. I am glad to see that Government is going to do something in that regard. I am not in a position to say whether Government is borrowing money to use substantially to build up reserves. I think I have heard that in the debate. I really do not know but I would like Government to level with us. It is not a question only of asking the Opposition to give some support and put Barbados first and get on as though we are all patriots - and there is no doubt about that. We want something spelled out with a lot more clarity to let us understand so that there is something we can carry back to our respective constituencies.

I have a responsibility to speak on behalf of the Opposition for rural modernisation. I do not even bother to talk about rural modernisation because the present state of affairs in Barbados does not make for modernising anything. We have decided, in the situation in which we are, to stand still. If you can tread water and keep your head above water, you have achieved and, that is all we are getting now.

All across the country we see physical decay whether it be roads or services available. I would not even bother to waste time on the welfare offices which are only opening for the sake of opening because there is nothing to offer, in the welfare offices across the rural parts of

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Barbados. I do not know what the situation is in St. Michael.

Only this morning I heard there was a shoot-out in St. George. There was a time when street lights were things that you needed in St. Michael and on the coast - Christ Church and St. James. You did not think it was necessary in rural Barbados because in rural Barbados the old people could still leave home and walk through the lanes between the canes and go to church and go home at night in the knowledge that they were doing so in safety. If we read the crime reports and we see what is going on in Barbados we now understand that rural Barbados is no different from urban Barbados in respect of many of the anti-social activities and in particular the crime and danger faced by people in this country., It is just the same as it is in St. Michael.

Therefore, there is need in any capital development programme for this Government to focus, perhaps for the first time ever, on the needs of rural Barbados and make them feel they are part of the common entity that is Barbados. They have a right to demand it.

When a week ago there was concern whether the sugar crop would start - all the men who work at Bulkeley Factory, except 3, live in the country - because there was disagreement over severance payments the importance of those people to the economy of Barbados was such that in order for those men to start working the Prime Minister was forced to come at the 11th hour or at 23:59 hours and give an undertaking to the people who work in the sugar factories that they would be paid severance pay by March 31. That is the measure of their importance in this community. I am suggesting that the returns of what they get out of the Government of Barbados, or indeed, out of the people of Barbados is not at all commensurate with the important contribution that they make in this country.

I want to make 1 or 2 other points quickly. In relation to the question of unemployment. As I said, this particular measure would make some small dent if a capital works programme should begin. I want to say something before I go on to the area of unemployment. I will touch on 2 matters relating to Government. The Government says quite rightly that it has a number of problems in relation to the economy but there are 2 or 3 areas where the Government seems to have done very little to ameliorate the situation which confronts us. One relates to proper accountability in Government and in Government departments. I speak not only of the trite statement that Government itself through its Ministers should be accountable to the people of Barbados I am dealing more specifically with the accounting officers in the various departments of Government in this country.

One of the things that came to light recently is the fact that under this Administration - and I always hear that every time you make a charge that they make a counter charge that it happened in our time too - contracts for capital works are being signed after the work is completed and the Attorney General will know what I am talking about or should know what I am talking about. Government is giving out big contracts in this country and the work is being completed before a contract is signed between the Government and the people who get the contracts. The result is that the Government is not in a position to do the correct arithmetic on the cost of its capital programmes. That is the kind of thing that is still going on. 6.25 p.m.

It is also true to say, Mr. Speaker, that the Government in the award of Government contracts - is quite often being influenced by considerations other than what is economically thrifty and efficient. I am not going to say any more on that at the moment because there will be other times. But it is frightening when one hears around the street corners, and people are calling you up and whispering things to you which you do not repeat until you check them out, to hear that this kind of sloppiness in Government's position in relation to all these contracts being given out is still continuing.

I said, Sir, that I was going to make another point on unemployment. The point has been made earlier that the Government knew from its policies from October 1991 that a number of people would have been severed. Any Government that was worthy of being called a serious Government, would have made some planning for the day when the severance began to bite and they had to meet the demands of those who were severed. What has happened in recent times in relation to the sugar factory workers and the Transport Board workers represent a serious indictment of Government; and of its ability to manage the affairs of this country properly.

I also want to say, Mr. Speaker, that at the time the Government entered a policy with the International Monetary Fund and we were here in this Chamber regaled by the Government with a number of decisions, that what was clear, and the Government does not deny it, was there would have been a consequential number of social ills. On the very Order Paper today, Sir, is a measure relating to drug addicts in Barbados but the whole question is not only of drug dependency and addicts but of crime, destitution and those kinds of things which were predictable. I am not even at this stage going into the demerits of a policy that brought this kind of pain on Barbadians. The point is that it could have been predicted and indeed it was predicted. The Government did not make any plans in tandem to address all the social problems that are now weighing so heavily on Barbadians. The Government had better take warning.

