

THE House of Assembly Debates (OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Monday, March 15, 1993

Pursuant to the adjournment, the House of Assembly met at 3.10 p.m. o'clock.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, B.Sc., LL.B., (Deputy Speaker)
Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.), J.P., (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)
Mr. H. deB. FORDE, Q.C., M.A., LL.B., (Leader of the Opposition)
Hon. B. M. TAITT, B.A.(Hons.), M.P.A., LL.B.(Hons.), (Minister of Health)
Hon. P. M. GREAVES, Q.C., B.A., (Deputy Prime Minister, Minister of Public Works, Communications and Transportation and Leader of the House)
Hon. M. A. KING, Q.C., LL.B., (Attorney General and Minister of Foreign Affairs)
Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., J.P., (Minister of Trade, Industry and Commerce)
Hon. N. K. SIMMONS, (Minister of Justice and Public Safety)
Mr. H. A. BLACKMAN, B.Sc.(Econ.)
Mr. O. S. ARTHUR, M.Sc.(Econ.)
Mr. D. A. C. SIMMONS, Q.C., LL.M.
Hon. C. V. WALKER, (Minister of Education)
Mr. L. L. BRATHWAITE, J.P., (Chairman of Committees)
Hon. E. E. GREAVES, G.C.M., B.A., Ed.M., (Minister of Housing, Lands, Community Development and Culture)
Hon. W. W. HALL, G.C.M., H.B.M. (Minister of Tourism and Sports)
Mr. C. LeR. TROTMAN, M.A.
Mr. R. L. MORRIS, B.A., Cert. Ed.
Hon. D. J. H. THOMPSON, LL.B.(Hons.) (Minister of 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 March 8, 1993.

Hon. P. M. GREAVES: The Minutes have not yet been circulated so they cannot at this point be confirmed.

Mr. SPEAKER: I am informed that the Minutes are not ready and have not been circulated. I presume they will be dealt with at the next meeting.

ORDERS OF THE DAY

Mr. D. A. C. SIMMONS: Mr. Speaker, I rise on a point of privilege. I wish to draw to the House's attention the editorial in the *Barbados Advocate* for today, Monday,

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March 15, 1993 and the penultimate paragraph containing these words:

"This like other parliamentary sessions begins with prayer for divine guidance. It may be significant that while some members studiously avoid being in the Chamber during this overt appeal to Almighty God they are less inclined towards delinquency when the CBC-TV cameras are present. A superficial show of piety is not good enough for a large Parliament that includes large numbers of professing Christians."

I find that offensive and I personally will deal with it immediately, but I want the matter referred if Your Honour is of the view that it is an affront to the dignity of this Parliament and it imputes to each one of us in here that we are Christian hypocrites.

If Your Honour is of that view, I will ask leave that this be referred to the Committee of Privileges for suitable action and I hope the Committee will meet.

Mr. SPEAKER: I think the Honourable Member has made a *prima facie* case and I submit that it go before the Committee of Privileges. I do give the assurance that the Committee will meet.

SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: Mr. Speaker, at this point...

Asides. —

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

Hon. P. M. GREAVES: I am moving at this time the suspension of Standing Orders 6,16,18,20,42(5),43 and 44 for the remainder of this Sitting.

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

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

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

Order No. 1 was called.

Mr. SPEAKER: Request was made for live broadcast of this particular sitting and I have given my permission. As from the Order now to be dealt with, we shall have live television broadcast for the entire sitting.

Mr. H. deB. FORDE: Mr. Speaker, it seems that the live broadcast will be carried at this time of the Rt. Honourable Member's speech. On the last occasion, there was a re-broadcast of that speech and I am raising the matter because I would expect that if there is a re-broadcast of the speech that equal treatment will be given to the Shadow Minister of Finance's speech.

Mr. SPEAKER: I think I need to clarify that situation simply because my powers only allow me to give coverage and privilege for this live broadcast. Should there be any other, then that is a matter for those who take that possible risk.

I want to repeat. I only gave permission to cover the live broadcast from Parliament today and the rest of

the sitting as I have said.

ORDER NO.1 - THE FINANCIAL STATEMENT AND BUDGETARY PROPOSALS, 1993

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, there comes a time in the life of every nation when it must go through a check-point, to make a realistic assessment of the current status of the national endeavour, and determine the programmes and strategies which should be adopted in order to go forward. Such a time is now for Barbados, as we wrestle with misadventures in our national life and tough competition in the international economy.

All of us know that we are experiencing stressful times in our nation. All of us know that there is turbulence in the international economy. But the all-important, inescapable truth is that we in Barbados will not emerge from these arduous times in good shape, unless we determinedly put aside from our national life the negative forces of divisiveness, selfishness and obstructionism, and gird ourselves with the cloak of co-operation, altruism and patriotism.

The Psalmist once said: "Behold, how good and how pleasant it is for brethren to dwell together in unity!" I call upon all Barbadians to join with me now in a crusade to change what is negative in our national life into positive attributes, to change what is wrong into right, to change what is going against us into something that is going for us. Let each one of us, in our respective roles, break out of the cocoon of our personal restricting concerns and immerse ourselves in the spirit of sacrifice setting for ourselves the task of directing our country on a new path to greatness.

There is room and opportunity for every man and woman, every boy and girl, to contribute to the renewal of the values, the institutions, the structures and the processes of a new Barbados - a land of opportunity and fulfillment that is stronger, brighter, better, richer and more just and equitable than ever before. As you listen to me, I invite you to join me on this high road of national aspiration that in the end will mean a more desirable life for you and your

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children and your children's children and a more congenial country in which to live. 3.20 p.m.
For those who are faint at heart and who doubt, like Thomas, that these things can come about, let me say that Barbados has experienced many dark times in its history. But always through sound leadership that put corrective policies in place and with the support of a solid body of citizenry, our country emerged time and again to become stronger and better.
The result is that today, there are many developments and achievements of which we can be proud without being complacent. Let me recount some of them:

- (1) In a land area of 166 square miles, inhabited by 256 000 people we have been able to control the population growth rate at 0.4% per annum;
- (2) We have been able to provide access to safe drinking water for all our people;
- (3) Our infant mortality rate is one of the lowest in the western hemisphere;
- (4) One hundred percent of the relevant age groups are enrolled in primary and secondary schools, the rate of illiteracy is very minimal and education is free up to and including university education in Barbados;
- (5) All of our people are entitled to free basic health care, including specialised services at our country's main hospital;
- (6) During the period from 1970 to 1989 real economic output has grown at a rate of approximately 2.0 per centum average; and
- (7) Our per capita income of U.S. \$6 370 is the fourth highest in the Americas and the Caribbean after the U.S., Canada and The Bahamas.

Today I stand before this Honourable House fully aware of the tremendous challenges which confront our nation, and fully committed as ever to work tirelessly with the people of Barbados to transform

our country and return it to a path of sustainable economic growth and solid socio-economic development.

FUNDAMENTALS

If Barbados, however, is to emerge from the current recessionary conditions in good shape, and if our country is to maintain, nay, improve its current status as one of the leading developing countries, then there are certain fundamentals which we must all agree upon and to which we must all commit ourselves.

First of all, we must recommit ourselves to a mixed economy in which the Government plays the leading role and in which the private sector also plays a key role with market forces largely determining prices and quantities, productivity and distribution. This must be preferred to the command economy in which the production of goods and services is chiefly determined by the directives of Government.

Secondly, we must rededicate ourselves to a regime of good governance permeated pre-eminently by the characteristics of freedom, respect for human rights, the rule of law, democratic institutions, fair and free elections, accountability and transparency. Such a regime provides the best environment in which the needs, but not necessarily all of the wants, of Barbadians may be satisfied.

Thirdly, we must agree that equality of opportunity is the best mechanism that we can adopt to promote the chance for all to contribute to national life.

Fourthly, we must all recognise that scarcity and choice are dominant factors in our economic life. We just do not have enough resources of land, natural resources, expertise and capital to produce all of the goods that we want to consume. We just cannot satisfy our every desire. We therefore must make choices and allocate time and resources among competing alternatives. We must always be conscious of the opportunity cost involved in this process. If we spend our time and resources in one way, then they are not available for other uses. We just cannot have our cake and eat it too.

Fifthly, we must bind and pledge ourselves more firmly to the national custom and tradition of working, saving and investing. For it is only by hard work, by not consuming all of our earnings, and by investing some of our savings that we will be able to satisfy our personal needs and our national aspirations.

NATIONAL OBJECTIVES

We must, however, agree not only on those fundamentals I have just spoken about. We must also agree on and share certain objectives which we should all pursue as a nation. In a very broad sense, we must seek to increase the level of national well-being and increase the gains in our nation. More specifically, I am calling upon all of us in this nation to share and pursue the following four objectives which are vital to our purpose as a nation. We must aim for:

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- (1) A high and rising level of real output;
 - (2) The greatest level of employment and conversely the lowest level of unemployment that is attainable in our circumstances;
 - (3) A stable price level as determined for the most part by the interplay of market forces; and
 - (4) A foreign exchange rate that is stable and that more or less balances the value of exports and imports.
- We must share and pursue these objectives if we are to progress and not regress as a nation. We must be predominantly concerned about utilising scarce resources to produce goods and services that are valuable to us in meeting our needs, and some of our wants.

REVIEW OF THE ECONOMY 1992/93

Confronted by stressful conditions, but steeled with the will to overcome and armoured with the panoply of shared fundamentals and common national objectives, let us now turn to review the economy for the year 1992/93. This is necessary so that we can see where we are and point the way more clearly to where we want to go.

GROSS DOMESTIC PRODUCT

Real Gross Domestic Product is estimated to have slowed marginally -by about 4% in 1992 compared with a decline of 4.2% the previous year. Real GDP value in 1992 is estimated at \$810 million, a contraction of \$34.3 million. Declines were experienced in both the traded (export) and non-traded sectors but non-sugar agriculture, mining and quarrying, electricity, gas and water registered growth. Agricultural output fell by 1.1%. Manufacturing declined by 9.1%. Tourism registered a slight decline of 2.0%. The inflation rate was 6.1% in 1992. 3.30 p.m.

While the major foreign exchange earning sectors contracted again in 1992, non-sugar agriculture increased by 12.7%. Sugar registered a decline of 17.8%. Despite the higher sugar prices which obtained last year, crop start-up delays, labour disputes and reduced acreage combined to decrease crop yield. There was an increase of 25.5% of fresh produce exported by the Barbados Marketing Corporation, compared with a decline in 1991. Meat and milk production and the fish catches were higher.

The recovery in long stay visitors in the final quarter and the expansion in cruise business help to slow the overall decline in tourism value added to only 2% for 1992 compared with 5.8% in 1991 and 8.6% in 1990. Tourist expenditure increased by 0.6% to reach \$925.0 million.

In the manufacturing sector, real output declined by a further 9.1% compared with declines of 2.7% and 5.6% in 1990 and 1991, respectively. Production in the utilities sector, however, showed a slight increase of 0.9% as compared with 2.6% in 1991.

The construction sector contracted by 17.1%. Mining and quarrying output rose by 7.7%. Distribution however, continued to be depressed because of the reduction in consumer spending, falling by 7.6%. As the Barbados Economic Report, 1992 indicates, contractionary stabilisation measures and cut backs in Government expenditure contributed to a 5.0% decline in the public sector. There were decreases in output, in transportation, storage and communications, and in business and other services. Provisional figures indicate that net expenditure on GDP at market prices fell to \$3 166.0 million in 1992 from the 1991 figure of \$3 392.6 million, a decline of \$226.6 million or 6.7%. This fall was due mainly to a sharp drop in personal consumption expenditure of \$544.1 million or 24.1% in 1992 over 1991, and also a steep decline in gross capital formation of 53.7% or \$311.9 million in 1992.

PRICES AND WAGES

Inflation showed a slight increase of 0.2% in 1992 over the 1991 figure of 6.3% and 3.1% in 1990. Most categories in the index recorded increases of more than 5.0%. However, food (0.2%) fuel and light (2.7%), clothing (3.1%) and education and recreation (0.7%) were the exceptions.

Wage increases in 1992 were generally at a minimum and well below those for 1991. There were no wage increases in the manufacturing sector and only small increases in the restaurant and hotel sector. Small increases were also realised in transport and communications. These ranged between 2.0% and 3.0% during the second and third years of agreements reached with the Labour Unions. This compares with average settlements of 5.0% increases for 1991 for those sectors, and thus reflects the implementation of an incomes policy as recommended by the Government.

FISCAL REVIEW

The approved estimates for 1992/93 provided for revenue of \$1 077.9 million. During the year the system of direct taxation was reformed primarily to improve its efficiency and to make it more simple. As part of

the reform, and since there was no intention of increasing the burden of taxation, the Stabilisation Tax on Companies and the Stabilisation Tax on individuals were abolished. In addition, the Health Levy and the Transport Levy were reduced on 1st January, 1993 and will be abolished on 1st January, 1994 along with the Employment Levy. These

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reductions more than compensated for the increases in personal income tax (top rate) and corporate tax which are now at 40%. However, as is inevitable in such cases, some taxpayers are better off and others are expected to pay more because of the removal of the various allowances.

During the fiscal year under review, the level of economic activity was much lower than was projected. This resulted in the revenue performance being more sluggish than expected and revenue is now estimated at \$986.9 million or \$91.0 million less than the original estimate of \$1 077.9 million. This level of revenue is however some \$2.8 million or 0.28% less than was collected in 1991/92.

EXPENDITURE

Current expenditure of \$1072.5 million was approved by Parliament when the Estimates were presented. Since that time, Parliament granted supplementary appropriations of \$16.7 million, making a total of \$1 089.2 million.

However, as one means of achieving the objective of a balanced fiscal position during 1992/93, it was necessary to restrict expenditure in a number of areas.

As a result, it is estimated that current expenditure at 31st March 1993 will be \$1 024.3 million or \$64.9 million less than was approved by Parliament.

When the above data is converted to the same basis as that used by the International Monetary Fund, the results will be as follows:

Total Revenue, inclusive of Public Employee Fund inflows of \$6.8 million is \$993.7 million. Subtracting projected Airport receipts of \$9.1 million, Government Printing Office receipts of \$0.7 million and lending of \$1.9 million, gives an adjusted total revenue of \$982.0 million. 3.40 p.m.

Total expenditure, inclusive of Public Employee Fund out-flows of \$8.6 million, is \$1,136.6 million.

Subtracting projected amortization of \$138.4 million, Airport expenses of \$12.1 million and lending of \$1.9 million, gives an adjusted total expenditure of \$982.2 million. The difference of total revenue of \$982.0 million and total expenditure of \$982.2 million is a deficit of \$0.2 million.

NATIONAL DEBT

The national debt at March 31 is expected to be \$2,016.6 million broken down as follows:

- (a) Domestic Debt
- (b) Foreign Debt \$m1,291.0 725.6 2,016.6

OUTLOOK FOR 1993/94

I turn now to the fiscal outlook for 1993/94. In the Estimates for the coming year, recently approved by this House, current revenue and reimbursement for lending were estimated at \$1,060.0 million or 28.0 per cent of Gross Domestic Product. Expenditure and gross lending were estimated at \$1,280.2 million or 33.0 per cent of Gross Domestic Product.

Revenue and Reimbursement for lending \$1,060.0 million, plus revenue in the Public Employees Fund of \$6.0 million gives total revenue of \$1,066.0 million. Subtracting Airport receipts of \$8.2 million, Government Printing Office receipts \$0.8 million and Reimbursement from lending \$10.2 million, and produces a new total revenue of \$1,046.8 million.

Total expenditure, inclusive of Public Employees Fund out flows of \$3.3 million, is \$1,283.5 million.

Subtracting amortization of \$186.7 million, Government Printing Office expenses of \$2.5 million, Airport expenses of \$14.1 million and lending of \$10.2 million, gives a new total expenditure and net lending of \$1,070.0 million. The total revenue of \$1,046.8 million less the total expenditure and net lending of \$1,070.0 million produces a deficit of \$23.2 million or 0.6 per cent of estimated GDP. Revenue is estimated as 27 per cent of GDP and expenditure is 27.6 per cent of GDP.

MONETARY DEVELOPMENTS in 1992

During 1992, confidence in the financial system was restored compared with one year earlier. By year-end Commercial Bank deposits totalled \$1,925.2 million, an increase of \$163.9 million or 9.3 per cent over the 1991 figure. Loans and advances declined by \$35.0 million or 2.8 per cent compared with an increase of \$1.2 million in 1991.

As the banking system become more liquid, the Central Bank sought to provide favourable conditions for the renewal of economic activity by lowering interest rates. During the third quarter of the year, the discount rate was cut by six percentage points to 12 per cent and the savings rate was cut from 7 per cent to 6 per cent in August and further to 4 per cent in September. The bank deposit ratio was also lowered by 2 percentage points to 23 per cent.

By the end of the year, prime lending rates ranged from 10.6 per cent to 11 per cent compared with 14.5 per cent to 15.0 per cent in June 1992. Financial institutions also lowered residential mortgage rates for new mortgages by one percentage point to 10 per cent in September and extended reduced rates to existing mortgages in December.

As a result of increased liquidity in the financial system, the cost of Government borrowing decreased

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during the second half of the year. Almost all treasury bill issues after April were oversubscribed and by year-end the average rate on treasury bills fell to 6.6 per cent from 14 per cent in May.

PROGRAMME TARGETS ,

During calendar year 1992 satisfactory progress continued to be made in fulfilling the monetary and fiscal requirements of the stabilization programme. The key performance criteria for the stabilization programme are:

- the net official international reserves
- the net domestic assets of the Central Bank
- the overall financing requirement of the non-financial public sector
- the overall position of the Central Government, and
- the net increase in the external debt of the public sector.

The Central Bank's net international reserves rose by \$59.3 million over 1991, to reach \$98.2 million was nearly double that dictated by the programme. This performance contrasted with declines averaging about \$80.0 million over the previous three years.

The net domestic assets of the Central Bank fell to \$250.1 million at December 31, 1992 as the demand for new credit declined during 1992. Unlike the last three years, the Central Bank played a secondary role in financing the Government's deficit, since substantial liquidity in the financial system encouraged a larger role by other financial institutions.

The Government's fiscal programme also remained on track during 1992. Shortfalls in current revenues during the period forced compensating reductions in current and capital expenditures so as to maintain the required budget balance. The windfall gains associated with the July 1992 - February 1993 land tax amnesty are expected to be instrumental in bringing about a small surplus at fiscal year-end.

The financing requirements of the non-financial public sector remained well within their targets during 1992. The consolidated public sector's performance exceeded expectations and thereby reduced financing requirements significantly. 3.50 p.m.

The medium and long term external debt outturn continued to be within programme ranges during 1992. The year in review represents the second consecutive year of decline in external debt, falling from \$836.0 million in 1990 to \$770.9 million in 1991 and \$683.6 million in 1992. The 1992 outcome can be attributed to timely payments of interest and amortisation, and to the fact that the Government has not been as active on the international capital markets as in past years.