There are some of us who are working in the Ministries in air-conditioned seclusion or are cut off from the reality of what is happening in this country. There are others of us who are on a daily basis dealing with those who are left behind and this is in every area. We are seeing, feeling and experiencing what is no longer disillusionment. It has not only moved to anger but it has moved beyond anger into violence. Every time there is a debate on anything to do with the economy we hear the Government - and the Prime Minister is guilty of it this afternoon - coming and telling us about passing IMF tests and dealing with macro economic criteria. That is an insult to the people. The people want to hear about themselves. I am personally viewing with scorn all these statements by the Prime Minister that is cloaked in a lot of technical jargon and does not at any point address any of the real problems of Barbadians. The Prime Minister talked about passing IMF tests. The Prime Minister has to understand it is time the Government starts to pass some tests for the people in Sion Hill, Horse Hill and Workmans. Those are the kinds of tests.

Those are the kinds of people who are marking and they are marking hard because there are having some very hard experiences. All this talk coming glibly off the tongues of the Government on a weekly basis about performance tests, and we have succeeded in our macro economic goals, and all kinds of things, whatever it means, it does not mean anything to 99.9% of the people in my constituency. It is about time we hear something from the Government in relation to these issues that touch the people that are so close to me.

Mr. Speaker, we have problems in all the Government institutions. As I said, we have them in the schools because the schools are falling down on the children and they have no supplies. We have the same problem in the Queen Elizabeth Hospital where patients in the Hospital now have to get their relatives to bring in linen, soap, gauze...

Hon. B. M. TAITT: On a point of order, Sir. I am not able to say that patients do not get their relatives bring in any of these things. I am saying, however, that there has been no diminution in the amount of supplies of the kind the Honourable Member just referred to at the Queen Elizabeth Hospital.

Mr. L. R. TULL: The Minister is free to say what he likes but I stand by my statement that patients in the Queen Elizabeth Hospital quite often have to get their relatives and friends to bring in the kind of supplies one has always accepted were supplied in hospitals. So he can get up as many times as he likes. I stand by my statement. This is the situation we have and this is not just to get up and indict the Government. I am not in the mood for just indicting the Government. I am dealing with some very present realities. I feel that when the Government gets up and talks about these things they have to understand they must talk to the people. They must tell them something to give them hope. But all we are getting is a lot of technical jargon that means nothing to the people.

One of the things, Sir, I find a little bit ironic is the whole question of the problem with the sugar. At the same time when we are saying we need the sugar industry to be earning more foreign exchange and the situation is bad enough to warrant a panic statement by the Prime Minister when the sugar workers were getting ready not to work, yet we have a situation where Government estates remain idle.

I saw some canes up in the Belle, the Government plantation, burned last weekend. The Government did not even get the canes cut to get them into the factory. There were acres and acres of canes. In the meantime the people of Barbados have to be subjected to the indignity of using suspect Guatemalan sugar. These are issues that would not bother the Government because they are a little bit removed from the reality of what is troubling people. People are not too happy about that. I read something recently in the newspapers that we might try and bring some sugar in from Guyana. Because it is a concern and the Government does not deal with these things. Here is the Minister of Health in here quarrelling about whether there are going to be 40 or 50 tonnes of sugar in Barbados this year and Barbados has ready acreage for over 110 000 tonnes. And all the time the country is in decay". I am talking about my country, rural Barbados, country as opposed to town, rather than the country of Barbados. It is in decay. The Prime Minister quoted earlier from Shakespeare. He did not say where in Shakespeare so I don't know if the quotation is right or wrong. But the Prime Minister is an old English scholar and he is familiar with Oliver Goldsmith. "Ill fares the land, to hastening ills a prey, where wealth accumulates and men decay". That is happening in the country. 635 p.m.

Aside.

Mr. L. R. TULL: No the wealth is accumulating because people can have hundreds of acres of agricultural land for golf courses with some people making a fortune out of it, including people on the Government side, and in the meantime all around Ellerton corner the fellows on the rocks at 10.00 and 11.00 o'clock in the morning when I pass telling me "Skipper things brown". That cannot be right. There is nothing that the Government has done, since the start of the programme with the International Monetary Fund to touch that problem.

The Prime Minister wants to know what I am doing at 10.00 o'clock in the morning in St. George. At 10.00 o'clock in the morning I am about my constituency on week days. It is a serious problem and there is no

point laughing it away. The Government has come up with nothing, absolutely nothing, in these last 15 to 18 months or so to address the problems of agriculture and the situation that is confronting masses of people across the agriculture belt in this country.

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So we get these constant debates. I will have a lot more to say when we come to the debate of the Estimates next month when I will be dealing with individual problems.

I will quote the Prime Minister again and then I will sit down because I feel a certain sense of frustration when all you can do is talk and the people on the other side do not even bother to listen. The Honourable Members on that side, Sir ...