REGIONAL ECONOMIC DEVELOPMENTS

Economic growth in the regional economies was moderate during 1992. The performance was related to the continued recession in the country's major trading partners and to tight fiscal and monetary policies as many countries sought to protect their balance of payments by contracting aggregate demand. Unemployment levels were high in many countries of the region with some of the larger countries experiencing unemployment rates in excess of 20%.

In Jamaica, Barbados and Grenada, significant reduction in public sector employment as a result of stabilisation programmes worsened the unemployment situation.

Modest growth was estimated in the tourism sector of regional economies although the industry continued to be affected by the global recession, declining competitiveness and reduced air access. Provisional data suggest a 2% growth in visitor arrivals and a significant increase in cruise ship arrivals. Sugar output increased in all but one of the major producing countries while there was a disappointing outturn in the bauxite industry. Petroleum production declined in Trinidad and Tobago in response to falling world market prices.

Real growth output in Guyana was estimated at 7%, Awhile in Jamaica the economy strengthened and growth of 2% was recorded compared with 0.2% the previous year. The Belizean economy grew by 5% and in Trinidad and Tobago a marginal 0.2% was recorded following growth of 3% in 1991. With the exception of the Jamaican dollar, currencies in the region were relatively stable and in general inflation rates tended to be lower than in 1991. Foreign exchange was in short supply and as a result international financial institutions continued to play a crucial role in regional development.

INTERNATIONAL ECONOMIC DEVELOPMENTS

During 1992 the leading industrialised countries continued to be plagued by recessionary conditions. Slow

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growth rate, huge deficits and increasing unemployment were characteristics of the period. In Eastern Europe and the former Soviet Union, economic activity continued to be constrained by contraction in output, high inflation and political instability. In Asia and mainland China, however, economic expansion continued at a rapid pace, while growth rates in Latin America showed much improvement over the previous year.

Economic growth in the OECD countries was estimated at 1.5% compared with 1.1% in 1991. In the United States the economy grew by 2% while growth in the Canadian economy was estimated at 1.3% after 2 consecutive years of decline. Economic output in Japan slowed markedly relative to past performance with growth being estimated at 2%. Germany and Italy recorded positive but low growth rates of 1.4% and 1.2% respectively, while output in the United Kingdom declined for a second consecutive year. Unemployment continued to be a serious problem in both the U.S.A. and Canada, but especially so in Canada, where the rate was as high as 15.1%. There were lay-offs and threatened lay-offs in many industrial plants throughout the year in the U.S.A. In the OECD countries the unemployment rate rose to

10.7% in all the European Community member states, with the exception of the Netherlands. Currency markets were marked by instability, especially in the last quarter of 1992, as a result of the crisis in the European Exchange mechanism.

INTERNATIONAL ECONOMIC OUTLOOK 1993-94

The world economy is expected to continue to recover at a moderate pace and world output is projected to expand by 3% in 1993 and world trade by about 6.7%. The U.S. and Canadian economies are both projected to grow by about 3%. Inflation is expected to fall to about 3% for the industrial countries as a group.

In the developing countries growth is expected to be over 6%, although this is dependent on stronger growth in the industrial countries than during the year 1992-93. The outcome of a multilateral trade negotiation remains of crucial importance for developing countries. It is hoped that 1993 will bring a successful conclusion to the Uruguay round of talks.

In the face of high German interest rates and substantial capital flows, a number of currencies experienced considerable pressure resulting in the sharp depreciation of the British pound and the Italian lira among others, and the subsequent withdrawal of both these currencies from the ERM. The U.S. dollar vacillated throughout the year but drastically weakened toward the end of the year, compared with a year earlier. Inflation in most of the major developing countries declined as the countries, concerned with the failure of their economies to recover, resorted to the easing of their monetary policies. Non-oil commodity prices increased by an estimated 1.5% while oil prices fell to U.S. \$16.53 in the first quarter of 1992 but rose to U.S. \$19.47 a barrel by July, levelling at an average price for the year of U.S. \$19.50.

BUDGET JUDGMENT

And now, Mr. Speaker, I turn to the Budget Judgment, that critical juncture at which I seek to discern and determine what mix of policies is best calculated to counteract our problems, turn the situation around and point the ship of state to the haven of progress and prosperity.

I have thought long and hard over these issues. Your concerns as a people have been my concerns. That very perspicacious 18th century economist, Adam Smith, once said and I quote: "Every man is rich or poor according to the degree in which he can afford to enjoy the necessities, conveniences, and amusements of human life". 4.00 p.m.

I wish all of us as Barbadians and residents of Barbados might enjoy more of the necessities, conveniences, and amusements of life that are good for us. But that blissful state will not come about if we leave it to chance, if we leave it to laissez-faire, to an invisible hand pursuing its own selfish purposes. Nor will it come about in an environment in which might is right, in which overpowering economies or other interest groups simply lord it over the landscape of economic activity. For in such a situation life would become in Hobbes inimitable phrase and I quote: "solitary, poor, nasty, brutish, and short".

Growth, and development, and prosperity will, however, only come to us if we adopt the right mix of policies to achieve those objectives, and if we adopt the right adjustment policies to deal with extant problems. No foreign country, and no international institution can do that for us. We have to do it for ourselves. We can get support and assistance from external entities. But the adjustment programmes which we adopt are our programmes for which we must accept paternity.

FROM STABILISATION TO GROWTH

Over the past few years, Barbados has encountered deteriorating economic circumstances and recessionary conditions, deriving from both external and internal causes.

In response, my Government put together a series of adjustment measures, with the assistance of the International Monetary Fund, aimed at stabilising the economy and restoring the conditions for growth. That IMF supported programme comes to an end shortly. The programme has been successful in improving the external sector, and in reducing imbalances in the domestic sector. No one can deny that.

Adjustment through stabilisation, however, is for the short term. That was always understood; and that is why in the stabilisation programme, which was well crafted if I may say so myself, there was built-in some elements which pointed towards longer term adjustments to the economy of Barbados, including elements which sought to make the economy more responsive to an improved balance of payments thrust, more likely to attract external resources, and better positioned to increase domestic production.

I wish to say to you, Mr. Speaker, to all members of this Parliament, to all the people of Barbados, that we must now move beyond the short-term stabilisation programme and into longer-term structural adjustment programmes. Stabilising the economy in the short-term was the first order of business. We have been relatively successful in that regard. We must now move to put in place a coordinated package of policy measures that will not only tackle the continuing problem of negative growth and high unemployment, but will also constitute our Agenda for Structural Reform that will take us through the remaining years of this century and beyond.

The aims of this Agenda for Structural Reform are as follows:

- (i) to increase output and to restore growth in the economy to at least 3.5% in the first phase. We achieved this in 1989 and we should be able to achieve it again by 1996/97;
- (ii) to maintain a balanced budget as the norm;
- (iii) to improve performance in the various sectors of the economy through a better use of resources;
- (iv) to increase the export efforts of the sectors and enhance the country's long-term competitiveness, through improved incentives for investment in foreign exchange activities and by other means;
- (v) to contain imports at manageable levels, so that they do not gallop ahead of the value of exports;
- (vi) to reduce the* level of protection in the economy in order to promote more efficient utilisation of resources;
- (vii) to promote private sector development;
- (viii) to co-ordinate and intensify training activities in order to improve and diversify the skills of the labour force;
- (ix) to maintain an adequate set of financial and marketing institutions to sustain production activities in the economy; and
- (x) to promote the strength of the public finances and the economy generally so that the country can better face external or internal shocks stemming from balance of payments problems, adverse terms of trade, high interest rates, debt service problems, external market access, unsustainable levels of imports, or other causes.

If we as a country wish to maintain our fixed foreign exchange rate, if we wish to contain inflation, if we wish to reduce unemployment, if we wish to promote growth, with efficiency, equity and justice and in a rational way, then we must put in place now a co-ordinated package of structural adjustment policies and programmes. We failed to do that in 1983 when the first IMF stabilisation programme was adopted in this country. Let us not fail to do so in 1993 when the need is just as potent. For if we fail to do so now, the adjustment will come anyhow -untidily, irrationally and at higher costs -r through the invisible hand of which I spoke earlier.

I therefore now set out my Government's package of adjustment policies for structural reform.

THE INCOMES POLICY

It would be recalled, Mr. Speaker, that on the 14th January of this year, I presented to this House a statement on the economy of Barbados and on the prospects and broad policy initiatives which my Government anticipated would be undertaken in the ensuing months.

On that occasion, I made reference to my Government's commitment to the development of an incomes policy for Barbados which, as I said then, would form an integral part of the overall macro-economic policy framework. Today I wish to expand upon those concepts.

The vast majority of Barbadians at home and abroad have indicated that they do not want the present fixed exchange rate parity of BDS\$2.00 to US\$1.00 to be changed. That rate has served Barbados well, and it therefore remains the cornerstone of Barbados' exchange rate policy.

However, Barbados has been faced

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intermittently, and particularly over the past 3 years, with instability in its balance of payments, with loss of foreign reserves, and with declining returns from its export sector.

There has been a decline in competitiveness, which has been exacerbated by devaluation of the currencies of many of its trading partners. In addition, the Barbados economy has been characterised by comparatively high labour costs fuelled by high wages settlements. All entities, Government, employers, and unions recognise that something must be done, and done now, about the problem.

The incomes policy for Barbados is designed to deal with these issues as part of the overall fiscal and monetary policy. The incomes policy seeks to restrain the rate of wage increases in order to keep down prices, make Barbadian goods and services more competitive abroad, earn more foreign exchange to pay for our imports as well as service foreign debt, and maintain the existing fiscal parity of the Barbados dollar. The policy seeks to increase the demand for Barbadian goods and services both at home and abroad, thereby leading to increased employment of workers to meet the demand. 4.10 p.m.

The incomes policy also seeks to put in place a more appropriate process for wages settlements based on linkages to and changes in productivity. The system has benefits all around, for employers, for unions and workers, and for Government. Employers should tend to employ more persons. Workers and their unions should benefit and there should be less of a temptation for workers to be laid off during down-turn in economic activity. Government should benefit from a better industrial relations climate.

The objectives of my Government, let me repeat, are to seek and secure a stable exchange rate, a stable level of prices, higher levels of employment and equilibrium in the balance of payments with other nations. Fiscal and monetary measures are the principal policy instruments which we use in pursuit of those objectives. However, issues relating to the balance of payments, the price level, unemployment and total output are dependent upon the various macro-economic produce and labour markets which money, wages, prices and employment are determined. The incomes policy is therefore seeking to impact on those markets directly, particularly as wages tend to react more slowly to other policies.

For all of these reasons, therefore, not least of all because the Government is the largest single employer of labour, a strong incomes policy is being pursued by my Government. My Government remains deeply committed to a strong incomes policy. For we must find a way to turn back the situation in which domestic costs in Barbados continue to rise significantly when compared with the cost of our competitors. Wages, yes, and prices must be held down so that we can once again establish a comparative advantage. Wage restraint across the board both in the public sector and in the private sector, must be instituted as a firm and strongly anchored policy. If we seek to nibble away at the edges of this policy, then we may be bringing closer to actuality the day when other policy instruments might apply.

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There are also basics upon which we should all reach a consensus. This is not a matter for scoring cheap, political points. This is a matter of national interest. Thomas Hobbes of whom I spoke before theorised about some 19 laws of nature that bound civil society together. The philosopher John Locke later also spoke of contracts that were necessary for the governors and the governed to live within the confines of the State.

Here in Barbados we must search for and establish a contract, a compact, a consensus on these matters so that we can overcome the threats to our way of life. I am fully in favour of the fullest consultations on these matters. And I place the good offices of my Government at the disposal of the social partners in seeking to reach consensus on these matters. Let us all who are contending for higher incomes realise that the money to pay income is not a free good, it is scarce. There is only so much that can be spread around. Our real incomes can only really increase to the extent that there is an increase in real output in the economy. To move forward, however, there must be trust and confidence. Employers must feel confident that workers are not making inordinate demands that will be detrimental to the viability of the business. Workers must feel confident that all relevant information for the bargaining process is being put on the table. I believe if this confidence is built up, we can make great progress in labour market reform, in wages and prices determination and on other issues.

So we are committed to an incomes policy. Permit me to say that the Public Service Reduction of Emoluments Act, 1991, made provision for a 8% reduction in the emoluments of officers and other employees in the Public Service and related bodies during the period October 1, 1991 to March 31, 1993. After March 31, 1993, which is just over 2 weeks away, there will be no authority for those emoluments to be reduced. I have kept my word to this Honourable Chamber and to the people of Barbados. I wish to thank the public officers from this high seat of legislative authority for their unsurpassed dedication to and love of this our cherished and treasured land.

I say no more on this matter except that I now urge all Barbadians at home and abroad, including the public officers, to invest in the several instruments of Government bonds, treasury bills and other Government paper that will shortly come onto the money markets of Barbados. Saving

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is investing, and investing in capital formation that adds to our country's stock of buildings, plant, equipment, new houses, factories, vehicles and inventories. People find work from all of this activity.

The incomes policy which my Government is implementing has the following features:

- (1) A general wages and salaries freeze in both public and private sectors including statutory corporations for a period of 2 years.
- (2) A freeze on wages and salaries that will apply to all remuneration under contracts of employment to any kind of work to be performed wholly or substantially within Barbados.
- (3) During the existence of the wages freeze, employers shall not pay remuneration for work at a rate higher than that paid for the same kind of work before the freeze came into effect.
- (4) Within the context of the incomes policy provision shall be made for additions to basic salaries and wages only in terms of profit sharing arrangements and productivity bonuses where there are increases in productivity.
- (5) The National Productivity Board, including representatives of business, labour and Government shall be responsible for determining levels of productivity and related matters including formulae and methods for determining productivity.
- (6) The incomes policy will buttress the existing practices and conventions of collective bargaining and voluntarism which are integral parts of labour market relations in Barbados.

4.20 p.m.

After consultation and agreement with representatives of employers' and workers' representatives, the incomes policy will be placed in a legislative framework. ,
The adoption of this strong incomes policy necessitates restraint and moderation in the prices of goods

and services. I expect that businesses which are involved in the determination of prices will show understanding, responsibility and fair play in these matters. The Ministry of Consumer Affairs will be closely monitoring this situation. I expect that people who charge professional fees will also observe this policy.

TRADE POLICIES REGIONAL TRADE

Mr. Speaker, in my Financial Statement and Budgetary Proposals which I presented to this Honourable House on March 31, 1992,¹ stated then that:

"Barbados remains unswervingly committed to the regional integration movement. Consequently, my Government will continue to maintain its active support for the integration process which began in the late 1960's."

I wish to reaffirm that position this afternoon, even though there are some, perhaps out of narrow self-interest, who would wish us to do otherwise.

The fact of the matter is that Barbados, both in the areas of functional cooperation and intra-regional trade, has benefitted from its participation in the regional integration movement. And we, in both areas, have also made our contribution to the movement.

Perhaps it would be useful and, indeed timely, for me to remind members of this Honourable House that Barbados' contribution to the growth and development of intra-regional trade during this period has been outstanding. And since 1988 - the year in which the region successfully arrested the declining trend in intra-regional trade which was evident in 1984 Barbados' contribution to the performance has been significant. In fact, Barbados has registered the highest level of intra-regional imports since 1988 and at a time when the total value of intra-regional imports fell in 1991 and again in 1992. In short, Barbados has been ...

Mr. SPEAKER: Just one minute. I have interrupted to suggest to Honourable Members that I will not allow the cross shouting. If you have to speak, speak quietly to each other.

Rt. Hon. L. E. SANDIFORD: In short, Barbados has been the leading importer of goods from CARICOM since 1988.

We have also achieved a comparable performance on the export side. For in 1988, we successfully arrested the declining trend of our exports to the region when trade increased by 26.6% to BDS \$94.7 million over the previous year's level of BDS \$74.8 million. In 1989 Barbados continued this upward trend in its exports to the region when exports increased to BDS \$123.8 million or 30.8% over the 1988 level. Again in 1990 this export performance was sustained by an increase of 6.5% over the previous year's value of exports. 1991 also witnessed a slight increase over the 1990 figure. And while it is believed that Barbados has recorded a slight decline in the value of domestic exports to the region in 1992, it is hoped that this

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will only be a temporary development. For we are determined to ensure that as in previous years, Barbados will continue to increase the value of its domestic exports to the regional market which, since 1988, has been our major export market.

Of course, Mr. Speaker, we are fully cognisant of the fact that we cannot depend on past performances. Barbados will have to ensure that it can significantly increase its export trade to the region. To achieve this, I must emphasise that we in Barbados will have to redouble our productive and marketing efforts. We will also have to ensure that we produce in the most efficient manner possible, at competitive prices, and that the products which we offer for sale are of the highest standard. We must also redouble our efforts to

increase the range of products and services which we now produce.

It is my firm conviction that for us to be successful in these endeavours some structural adjustment in industry and in our current trade regime will have to take place. Given the changes taking place in the global economy, we cannot afford to ignore this imperative much longer.

TRADE REFORM

Mr. Speaker, the global economy is witnessing an acceleration in the formation of regional economic blocs and the tendency towards the globalisation of production, distribution and exchange of goods and services. It is also experiencing a relentless march towards trade liberalisation, which has become the dominant theme of all the major international institutions, and the watchword of the developed countries. Moreover, it has become the overriding concern of that body which is charged with the regulation and promotion of multilateral trade named the General Agreement on Tariffs and Trade (GATT).

Essentially, trade liberalisation involved the removal of all impediments to international trade and the establishment of customs tariffs that can ensure international competitiveness on the part of domestic manufacturers and producers. In other words, trade liberalisation means the dismantling of licensing regimes, import quotas and other non-binding import restrictions, all Negative Lists, and other non-tariff barriers. It also entails the periodic review and revision of the customs tariffs of a country to ensure that they facilitate international competitiveness in industry.

The Uruguay Round of Multilateral Trade Negotiations which is being conducted under the aegis of the GATT, has as its main goal the liberalisation of trade in both goods and services. And what is more, this liberalisation process is intended to affect all countries -developed and developing alike., The Round, which is creeping to a close is not only providing for the liberalisation of trade in all sectors, but is insisting on the drastic reduction in the high levels of customs tariffs existing in developing countries, especially in Latin America and the Caribbean. Already the countries in Latin America have responded by reducing their tariffs to more acceptable levels. And severe pressure is now being placed on the countries in the Caribbean, including Barbados - to reduce theirs as well. 4.30 p.m.

There is also the requirement that these tariffs, when reduced, should be "bound" - that is, they should not be raised. In addition, all contracting and non-contracting parties to the GATT will be required to sign and ratify these new trading agreements as a pre-condition to their participation in the restructured multilateral trading system which is soon to be established. Failure to do so could condemn a country, especially a developing one, to a certain fate - perpetual exclusion from the multilateral trading system.

This new trading system also requires developed countries to effect a number of changes to their trading regimes as well. These countries will no longer be permitted to indulge in unfair and discriminatory practices among themselves and toward developing countries. For example, they will have to abolish their excessive subsidization of production for both the domestic and export markets. They will have to remove their broader protection and other sophisticated mechanisms that distort and hinder the free flow of international trade.