Hon. B. M. TAITT: I wish to assure the Honourable Member we are listening diligently. Because we are not interrupting him does not mean that we are not listening. We are listening.

Mr. L. R. TULL: I feel a certain sense of frustration that we could be having the kind of problems that we are all hearing about and that there is an attitude of flippancy characterising matters as important as these. The Prime Minister again. He and I have a lot in common and when other people on his side attack him he may construe that as, maybe, personal. When I say what I have to say, I don't think he takes it personally but if he does it does not matter to me. Shakespeare again, Sir, says "Sweet are the uses of adversity". As You Like It. I am glad you know it, but the Government has not made any use of the difficulties of the last 1½ years. The Government had an excellent opportunity to restructure in the sense of the use of the word "restructure" in the old English language, not the technical word that has come out of Washington. The word in its original meaning. To restructure involves the whole question of patterns of ownership or the whole question of the nature of production of goods, or of the uses of wealth or the manner of investments. They had an excellent opportunity, in a period such as this, to do that kind of restructuring of this society that at the end of it we could say, sweet were the uses of adversity. But I do not at the end of this period feel as well as I felt at the beginning. We went into a programme and, incidentally, Mr. Speaker, Sir, the Prime Minister spoke - and I would not say spoke to me, he was not even having a meeting with me. There was a session at which the Prime Minister spoke to myself and the Honourable Member for Christ Church South, many months ago - the middle of 1991. I did not want to say it was a meeting because a meeting suggests that there was dialogue.

Aside.

Mr. L. R. TULL: No, there was no dialogue. The Prime Minister explained some things he intended to do. That is all and I am not saying it in any pejorative sense.

Mr. SPEAKER: I have been listening to the Honourable Member so attentively that I forgot you are 10 minutes over.

Mr. L. R. TULL: Ten minutes over time? Give me one minute, Sir. Sir, I will finish now. When he explained what he was going to do, and even though one did not agree with all that he was saying, you got the feeling that maybe at the end of this we would not be in the position that we are in now. I am saying, Sir, that at the end of this period the situation is much worse than it was at the time when the Prime Minister vouchsafed the high office - I mean high in the air, Sir, up in Bay Street - to tell us what he intended to do, Sir. Thank you.

Mr. H. deB. FORDE: Mr. Speaker, Sir, we have had a very extensive debate on this Resolution. From early in the speech of the Honourable Member for St. Peter it was made clear that we would be voting for the Resolution, not because we agree with the Government's fundamental strategy in the way it has gone about contracting this economy in the name of restructuring, but because as Barbadians, and as people who put Barbados first, we are very concerned to ensure that the worst problem which is confronting Barbados today is cured as soon as possible: that is, the problem of unemployment, a problem that has sprung from the incompetence of the Democratic Labour Party and the Minister of Finance.

A few days ago a Deputy Governor of the Central Bank said that the cost which Barbados has had to pay for adjustment is growing unemployment. That is a euphemism. Barbados has really gone from the position of difficulties to devastation and destruction over a period of 3 years. And I get the distinct impression that the Prime Minister is a prisoner of the speech I made at Market Hill. He is so intent on proving me wrong that he has got himself stuck in a position that everything he does is directed to proving that there will be no devaluation nominally of the Barbadian dollar. 6.45 p.m.

I am sorry if I have put a psychological blight on his mind because, in truth and in fact, what has happened is that the Prime Minister by his economic policies has so devalued the country that tonight we have the Honourable Member for St. Michael West, the Minister of Health, appealing to the Opposition to continue the process of devaluation by recommending an across the board cut. The salary cut would affect not only the civil servants but the other 85,000 of them who still have a job. That is how I interpreted his speech. The inference which I drew from his speech is that within the Government there is a serious discussion going on as to how to satisfy the undertaking given to the IMF in the Letter of Intent and at the same time satisfy Members of the Cabinet who have now understood the implication of paragraph 10 of the Letter of Intent.

The Honourable Member for St. Michael West obviously has serious problems. He has relied on the Law of Barbados and he has said that the Law of Barbados requires that as of the 31st of March, 1993 the 8 per cent

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be restored to the civil servants. The IMF, however, for the past 8 months has been negotiating with the Government very seriously and saying that the agreement which Government signed with it requires that this 8 per cent cut continue until the end of 1993. It is a serious crisis. It has had severe consequences for the growth in unemployment during the past year and this has resulted in serious human suffering and tragedy in this country.

Sir, it has taken the Government a long time to negotiate within the confines of the Government what strategy it would have. Even now I am not sure the Government has satisfied itself on its strategy. According to the Laws of Barbados in the month of March, the Prime Minister must bring his Estimates here. The Estimates Committee should have finished its work by now. I would have expected it has. Usually in September we start preparing Estimates and by January or February the Estimates are finished and are being printed. Therefore, the Government should be in a position to let us know resulting from what it has decided on in respect of meeting the additional expenditure restoration of the 8 per cent. It should not be asking the Opposition to discuss proposals with the Honourable Members on that side to tell them what to do. He wants us to discuss proposals as to how the Government must solve the problem that it created for itself.

Sir, we are not accepting that sort of invitation from the Government. That is not the duty of an Opposition. We are here to lead Barbados, of course. But having given the Government consistent warnings as to where it was leading the country, let the Government tell the House tonight what is the short-fall and how it proposes to cope with it. The Prime Minister has spoken. I do not know what gaps he has to close. He spoke in this debate and has not told us whether he is going to London to get Bds. \$24 million to help him close the gap. Even after the Minister of State has spoken tonight, the most I have gathered from him is that the Government has been able to balance revenue and expenditure. I have not heard the figures, Sir. What I do know however, Sir, is that if the Government has been able to balance revenue and expenditure it has not been able to achieve that balance by any growth in this economy which can make the difference in jobs in Barbados tonight.

I will also say this, Sir, that if it has balanced revenue and expenditure there has been such drastic cuts in the capital budget on the expenditure side that people have been put out of work not only in the public sector but in the private sector.

The Government must now be thinking of what it is going to do for 1994. That is why we cannot understand the call of the Honourable Member for St. Michael West since the Government has not revealed

its plans to the House. What are we to be telling the Government when it has come to this House and to the country and has not revealed its plans? The Opposition cannot accept any invitation of that nature, no matter what blandishments the Honourable Member may make to us and what confessions he may make as to how he was so blind in 1981 that he had to criticise us as Saul on the road to Damascus, Sir. He was as blind as Saul was, Sir. Scales have only now come off his eyes. He is now calling himself Paul at long last. We are not accepting the Minister's invitation in any way. The Capital Works Programme has been a total failure. When the Minister spoke in this House in March 1992 in the Estimates debate he made the boast that he was going to complete the unfinished capital works and that he had a sustainable Capital Works Programme to contribute to economic activity in Barbados. Unfinished projects will be completed and these will help to put the unemployed back to work. He boasted, "No wonder our critics do not wish us to succeed in this regard". Sir, the Prime Minister has failed not because of his critics but because he has been totally unrealistic in calculating the strength of the economy. The Honourable Member for St. Peter who spoke after him in the Budget forecast quite clearly said that there would have been no growth in the economy. We warned the Government that unless at least 2 of the productive sectors were maintained at full or near to full working capacity, there would be a collapse of the economy, negative growth and rising unemployment.

Mr. Speaker, it took the Government until late in September 1991 before additional funds were given to the Ministry of Tourism. Nine million dollars were then given. But it was in the Estimates that the tourist budget was cut. The Prime Minister must recognise that if tourism was not firing on all cylinders at that time, and he was pitching his hopes on tourism and the financial sector, there would have been no growth achieved, particularly when a cut is implemented.

We also said to the Government at that time that the problems in agriculture had to be attacked immediately and solved because that was the other sector which had the chance of showing some growth. The advice of the Barbados Labour Party and its shadow Minister of Finance was not taken. The Government dilly-dallied.

It has not been able to execute any significant capital works programme in the past year. The Government said that it was going to restart work at Sherbourne. We are almost at March 31 st and not one shingle or one stone has been laid at Sherbourne during this financial year. 6.55 p.m.

The Government was going to use the 4th industrial estates loan to rehabilitate and expand industrial estates in Barbados. That has not been done. That was part of the programme. The Government was to be going ahead at that time with a low housing project and completing a

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housing project - not the one in St Philip North. I think there was something like an additional 87 houses to be built. That has not been done either. I can go through aspects of Government's capital works programmes for which commitments were given to this Honourable House in the Estimates and about which nothing has been done. Do you know why, Sir? The Government could not find the financing in order to meet the foreign components of the cost of the capital works programme, and even the local counterpart components. That is what has happened. So that I have great difficulty in accepting even the statement in the Resolution that any part of the US\$12 million which we are borrowing, which is worse than a bullet loan, is going to be used for the capital works programme.

I said, Sir, that we have paid a heavy price in this country for the Market Hill psychological gridlock in which the Prime Minister has been locked. He is really incarcerated in a prison of trying to prove that Henry Forde was not telling the truth. If, as the Government says, there is 23 unemployment, that is roughly 27 000 people out of work. It is more than one in every 4 employable persons who are out of work in Barbados tonight. It is no surprise to see people who are liming on the streets, getting into problems and to see the unemployed now agitating to the extent that they are having to march for what arrears of wages and severance. The result has been social devastation in this country of the level we had not come to expect in Barbados.