The new multilateral trading system, together with the growing trend toward the formations of large trading and economic blocs within the global economy poses serious challenges for all countries, particularly the developing ones like Barbados. For us in the Caribbean, it will mean, inter alia, the virtual disappearance or significant erosion of the current trade preferences to which we have become accustomed in respect of the markets of most developed countries. I refer to the trade preferences under the LOME Convention, the CBI, CARIBCAN and other GSP arrangements extended to us by a number of developed countries.

BARBADOS' RESPONSE

Given what is taking place in the world economy and the serious challenges which are posed, Barbados must provide an appropriate and effective response to these challenges and changes. We have already been forced to undertake a serious examination of our economy. We are fully convinced that there is an urgent need for a restructuring of our economy in order to permit it to respond meaningfully and adapt, to the

changes that are occurring in the global economy of which we are an integral part. In other words, we need to undertake a meaningful structural adjustment programme in Barbados.

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Structural adjustment is defined as a process of implementing reforms of policies and institutions, both of a micro-economic and macro-economic nature. It also includes changes designed to make institutions more efficient. These changes seek to improve resource allocation, increase economic efficiency, expand growth potential and increase resilience to future shocks. The adjustment process involves policies and actions to achieve changes in 'external and internal balances, as well as changes in the structure of incentives and institutions. An effective structural adjustment programme involves a menu of options for policy initiatives both at the macro and the micro economic levels.

In the area of trade, the structural adjustment programme is built around a number of planned structural reforms to improve external competitiveness, to remove disincentives to export activity and to encourage a more efficient allocation of resources in the public and private sectors. The attainment of these general policy objectives requires specific actions in a number of critical areas. For example, to achieve a better relationship between the structure of domestic output and international market demand will require a substantial shift of incentives from favouring production for domestic consumption to encouraging the generation of goods and services for export.

Thus, within the framework of the trade reform programme which my Government intends to pursue, enhanced support services will be provided for exporters of goods and services while levels of protection for import substituting activities will be reduced by the elimination of non-tariff barriers and the lowering of tariff levels over time. In addition, discretionary interventions of a non-price nature which distort production decisions will be avoided.

Mr. Speaker, I am fully cognizant of the fact that in seeking to bring about this shift in the composition and direction of manufacturing output, there will be a need to pay special attention to the phasing and sequencing of our trade liberalisation measures and efforts. Thus, the trade liberalisation programme which my Government intends to pursue, in co-operation hopefully with the World Bank and other international institutions, will provide for an adequate phasing-in period, in order to allow an adequate opportunity for investment to take place and for manufacturers to learn how to function efficiently in and adapt to the new trading environment.

ASSISTANCE TO THE MANUFACTURING INDUSTRY

Given the state of industry in Barbados, it is clear that there is need for a well formulated, co-ordinated and effective programme of assistance to be provided to industry. In this respect, my Government will continue to work closely with the private sector to ensure that such assistance is provided.

Elements of this programme of assistance will include:-

- Technical and financial assistance to industry
- The establishment of an Investment Fund for manufacturers as well as producers of services
- Special assistance programmes for small businesses
- Access to inputs at world market prices for export and efficient import substitution production
- Revision of the current fiscal incentives regime to provide the kind of incentives which would match or even surpass those which our competitors in the Caribbean and beyond are offering their manufacturers/businessmen
- The development and enactment of national mandatory and voluntary standards for an extensive range of goods and services
- The more efficient and effective delivery of services to industry by Government institutions
- The provision of trade facilitation services to manufacturers/exporters.

ACTION ALREADY TAKEN

In keeping with our aim to provide more efficient and effective assistance to industry, my Government has established as of December 1, 1992, the Barbados Investment and Development Corporation (BIDC), which replaced the former Barbados Industrial Development Corporation and the Barbados Export Production Corporation. This new Corporation which has a much smaller staff is so structured as to meet more readily and efficiently the needs of our manufacturers and businessmen. 4.40 p.m. It also has a division which caters exclusively for small businesses, including handicraft development. This new division will have the important responsibility of creating new businesses and a new class of private sector business persons to supplement the existing executives and promote further the economic enfranchisement of our people. There is also a division for collaborating with other agencies in the promotion and development of International Business Services, especially in the area of informatics. In particular it will work closely with the Unit within the Ministry of Finance and Economic Affairs which has the responsibility for the development and co-ordination of the offshore financial and business regime.

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Two posts of Trade Commissioner - one each attached to the Ministries of Foreign Affairs, and Trade, Industry and Commerce - have also been created to assist our manufacturers, producers and exporters of goods and services in addressing the various problems which they encounter from time to time in the market place. This particular initiative to date is being put on a sound footing and we are taking steps to ensure that it will be successful.

In the area of standards, the legislation is currently being revised to give legal effect to all those standards which were adopted prior to 1982. In addition, my Government, through the Barbados National Standards Institution, is working actively with other standards institutions in the Caribbean and with the Regional Standards Council to produce a number of regional standards to be observed by all CARICOM countries. In a number of instances the standards which are being considered and those which the CARICOM Council of Ministers approved recently are based on those of Barbados, Jamaica and Trinidad and Tobago. My Government will soon be introducing legislation in this Honourable House to give effect to those regional standards which have already been approved by the CARICOM Council of Ministers.

In the area of international data services (informatics), the Ministry of Trade, Industry and Commerce is in active discussion with Barbados External Telecommunication and the Barbados Telephone Company Limited on the question of the provision of specially reduced rates for international lines, including dedicated lines, for those companies involved in the area of international data services. We are also examining the feasibility of setting up our own teleport for this purpose.

INTERNATIONAL BUSINESS SERVICES

As I said, the international business and financial services sector continues to grow and to make an increasingly valuable contribution to the Barbados economy.

As a demonstration of my Government's continued commitment to the growth and development of the offshore sector and to the objective of making Barbados a leading centre for business and financial services and investment in the Caribbean, an International Business and Financial Services Unit within the Ministry of Finance and Economic Affairs was established on 1st December, 1992. The Unit will place, *inter alia*, emphasis on increased efficiency in the promotion, licensing and registration of offshore companies and generally co-ordinate activities in the sector. The Unit will also be responsible for expanding the network of Double Taxation Treaties and negotiating Bilateral Investment Treaties. It will work closely with the private sector in these efforts and in seeking out new opportunities for increased activity and in promoting Barbados as a major domicile for international

business and financial services.

Specific legislation is already in place to provide incentives for offshore banks, exempt or captive insurance, international business companies, foreign sales corporations, ship registration and shipping activities. My Government realises, however, that if Barbados is to remain competitive as an international business centre, this legislation and the attendant concessions must constantly be reviewed and when appropriate, adapted or adjusted to compete with those offered by other centres. One such example, the International Business Companies Act, 1991-24, which was enacted as recently as 1991 is already under review. Proposals for the review and amendment of the Foreign Sales Corporation Act, 1984-45 and the Shipping Incentives Act, 1982-39 and 1984-29 are also under active consideration.

The introduction of new legislation during this year to market new financial service products, including Societies and Restricted Liability and Trusts, will have the active attention of my Government.

My Government has recently been in receipt of a study on opportunities for Barbados as an International Business and Financial Centre prepared by a U.S. law firm in Barbados. The study has made recommendations in 4 areas:

1. the enactment of legislation to encourage the establishment and operation in Barbados of entities to act as special purpose vehicles in cross-border equipment financing and project financing transactions;
2. the enhancement of the legislation currently in force, governing U.S. Foreign Sales Corporations;
3. the establishment of an open aircraft registry; and
4. the enactment of legislation to encourage the development of an offshore mutual fund sector.

My Government will, together with the private sector, examine these recommendations for their suitability to further enhance Barbados' attractiveness as an international financial centre and provide additional benefits to the Barbados economy.

Our success in these regards must continue to be built on our unsullied reputation as a low taxing domicile with tax treaties.

The Government is committed, in its thrust to carve out new financial products, to do so in conjunction with an

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expansion of its network of tax treaties and by concluding a series of bilateral investment protection agreements.

Such treaties already exist with the United Kingdom, the United States of America, Canada, Switzerland, Sweden, Norway and Finland and we are currently in communication with the Governments of France, Brazil, Germany and Venezuela regarding the early conclusion of double taxation treaties. Negotiations on bilateral investment protection agreements are being pursued with France, Venezuela, Italy, the United Kingdom and the United States of America.

The sector's progress will be dependent, however, on its active promotion internationally. In this regard, my Government will promote Barbados as a leading international financial centre in the Caribbean by participation in overseas conferences and exhibitions, visibility through advertisement of its products in recognised international publications and by making use of its network of Embassies and the services of its overseas representatives to support the promotional efforts. 4.50p.m.

FINANCIAL SECTOR

The reforms in the financial sector relate to the restructuring of the Barbados National Bank, the administration of the Financial Intermediaries Regulatory Act and the improvement of financial information flows to the public.

All of the non-performing loans of the sugar industry are being taken over by the Barbados Agricultural Credit Trust. In addition, bonds are being issued by the Government for non-performing loans which were granted to Statutory Corporations on the basis of letters of comfort from the Government.

The examination of the Barbados National Bank and the Barbados Development Bank is being undertaken with the assistance from the Inter-American Development Bank and some initial reforms will be announced shortly.

SUGAR INDUSTRY REFORM

Sugar production contracted further in 1992 to 53 900 tonnes, mainly as a result of reduced acreage under production, and other related factors including reduced yields.