Honourable Members have already spoken of some of the worse social effects which have resulted from Government's incompetent management. I am not going to repeat the points they have made, except to say that there is not one of us in this community who on a daily basis is not confronted with the genuine hard

luck stories of people unable to find money to meet their mortgages and food. I can tell the Prime Minister that up to this morning I was approached by someone whose house was going to be sold in 3 or 4 days' time, a wayside vendor - I am talking at that level - because he could not raise enough money in order to make the monthly mortgage payment.

Aside.

Mr. H. deB. FORDE: Do not mind what I did, I talk to them on a daily basis. I have been confronted, even within my own constituency, by people in whose household 2 or 3 bread winners are out of work. After the 26 weeks unemployment benefits have run out these unfortunate citizens cannot genuinely meet their daily outgoings of food, rent and utilities. Their positions are worsened by the increases in the cost of user services, water and rents.

Now, Sir, that background is devastating for confidence. If there is one thing I can say without fear of contradiction in this House, it is that out of every 5 Barbadians you talk to, at least 4 have no confidence in the country at all today. You may find one who is uncommitted, and occasionally you will find one with hope, but I have never seen a country with so much hopelessness coming from the tongues of ordinary citizens as I have found in Barbados.

Last weekend I had a colleague from one of our sister islands visiting. As I was taking her back to the airport she said to me, "Barbados today is so different from the Barbados we used to know years ago. We in the Eastern Caribbean used to see Barbadians as proud, even as arrogant. Tonight I would like to see a bit of that pride and arrogance come back to the country." Those are the words of a visitor to our homeland. Therefore when the Prime Minister hears statements from his side of the House and from this side of the House saying that there is a crisis of confidence, he cannot interpret that as merely a trite statement said for political reasons. This economy will not move until confidence is restored in the manner in which the economy is run and the country is being led. The Prime Minister has to accept this criticism. He may remain supremely confident in his own mind and about his own self, but sometimes he has to try to be objective and to recognise what has occurred in Barbados.

Does the Prime Minister know, for instance, that confidence in his leadership has fallen so low that some private sector persons are prepaying anticipated foreign debts? That is a fact. That has serious implications for our foreign reserves. Does the Prime Minister recognise that whatever liquidity there is in the banking system is not being used. It is not being taken up for more than one reason and I will give him the reasons. First, there is a supreme lack of confidence among those people who can afford to invest. Secondly, those people who need the money cannot afford the cost of the money, because they either have not got a job to enable them to make repayments or they are afraid they are going to lose their jobs. Go into the banks any day and talk to the people in the banks and they will give you those answers. Whatever liquidity is there, the only taker of the liquidity in the system is the Government itself. The Government has gone out for \$100 million in Treasury Bills this year, another \$10 million or \$20 million in savings and the Government seems to be the only body taking up whatever liquidity exists. But the private sector is not responding. 7.05 p.m.

The Deputy Governor of the Central Bank is talking about the private sector creating on an average of 1 000 or 2 500 new jobs over the next few years in 1993 and 1994. I am saying that those are not realisable targets, in the context of what is happening in Barbados today. The lack of confidence on the domestic front is also reflected in the lack of confidence on the external front. That explains

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why the Government has had so much difficulty in raising a mere BD\$24 million on the external market. The Prime Minister will recall that in August last year I said then that Government would have to go on the market to raise at least US\$20 million. The Prime Minister had forecast that he was going on the commercial market for BD\$24.5 million. The Government has been on the market for a long time trying to persuade the financial sector in London and New York and elsewhere to subscribe to Government paper in one form or another to the extent of US\$20 million and cannot raise it. That is a serious thing. It has

never happened before under any Government. This is the second time that this Democratic Labour Party Government has gone on the financial markets in Japan and elsewhere asking for a sum of money and cannot raise the amount they want. It happened before, Sir, when they went on the Japanese market for another bullet loan and were unable to raise the full amount requested.

This failure to raise the money on the overseas market must be characterised as a serious lack of confidence in the Barbadian economy and the way the Barbadian economy is being governed. That same lack of confidence, unfortunately, is permeating the international multilateral institutions. The Prime Minister has not been forthcoming in this House on his negotiations with either the International Bank for Reconstruction and Development, the World Bank or the Inter-American Development Bank. The Opposition has not been taken into his confidence on any of these matters. Therefore, I cannot understand how the Minister of Health would expect us to be joining in giving the Government advice on what proposals it should now float to the public of Barbados.

It is a fact that the Inter-American Development Bank and the World Bank have serious differences with the Government on the proposed incomes and prices policy. We have only heard one side of the equation. We have heard from the Minister his side that the 8% cut must be restored.

Asides.

Mr. H. deB. FORDE: Well, it is restored in law and that is the end of the matter. Government has been clearly told that...

Hon. B. M. TAITT: On a point of elucidation. If that is left standing it will again lead to misunderstanding. The point I made and took the trouble to make very carefully is that the issue of a restoration really does not arise because the law brings the cut to an end on March 31. I went on to say that the new arrangement whatever it is must be found and negotiated.

Mr. H. deB. FORDE: The Minister must know that the issue of 8% arises for the simple reason that the Government is going to get no foreign financing from the multilateral institutions whether by way of a drawdown or stand-by credits or extended facility from the IMF nor indeed will it get its programmes with the other 2 multilateral institutions settled, unless we settle the fundamental problem of what is going to happen after the restoration of the civil servants' pay. I am not going to use the word 8% cut. That has implications.

Hon. B. M. TAITT: On a point of elucidation. The point I made about a 1% or 2% was that the same international agencies would in fact be able to do all the things he says that they will not do if that percentage is spread across the entire spectrum of the working force rather than any percentage applying only to public officers.

Mr. H. deB. FORDE: The Honourable Member speaks about a 1% or 2% cut. But the Honourable Member must know that he is asking for a higher cut. Why does he not get up and tell us what is the level of cut his Government is asking for? I do not negotiate* for the Government. Why does he not get up and tell us what is the information which the Minister of Finance and the Minister of State have given to the Cabinet on these matters. If he wishes to take the Opposition into his confidence, well let him do so.

Hon. B. M. TAITT: Sir, is the Honourable Member asking me to commit an illegality? The Honourable Member is asking me to tell him what the Minister of Finance or the Minister of State told the Cabinet. The Honourable Member knows that that is not proper. Why should he do that, Sir?

Mr. H. deB. FORDE: The Honourable Member cannot say there is anything improper in revealing to this House what has happened within the Cabinet. What law prevents that? Does the Honourable Member want the Opposition to tender advice to the Government without the Government laying the basis by providing adequate information?

I am saying to the House that the Government has had very great difficulties in trying to get settled with the 2 main lending institutions the question of a prices and incomes policy after March 31, 1993. I am going to

go further and when the Prime Minister replies he can say whether he agrees with what I am saying. I am saying that the Government had difficulty persuading both the Inter-American Development Bank and the World Bank, and particularly the latter, to agree to the terms and conditions set out in the Letter of Intent originally. They did not believe that Barbados could

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and would live up to an incomes and prices policy as an alternative to devaluation. I am making that statement.

As a matter of fact, part of the present criticism of the Government is that the incomes policy that has been instituted has been a limited incomes policy which the Government by its very legislation has undermined. Indeed there has hardly been in place a prices policy at all. As a result, we have had an increase in inflation during the year and these factors are now being thrown in the face of the Government's negotiators. Furthermore, the Government must know that the price at which we are going to restructure, particularly in the manufacturing sector, has been very much up in the air. Between 1989 and now, we have lost some 5 000 jobs. The manufacturing sector is itself saying that between 1991 and now it has lost over 3 000 to 4 000 jobs. That is what the President of the Barbados Manufacturers' Association has said. Our calculation is that we have had a 5 000 job loss between 1989 and now in manufacturing alone and the job loss continues every day. Those people who would have read today's newspaper would have recognised that the restructuring going on in the public sector has affected the private sector to the extent that there is likely to be additional lay offs in the main industry, tourism. This is a very serious thing.

What I am saying is that the issue for Barbados is whether or not we can afford to keep a Government whose only interest appears to be in saving its skin by pretending that these things do not exist. The crisis has deepened. It is going to worsen before it can get better. I say to the Government that it has to make up its mind, and the Prime Minister has to take hard decisions, not decisions based on proving Henry Forde wrong. That is not the decision the Prime Minister has to take. That issue was settled ever since. It is settled that he won the election and I won the credibility game so he has to move a step further now and let us decide who history will record will work in the national interest in the long run. There is no further for the Prime Minister to go. He cannot become Governor-General. That is not a* job he wants. There is no further. It is only now a question of the history books. That issue is settled. I have won the credibility argument with him. Let the country now win economic recovery, economic development and jobs. 7.15 p.m.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I just wish to reply very briefly. I really do not wish to go into a lot of polemics and political talk. I would like to reduce the debate to the essence of what it is about and that is the raising of a loan on the London market in the sum of US\$12 million. The terms of the loan have been set out. I have heard on both sides of the House that they are either supporting the loan or are not opposing it so there is agreement on both sides of the House that the loan is desirable and necessary and is in the interest of this country.

Now, Sir, what has there been beyond that? I have sat and listened for the greater part of the day to a lot of polemical statements about the Prime Minister and the Minister of Finance; so with words like "mackinations" coming from the Honourable Member for St. Peter, it is obvious that I have to teach him some more. There were all kinds of personal attacks. I heard there is nothing wrong with the message but they wanted to attack the messenger. Now such an approach as adopted by certain speakers on both sides of the House is really beside the point

Aside.