However, the year 1992 was one of significant change and progress in Government's overall policy towards the industry. After many years of decline in the industry, Government moved during 1992, to institute a major restructuring programme in the industry geared toward halting the trend of falling output, restructuring the operations of unprofitable estates indebted to the Barbados National Bank and increasing the overall level of efficiency

and productivity in the sector. As a result, major efforts commenced in placing the Barbados Sugar Industries Limited in receivership and these were followed by the establishment of a management company to oversee the transition in the industry from loss making to profit generation. I can report to this Honourable House that though there was some resistance to the proposed changes within the sugar sector; plans are fairly well advanced, and we hope that the process of restructuring should not encounter any significant difficulties in the coming months and years.

It must however be pointed out that the restructuring of the sugar industry is not an attempt to reward anyone for past inefficiency. We need the sugar industry and should commit ourselves to the reform. Permit me to say, Sir, that my Government's intention is clear as far as the industry is concerned. We expect that within a few years time, Barbados will be able to raise the level of its output in the industry to above 75 000 tonnes of sugar a year. We have been able down through the years to reach high levels of production of sugar in Barbados and there is certainly nothing preventing us from reaching those levels again; but we have to make the necessary changes in the industry and my Government will be pressing ahead with its policy in the sector and would hope that all interested parties would participate fully in the process so that we can all reap the benefits that should be ahead for us.

In relation to non-sugar agriculture, Government's policy will remain committed to ensuring that the diversification programme developed by the Ministry of Agriculture will continue apace. It is our intention to ensure that where possible, Barbadian farmers will be given the necessary incentives to increase the level of output in non-sugar agricultural produce, so as to increase domestic supply, and supply to export markets. It is anticipated that this would reduce the heavy reliance on imported food-stuffs.

In this respect, my Government intends to pursue an informed land use policy and land management policy which is in consonance with the needs and concerns which I have just outlined. We intend where possible to prevent any additional prime agricultural land from falling out of production to seek through varied devices to bring idle agricultural lands back into production. It is expected that these initiatives will form part of and be incorporated into Government's ecological and environmental control policy.

TOURISM

As I have said, sectoral reforms are contemplated in the areas of tourism, agriculture, the financial sector and public enterprise. It is accepted by all sections of the community that if the Barbados economy is to recover in

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the near future, that recovery must be led by a resurgence of growth in the tourism sector. And the medium term strategy for the recovery in tourism must of necessity involve improvement in the area of marketing, financing of improvement to the hotel plant, and the strengthening of the institutional structures to enhance capacity to make informed market-focussed decisions.

The marketing strategy for tourism will encompass both growth and declining markets in Europe, the United States and Canada, and extend beyond to non-traditional markets.

Already Government has enacted legislation to restructure the Barbados Board of Tourism and replace it with the Barbados Tourism Authority. It is expected that this new framework will increase that sector's effectiveness in marketing the country's tourism product. Further, it is anticipated, as is shown in the 1993/94 Estimates, that additional financing of some \$9.0 million is being made available for increased and intensified efforts by the Board across the European and other markets.

Moreover, it is hoped that new investment may be found for the refurbishing of hotel plant and for new facilities while owners and new investors are expected to benefit from the creation of a financial environment which improves the profitability of efficiently managed operations.

ENERGY

The negotiations with Mobil Oil Barbados Limited are nearing completion. The two issues which are outstanding are the procedures which should be used in relation to the valuation of the assets and the use of a pricing mechanism which will reduce the need for periodic price adjustments to allow the refinery to achieve the agreed rate of return on its capital employed.

It is the Government's intention as soon as the negotiations have been concluded and the refinery has recovered the losses, to use part of the refinery surcharge which was increased in July, 1992, to raise the margin to the dealers and probably the wholesalers and pass on any further benefit to consumers. Meanwhile, the Government has accepted an offer from the Latin American Energy Organisation (OLADE) of which Barbados is a member, to conduct a study of the energy sector and to advise the Government on its energy policy for the future.

Let me now turn to some other issues.

TAX REFORM

Government must be responsive to the needs of society and economy. As the needs of society and economy change, so too must there be change in the structures that support them. The Government realises the important role taxation plays in the economy and has therefore in part based its economic adjustment and recovery programme upon structural reforms in the area of taxation.

It was against this background that in July 1992, a major reform of the direct tax system '•was undertaken. These reforms sought to bring about a greater degree of simplicity, equity and fairness within the system, while at the same time it sought to reduce the existing tax brackets, increase efficiency and productivity by broadening the tax base, and establish moderate upper and lower rates. It is anticipated that the reforms will over a period of time not only serve to lower the general rate of taxation on the taxpayer but indeed will also maintain an appropriate level of progressivity in the tax structure needed for meaningful redistribution of the national income.

In January of this year, and in keeping with Government's adjustment programme, certain integral elements of Government's reform of the indirect tax system were put in place. These included the removal of stamp duty on materials for manufacturing, removal of consumption tax applicable to equipment and machinery for manufacturing, the removal of stamp duty on approved items used in the hotel refurbishment programme, and the removal of stamp duties on toiletries purchased by hotels. 5.00 p.m.

We also propose, as part of the tax reform policy, to introduce a value added tax regime. The VAT would replace the current indirect tax structure which is based on a multi-tiered system which over time has proven costly, complex and difficult to administer.

As with the trend established by Government's direct tax reform, it is intended that the new indirect tax system will, when once completed, broaden the tax base, remove the disincentives to export and simplify the indirect tax system, while simultaneously creating greater equity, fairness and harmony in the tax regime.

PRIVATISATION

In previous presentations and public announcements, I have described the features of the privatisation programme in Barbados. So far the programme has essentially been viewed as an imposition or policy which has emanated from external sources and which is alien to our economic development. However, I should point out to you that from 1986 the Democratic Labour Party had promised limited divestment in its Manifesto. This was repeated in 1991 with the proviso that we would adopt a pragmatic stance on the issue.

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The implementation of the privatisation programme so far, though not as successful as I had hoped, has opened the door to many new and fresh opportunities for the spread of economic democracy. Successful public enterprises will open for limited divestment giving opportunities first of all to workers, cooperatives, credit unions and individual investors. The objective of share-offer restrictions, and initial limited divestment is to spread and share ownership among our citizens and target those who now need to invest in our economy. We wish, wherever possible, to avoid monopolies. The Government has been inundated with suggestions and recommendations for investment in public enterprises and the interest in greater ownership of productive investments by Barbadians, though limited, is now growing.

We need to see privatisation as providing these opportunities and we should be preparing ourselves to meet that new challenge of economic democracy at this time.

I hope too that this new thrust towards greater investment opportunities will encourage local private companies to reorganize as public companies and offer shares on the Securities Exchange of Barbados.

Part of our dream is to see large tourist properties, telecommunications companies, utilities, manufacturing concerns, agricultural holdings and other productive high yield investments owned by a wider cross-section of Barbadians.

UNEMPLOYMENT

As happened in many countries of the region which have undergone stabilisation programmes, Barbados has found itself with an unacceptably high level of unemployment. Because of the restructuring of the economy, the average rate of unemployment rose to 23% in 1992 compared with 17.1% one year earlier. The current figure embraces an unemployment rate of 20.5 % for males and 25.7% for females. The unemployment figure, which was unacceptably high for some time has been exacerbated by the stabilisation programme. However, the problem will not be solved by simply

utilising short-term measures, and it certainly will not be solved by persons who appear to take comfort in dwelling on the numbers of those who are unemployed.

It will be necessary to put in place policies that will lead to the increased demand for goods and services both at home and abroad. Employment opportunities will then arise to respond to such demands. We have to become more competitive in our production costs so that we can offer goods and services at cheaper prices and thus increase the demand for our products. This is the challenge facing both the Government and the private sector.

As you are aware, the programme which Barbados entered into with the International Monetary Fund had as one of its major goals the reduction of Government's expenditure in the public sector. As the wage bill was the biggest item of expenditure, employment in the sector had to be reduced to make the sector leaner and more cost efficient.

One may note that countries are never without some level of unemployment whether they are developed or underdeveloped economies. In Barbados the level of unemployment during the last 10 year period ranged from between 15% in 1983 and 23% last year reaching 17.9% at the middle of the period.

Over the past year also, as the international recession continued, there was the tendency in the major developed countries for the unemployment rate to rise. In the United States of America which has one of the most sophisticated economies, the unemployment rate rose from 7.1% to 7.3% while in Canada the unemployment rate rose from 10.3% in 1991 to 11.5% in 1992. Germany and Japan also experienced increased unemployment rising from 6.3% to 7.4% in the case of Germany and in Japan moderately from 2.1% in 1991 to 2.4% in 1992.

In the United Kingdom there was an increase in the unemployment rate from 9% to 10.5%. Italy was the only major developed country over the year which was able to improve its unemployment situation with the rate falling by one percentage point from 11% to 10%.

My Government is concerned about the high level of unemployment since unemployment implies a wastage of a large percentage of the country's resources both capital and human. A situation like this and the frustration which results can make itself felt in anti-social behaviour.

There are those who have been newly displaced who are undergoing hardships and whose living conditions and those of their families have deteriorated. There are Barbadians with skills and with many years of education who will be less motivated to use their skills in the labour markets. I hope these will be motivated to use those skills for the creation of new enterprises for themselves.

It is for this reason, Mr. Speaker, that over the past year my Government has sought to set up the framework which would foster the development of entrepreneurial activity. 5.10 p.m.

Through the courses being conducted by the Skills Training Programme, displaced workers have benefited

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from retraining and have been able to set up themselves in new businesses. What we are aiming for during the 1993/94 financial year is to have additional opportunities, that is, windows where those with entrepreneurial skills may obtain loans for the commencement of small enterprises. These loans they will repay when the businesses begin to show profits.