Rt. Hon. L. E. SANDIFORD: Sir, we heard a statement from the Honourable Member for St. George South and he said he is frustrated and fed up over there. He wants something positive to do. I think we understand each other and we will leave it at that.

Beyond that, Sir, what we have seen here today is a very considered and deliberate attempt on the part of the principal spokesperson for the Opposition on these matters, and other speakers, to try to draw this side

out by saying at this time what it is not prepared to say. That particular strategy will not work. We are very measured and circumspect in our approach to public affairs. No Government has been as forthcoming in the presentation of the situation facing the country and the programme both positive and normative in respect of where the economy is and where we wish to go.

I said quite openly and patently that we had a shortfall in our expected inflows of foreign exchange. I said there was a need for this particular loan. We have been given all kinds of argumentation. It has been said by the Honourable Member for St. Peter that we have not succeeded in the macro economic criteria to which I made reference. Those particular criteria and objectives to which I made reference...

Aside.

Rt. Hon. L. E. SANDIFORD: Not selectively. They are all set out in the Letter of Intent and relate to:-

- (1) the quarterly ceilings on the overall non-financial public sector borrowing requirements;
- (2) the quarterly limits on the overall central Government deficit;

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- (3) the quarterly ceilings on the net domestic assets of the Central Bank of Barbados;
- (4) the quarterly limits on net disbursements of medium and long-term external loans; and
- (5) the quarterly targets for the net official international reserves.

Those are the criteria on a quarterly basis on which the programme is measured. I have indicated that we have satisfied those quarterly objectives. I said quite openly that there were certain policy changes which were required in the administrative and other sectors, both the non-financial and financial public institutions.

Mr. O. S. ARTHUR: The Prime Minister, Sir, is in danger of inadvertently misleading the House. There is a difference between a macro economic target which has to do with the performance of the economy as a whole and a financial target which has to do with things like the deficit. To refer to Government deficits as a macro target and ignore the most important macro target, the growth rate of the economy is, I think, to mislead the House and he should know better. If he does not know better he should ask for advice. 7.25p.m.

Rt. Hon. L. E. SANDIFORD: Mr. Spedcer, if I may continue. I did not interrupt the Member for St. Peter and that is part of- the problem that we have, that he feels he is free to speak and say many things and I allow him to speak. But when I respond, Sir, he cannot take it and he has to be jumping up at every occasion. If you want to give, you have to learn how to receive. My shoulders are broad and you are a young man and you should learn. Let me say ...

Aside.

Rt. Hon. L. E. SANDIFORD: Yes, he needs a lecture. I turn now to the propagator of information at Market Hill in St. George, because the Leader of the Opposition obviously has a fixation about Market Hill and that certainly was not in my own contemplation. I did not even remember any time today that he had made a speech at Market Hill but it is obvious that that is on his mind, Sir. It is on his mind. He lost the election and he lost the credibility. Well I do not know about "lost", because I do not know if he ever had it, but that is where we are.

I have come to this Honourable Chamber, Sir, with a proposal to raise a loan. Of course, if we can get"- I believe that at the last count some member on that side said we needed about \$200 million or some such sum to restructure this and restructure that and to retool and to do all kinds of things, Sir. Of course that is if the funds are available and the cost of those funds. We can develop a very large shopping list. The question is whether it is available and whether it is desirable that we should go

down that particular road.

Sir, I am very economical with my words and with time and I focus on the issues involved. I am not dealing with you on this occasion any more. So we will abuse ... There will be no abuse under your Chairmanship, Sir. But attempts to circumvent the situation will not succeed and my Government and myself will continue on a course to restructure this economy and to point Barbados back on the road of recovery. Let us understand that this situation is one that affects the mightiest countries in the international economy and the poorest countries in the international economy. When we hear about layoffs in some of the big multi-national corporations, Sir, when we hear of corporations that have more resources - 10 or 20 times over what this little country has - that they are laying off people, down-sizing and doing whatever else they have to do, let us not believe that we can escape the influences and the impact of what takes place in the environment of which we are a part.

Finally let me make this point If we seek to tear down and destroy the leadership of the country and speak in terms that are disparaging to the principal offices in this country do not get surprised or astonished if at other levels in the community we get an increase in indiscipline and disrespect for those in positions of authority or in positions of leadership. We must speak about public issues in a measured way and in such a way that does not destroy the very underpinnings of the society that we are seeking to rebuild.

The question that the Resolution do now pass was put to the House and resolved in the affirmative without division.

COMMITTEE OF SUPPLY

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

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

ORDER NO. 11 - SUPPLEMENTARY ESTIMATES 1992-93 NO. 5 HEAD 29 - ATTORNEY GENERAL - PROGRAMME 2 - ADMINISTRATION OF JUSTICE \$24 848

Hon. M. A. KING: Mr. Chairman, the amount of \$18 130. was provided in this year's estimates to meet expenditure for this programme, Sub-Programme 01 -Office of the Director of Public Prosecutions - Other personal emoluments to the end of this financial year. Funds in that vote have proved inadequate because they were intended to cover mainly minimum acting allowances for persons acting in positions in the office of the Director of Public Prosecutions arising out of vacation leave when officers in that department went on vacation leave. Those funds were also intended to cover entertainment allowances for the officers.

Now there was a substantive Crown Counsel in the office of the Director of Public Prosecutions who was appointed to the post of Magistrate with effect from 1992-07-09 and this acting appointment has repeatedly been extended. In fact the- indications are that that acting appointment would continue for some time. As a result of that officer in the office of the Director of Public Prosecutions acting in the position of Magistrate, a temporary officer has been appointed to act in the position of Crown Counsel and funds in the vote are not sufficient to meet the salary of that officer. The total amount required until the end of the financial year is \$24 848. This will represent the temporary officer's salary at the rate of some \$2 822.32 per month. This does not involve the appropriation of any additional expenditure because it is estimated that there will be a saving over and above the supplementary funds which have been requested. In the

Office of the Solicitor General under Statutory Personal Emoluments, there is a balance of \$342 654 in the vote and it is expected that an amount not exceeding \$200 000 will be spent during the remainder of the financial year. The funding of this supplementary will be in effect from savings from another area. 7.35 p.m.

With that background, Mr. Chairman, I move that Head 29 stand part.

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

The question that Head 29 stand part was put and resolved in the affirmative without division. On the motion of Hon. M. A. KING, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported the passing of one Resolution in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

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

QUESTION TIME

Mr. SPEAKER: Question Time. Replies to Parliamentary Questions.

The Honourable Member for St. Thomas is not in his seat and I would request that that reply be laid on the Table.

Hon. P. M. GREAVES: I am prepared to lay the reply to Parliamentary Question No. 9, Sir.

Mr. SPEAKER: Also, the Honourable Member for St. Andrew is not in his seat. Parliamentary Question No. 26 I request the same to be done with that.

Rt. Hon. L. E. SANDIFORD: Question No. 26, Mr. Speaker. I lay the reply to Parliamentary Question No. 26.

Mr. SPEAKER: The Honourable Member for St. Peter - Parliamentary Question No. 49.

Mr. O. S. ARTHUR: Mr. Speaker, Parliamentary Question No. 49 to ask the Minister of Housing, Lands, Community Development and Culture:

1. Will the Minister state the terms and conditions of the lease or other contract between Government and the owners of the premises in which the Community Development Department is expected to be relocated shortly at Pine Plantation Road, Saint Michael?
2. Especially in view of the state of the nation's economy, will the Minister state why the Community Development Department will occupy privately-owned property and not Government-owned property as it has so far done?

Hon. E. E. GREAVES: Mr. Speaker, the reply to Parliamentary Question No. 49 is as follows:

"The first floor at St. Caroline, the Pine, consisting of approximately 3 000 square feet of office space is being rented at the rate of \$1.50 per square foot a month. The Department will meet all charges for electricity and gas. The landlord will be responsible for the cost of water and all property taxes.

Marine House which formerly housed the Community Development Division and other

Government Departments has been deemed structurally unsafe and must be vacated. The Ministry which has responsibility for providing accommodation for Government offices indicated that there were no available Government buildings to house all the departments. Consequently, it advertised for offers from property owners with suitable accommodation."

Mr. SPEAKER: Any Supplementaries?

Mr. O. S. ARTHUR: Supplementary, Sir. Will the Minister please state whether any valuation was conducted by the Commissioner of Lands to establish an appropriate rental value for the property?

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Hon. E. E. GREAVES: Mr. Speaker, as I understand it, the procedure which is involved in this is that there is negotiation between the landlord and the prospective tenant and a price is arrived at. Certainly, again my information is that this amount is the kind of rent which is involved.

Mr. O. S. ARTHUR: Will the Minister also please state, Sir, when the agreement was entered into and when it is scheduled to end?

Hon. E. E. GREAVES: I do not have at hand the specific date of the agreement. I am not in a position to give a clear indication as to when it was entered into?

Mr. O. S. ARTHUR: Will the Minister agree that this arrangement is largely in the nature of a sweetheart arrangement, Mr. Speaker?

Hon. E. E. GREAVES: No! No!

Mr. SPEAKER: The Honourable Member for St. Thomas is not in his seat as well for Question No. 63. Lay it on the Table. That is all.

Hon. M. A. KING: Mr. Speaker, I lay the reply to Parliamentary Question No. 63.

Mr. SPEAKER: End of Question Time. ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, I move that the House do now adjourn until March 2, 1993 at 12 o'clock noon, Sir.

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

The question that the House do now adjourn until March 2, 1993 was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the sitting accordingly. 7.45 p.m.

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