My Government has also sought to secure funds which will broaden the capital works programme during the 1993/94 financial year. The major projects to be implemented during the year include Education and Training Projects, Coastal Conservation Projects and Sewerage Projects. Provision in the Estimates of Expenditure for the 1993/94 capital works programme as well as the

goods and services component of the public sector has been increased over the current year. The additional funds injected into the economy through additional Government spending should lead to increased employment in other areas. When this is matched by private sector activity, the outlook and prospects for improved employment should be better.

Permit me, Mr. Speaker, at this point to comment briefly on the matter of productivity as it relates to employment. As I mentioned earlier, the Gross Domestic Product for the year 1992 declined by some 4.0%; In simple terms this means that the amount of goods and services produced over the period was less than that produced in the previous year. Even as I take into account the loss in production as a result of the contraction of the labour force, during the year, I wish to appeal to employees both in the public and private sector to become more aware of the value of time and efficiency in production and to be more conscious of giving a day's work for a day's pay.

It is only when we aspire to change our attitudes towards work that we can increase our efficiency and our total production. Higher production by individual employees together will result in higher production in the economy, and in the long run, to increased competitiveness of our economy regionally and internationally.

Increased productivity benefits everyone - companies, organisations, workers, and the general public.

INSURANCE INDUSTRY

I turn now to the Insurance industry. At the end of 1991, general insurance business in Barbados had increased by 10% from \$129.2 million to \$142.3 million and it is expected that the performance in 1992 was even better.

The insurance industry has an important role to play in our national development through the mobilisation of saving and the offering of protection in terms which are reasonable.

The Government recognises that rate increases will take place from time to time, especially after they have remained at the same level for several years. However, the industry is dominated by local companies and localisation of the industry was expected to result in companies becoming more financially viable as retentions increased.

It is my view that our local companies must so arrange their business that they will not become mere agents for re-insurers. The cost of catastrophe cover for natural disasters in Barbados cannot be absorbed 100% by increasing premium rates to policy holders. The recent increase in rates on such policies is of great concern to me and I am hoping to devise a strategy to deal with this tendency. Some companies have increased premium rates for private dwelling houses by as much as 100%. We must be careful that we do not make insurance coverage unaffordable both to individuals and small businesses and it is my hope that the situation will not be allowed to get out of hand.

At present, the Government is considering proposals to have the Insurance Act amended to revise the minimum paid up capital requirements for all insurance companies and to set a minimum reserve requirement for mutual insurance companies as part of our effort to provide protection for policy holders. The details of these proposals will be discussed with the industry shortly.

THE ROLE OF THE STATE AND PUBLIC ENTERPRISE REFORM

Mr. Speaker, most countries implementing structural adjustment programmes face the critical challenge of improving the institutional capacity of the public sector to manage change, while encouraging a process of adaptation and reform in the private sector. Co-ordinated action in these inter-related areas, and there are 3 of them, is vital: reform of the administrative procedures, enhancement of the capacity of public servants to respond to private sector needs, and the

rationalisation of public enterprise.

Reform in the public service also entails improvement in the performance of the institutional structures and decision-making machinery of central government, as well as the enhancement of the contribution that state-owned enterprises make to the attainment of the goals of economic growth. Having said all of this, Mr. Speaker, let me point out that although a number of public enterprises have been identified for possible divestment or privatisation, there are statutory corporations providing vital, social services in the country, which will not be privatised. This however does not diminish the need for them to become more efficient and effective in their operations.

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A well-trained Civil Service is vital to increased productivity and efficiency and is also a means of instilling confidence in the officers as they perform their various tasks. Efforts will therefore continue to improve the training programmes for the public service.

The question of information management within the public service continues to be problematic. There needs to be a co-ordinated approach and I propose to give further consideration to this matter with a view towards bringing a greater measure of coordination in the kinds of equipment that is used and the purposes to which that equipment is put.

INSTITUTIONAL STRENGTHENING FOR STRUCTURAL ADJUSTMENT

There is provision in the 1993/94 Estimates for institutional strengthening of the Ministry of Finance and Economic Affairs, the Treasury, the Auditor General's Department, major spending Ministries, Inland Revenue, Customs, Land Tax and the Data Processing Department. This project is being financed with the assistance from the Inter-American Development Bank and we hope that it will be completed shortly.

CAPITAL FORMATION

My Government has sought in these Estimates to ensure that the social services such as health care and welfare are maintained at levels that are acceptable in spite of the need to restrict spending. We have provided for increased capital expenditure as part of the effort to stimulate the construction sector and create additional employment opportunities. 5.20 p.m.

This year spending on capital formation is projected at \$88.4 million which, though modest, is a significant increase over the \$37.0 million for 1992/93.

The expenditure on capital formation will be in the area of roads, bridges and drainage \$36.0 million, airport development \$2.6 million, training and education \$6.9 million, agriculture diversification \$2.0 million, Hometown complex \$2.1 million, environmental sanitation and protection \$14.2 million, conference centre \$2.0 million and industrial estates \$5.1 million.

It is expected that a number of major projects in the private sector, particularly in the area of gold courses and related tourist services, will complement Government's capital works programme.

REGIONAL INTEGRATION AND SINGLE MARKET AND ECONOMY

In 1989 when the Heads of Government met at Grand Anse, Grenada at their Tenth Meeting, the central reality across the world was that restructuring of a fundamental nature was in progress both politically and in the global economy. It was pointed out, with telling effect that "against this background of historic change and appraisal the Caribbean could be in danger of becoming a back-water separated from the main current of human advance in the 21st century".

Accordingly, the Heads of Government declared their determination to work towards the establishment in the shortest possible time, of a Single Market and Economy for the Caribbean Community.

Conceptually, the Caricom Economy envisages:
Single Market and

1. An integrated market taking advantage of access to all the region's resources to achieve the goals of full employment, improved standards of living and accelerated economic development.
2. The facilitation of competitive production and of production integration through the free movement of labour and capital.
3. The integration of the product and the factor markets to strengthen the internal market to make possible increased earnings from both the intra and extra-regional market.
4. Free movement of goods, services, labour, capital with monetary, fiscal and economic measures to facilitate liberalisation and support the development process.

The reality of economic survival in our own hemisphere is conditioned by the imperative of membership in trading and economic groups.

Among the benefits to be garnered are economies of scale and scope since the larger market makes possible increased output, reduced costs and prices, increased demand and output, and increase the scope for new crops, new products and new production structures when factors of production move in an effort to achieve more effective combinations. There can also be increases in employment opportunities as well as access to facilities which are often not otherwise possible.

In a very real sense, the Caribbean single Market and Economy may be viewed as the matrix within which not only key trading and economic objectives are to be pursued - objectives which would be shallow if not supplemented

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by broader educational, social and cultural attainments and without which any economic advancement of the region would be but an empty gain. A key element of the Single Market is the introduction of the Common External Tariff.

COMMON EXTERNAL TARIFF

At its Eleventh Meeting held in July 1990, the Conference of Heads of Government agreed to implement on 1st January, 1991 a revised Common External Tariff (GET) for Caricom Member States. On that occasion, the Conference also agreed that three years after its implementation, a comprehensive review of the GET would be undertaken.

At its Thirteenth Regular Meeting held in July 1992, the Conference decided to accelerate the review process and, to that end, established a working group of experts under the aegis of the Secretary-General of the Caribbean Community (Caricom) to review the structure and level of the GET as well as certain other trade related regimes. The Conference received the report of the working group and agreed to a downward revision of the GET and the implementation of an adjusted rate structure of a minimum of 5 per cent to a maximum of 20 per cent (5-20) for the Most Developed Countries (MDCs) and a minimum of 0 to 5 per cent to a maximum of 20 per cent { (0-5)-20 } for the Lesser Developed Countries (LDCs) by January 1, 1998 by way of a phased reduction of the current structure of the GET.

Member States have been given the option, depending on the rate at which they wish to adjust, in setting the limit at either 30 per cent or 35 per cent from the adjustment period January 1, 1993 to December 31, 1994. However, it should be pointed out that Member States have been given the option to set rates in excess of this maximum on certain traditional revenue earning final goods including jewellery, watches, precious stones and metals.
Agricultural products which include vegetable oils of chapter 15 and primary agriculture products

which are traded in either fresh, frozen or chilled form have been assigned a protective rate of 40 per cent. The current rate is now 45 per cent.

As a result of the general reduction in the rate levels of the tariff, it is anticipated that the maximum loss resulting in this regard will be in the region of \$18.0 million and appropriate measures have been designed to recoup this loss.

The GET is one of the trade instruments which has been designed to facilitate the effect of the establishment of a single market for Caricom and, Barbados has accorded appropriate importance to the process. To this end, Barbados will implement the CET by April 1, 1993.

TRADE LIBERALISATION - GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) AND NAFTA

Barbados is supportive of the long-term objective of trade liberalization and steps have been taken to reform our economy in line with this generally acceptable global trend.

GATT

It has been a source of concern to Barbados that only slow progress have been made in successfully concluding the Uruguay Round of the GATT after several years of negotiation. The progress towards the global elimination of artificial barriers and quantitative restrictions on trade has not been helped by the economic recession which has affected most industrialized as well as developing countries over the last few years. Indeed, the economic recession has tended to promote protectionist trade policies in some countries.

There are signs, however, that the world economy is slowly coming out of recession. This factor along with indications that some movement has been made to break the deadlock in the Uruguay round presents a ray of hope that a liberalized international trading system can still be achieved.

NAFTA

The recently negotiated North American Free Trade Agreement (NAFTA) involving the United States of America, Canada and Mexico is an example of this global trend towards trade liberalization which hits close to home since the United States of America and Canada are both major trading partners of Barbados.

While we welcome the long-term economic growth which NAFTA is intended to promote in this hemisphere, it is clear that our economy and those of the rest of the Caribbean will require special consideration in the short and medium term as we adjust to the demands and challenges of trade liberalization. This accommodation is necessary if we are to prevent the problems of social and political instability, the effects of which will be felt by the region as a whole.

THE NEW U. S. ADMINISTRATION

It is encouraging to note that the new US Administration has pledged to promote global economic growth, even though its priority is to rebuild US domestic economy. The promise of the new US Administration to consult with its neighbours on matters which affect them augurs well for the future of US relations with the Caribbean and is something which Barbados supports. NAFTA is certainly one of the areas in which we should work together to our mutual benefit.

RELATIONS WITH THE INTERNATIONAL INSTITUTIONS

The relationship between Barbados and the International institutions continues to be mutually beneficial and we have continued our dialogue with the International Monetary Fund, the World Bank and the Inter-American Development Bank.

INTERNATIONAL MONETARY FUND

As you are aware, the end of March 1993 will signal the completion of the final phase of Barbados' eighteen month economic adjustment programme entered into with the co-operation of the International Monetary Fund. That Fund's programme officially ends in May, 1993. Over this period, our experience with the Fund has been one based on frankness, professionalism and a very high degree of co-operation and we will continue to work very closely with it.

We will continue to value very highly the surveillance policies and procedures of the Fund. We, therefore, wish for the future to deepen our consultations with it on our external payments position, current account balances, capital flows, and the management of our international reserves and our exchange rate system. Equally, we wish to deepen our consultations with the Fund on the many aspects of our domestic policies, in particular, in the area of Government spending and aggregate demand management, which intersect with the external position. In addition, we welcome the technical assistance support offered by the Fund. It is against this background that we will continue to work in close co-operation with the Fund in an effort to maintain an appropriate, prudent and sound macro-economic framework.

To this end, we will be seeking within the framework of the Fund's Articles of Agreement to invoke the enhanced surveillance policy and procedures of the Fund. Under this arrangement, it is hoped that the Fund would be involved, at the request of Barbados, in advising in the design of an economic programme and in monitoring developments. This surveillance would involve a closer form of co-operation than typically would be the case under the Fund's periodic Article IV consultations, but less than in the case of a programme supported by an arrangement with the Fund. Enhanced surveillance would not involve Executive Board approval or endorsement of the macro-economic programme submitted by Barbados. 5.30 p.m.

In essence, the exercise of surveillance will extend to those areas of our economic policies which I have just outlined, and it is envisaged that a quantified economic programme will be set out and that follow-up policy framework papers will be prepared.

WORLD BANK

The World Bank continues to support Barbados' social sector investments and is now poised to contribute to structural reforms in the Barbados economy.

There are several sector loans with the World Bank which I shall deal with shortly. Apart from that, the World Bank has identified approximately U.S. \$20-25 million which will be made available as a structural adjustment loan. The objective of the loan is to support a growth oriented medium term economic programme for restructuring the Barbados economy. The reforms necessary for the Government to access this loan and which are being discussed with the World Bank are as follows:

TRADE LIBERALISATION

The Bank is urging a "fast track" approach to the issues of implementing the Common External Tariff and eliminating Stamp Duties and other imposts. The Government is, however, adopting a more cautious approach because of the need to offset revenue losses. Both parties are confident that continued collaboration and technical assistance will help resolve outstanding issues.

ELIMINATION OF NON-TARIFF BARRIERS

It has been urged on the Government that it remove all import bans, quotas and licensing requirements except those relating to health and sanitary reasons and to regional agreements. A temporary surcharge would be placed on certain items such as garments, furniture and agricultural commodities to assist them in the transition. The mechanics of this are being developed.

PRIVATISATION

Substantial progress has already been made to put in place the mechanisms for a privatisation programme, with the assistance of the International Monetary Fund, but the World Bank is proposing that a number of other state assets should be prepared for divestment. That issue is still under consideration, and a decision will be made in due course.

LABOUR MARKET ISSUES

The Government is being urged to examine the adequacy of the Severance Pay Act and other labour legislation and the advisability of the establishment of a "portable provident fund or benefit scheme". The establishment of a Tripartite Consultative Committee comprising representatives of the Government, private sector and trade unions to look at the issues of labour mobility and flexibility and recommend corrective action is being undertaken.

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COST RECOVERY

The Government is in discussion on a comprehensive plan for cost-effective improvements in the range of publicly funded Government programmes.

INTER-AMERICAN DEVELOPMENT BANK

The Government's relations with the Inter-American Development Bank have been enhanced within recent years and we depend on this institution for much of our major development finance. Since Barbados joined the Bank in 1969, 31 loans totalling U.S. \$222 million have been made available to Barbados for economic and social development.

The Bank's programme in 1992 in Barbados concentrated on assisting the Government to design an adjustment programme to restore growth and improve the export competitiveness of the major export sectors. High priority is being given to strengthening the institutional capabilities of public agencies to enhance policy design and execution as well as overall Government administration.

Four loans, 2 of which relate to the South Coast Sewerage Project, and one major technical co-operation programme were approved by the Bank in 1992.

INVESTMENT SECTOR LOAN

The Government is also in discussion on an investment sector loan which focuses on reforms in the financial system. This will impact on the agricultural sector, the financial sector and the regulatory framework for private sector investment. The value of this loan is U.S. \$60 million, and it is hoped that resources can be accessed this year. It should be noted that the Government has already commenced the reforms in the financial system and in the sugar sector.

MULTILATERAL INVESTMENT FUND

The policy measures, important though they are, will not be enough to meet growth and other economic objectives of foreign exchange earning and employment creation. Support will therefore be required in the form of technical assistance and funding, where appropriate, for the private sector to assist them in marketing, production, financing, training and retraining.

In this respect, the Enterprise of the Americas Initiative should be able to make a contribution to Barbados. There is a component of the EAI which deals with investment. The IADB has been charged with the responsibility for administering the Multilateral Investment Fund. A large portion of the MIF will be in the form of grants. In addition, an investment Fund of "revolving loans" and equity investments will support the development of micro and small enterprises.

The Multilateral Investment Fund will have 3 components:

1. A technical assistance facility to identify and implement policy changes needed to transform recipient economies.
2. A human resources facility to mitigate the social costs of economic restructuring by retraining displaced workers, and strengthening the productive capacity of the work force.
3. An enterprise development facility to broaden participation of lower income groups, women and special groups in the economy by supporting business development and improved access to the financial system.

SECTORAL LOANS

Barbados concluded agreements amounting to U.S. \$106.9 million and 12.475 million ECUs during the fiscal period 1992-93 with 8 multilateral lending agencies to facilitate the implementation of investment projects in the health, education, industrial, agricultural and transport sectors, and the conduct of a number of technical co-operation activities in the agricultural, transport, health and tourism sectors.

Barbados also concluded a loan agreement for the equivalent of U.S. \$12 million with a private banking consortium to facilitate the implementation of its Public Sector Investment Programme.

More specifically, Barbados concluded agreements amounting to:

- (a) U.S. \$69.6 million in loan financing from the IDB to facilitate the implementation of the South Coast Sewerage Project, a Primary Education Programme and a Multi-Sector Pre-Investment Programme;
- (b) U.S. \$10.3 million in loan financing from the Caribbean Development Bank to facilitate the implementation of the Second Road Maintenance and Rehabilitation Project and the conduct of a Feasibility Study of the proposed expansion of the Grantley Adams International Airport;
- (c) US\$21.2 million in loan financing to assist with the implementation of the Second Road Maintenance and Road Rehabilitation Project;
- (d) US\$5.4 million in loan financing from the Bank of China to provide assistance for projects and joint ventures in Barbados;
- (e) US\$0.384 million from the Kuwait Fund for Arab Economic Development to facilitate the conduct of 3 pre-investment studies in the agricultural sector; and
- (f) ECU 1.075 million in grant funds and ECU 11.4 million in loan financing from the EEC to facilitate the implementation of the Livestock Development Project and the South Coast Sewerage Project.

5.40 p.m.

It is anticipated that Barbados will be concluding a further 2 agreements for US\$18.5 million and ECU 2.50 million early in the new fiscal year to facilitate the implementation of investment projects in the Transport and Education sectors.

More specifically, it is anticipated that the Government will be concluding another Loan Agreement with the Inter-American Development Bank for the equivalent of US\$18.5 million to facilitate the implementation of the Bridgetown Highway Improvement and Safety Project, and a Financing Agreement for the amount of ECU 2.5 million with the EEC to facilitate the construction of a new Hospitality Institute in Barbados.

BUDGETARY PROPOSALS

Mr. Speaker, I now turn to the actual budgetary proposals. I wish to announce formally that Barbados will implement the Common External Tariff on April 1, 1993. During my presentation on the 1993/94 Estimates, I indicated that the provision for taxes on International Trade was reduced on the basis that all CARICOM Governments had agreed to implement the new Common External Tariff by 30th June, 1993.

REVISION OF THE CUSTOMS TARIFF

I intend to revise effective April 1, 1993, the Barbados Customs Tariff from a current rate of 5% at the bottom and 45% at the top, to a range of 5% at the bottom and 35% at the top. The only exceptions to this would be agricultural goods which will carry a protective rate of 40%, and certain specified goods like motor vehicles, tobacco, spirits, and so on which would carry a much higher rate for revenue purposes. I wish to emphasise that the revised tariff will still provide for the grant of conditional duty exemption in respect of those areas of activity specified in Part II A of the current Barbados Customs Tariff. In addition to the above, all agricultural goods imported as inputs into manufacturing will carry a zero rate of duty.

The Customs Tariff will be further reduced in the period commencing January 1, 1995 to December 31, 1996. The new range will be 5% to 30%. From January 1, 1977, the new range will be 5% at the bottom and 25% at the top. From January 1, 1998 the range will be 5% at the bottom and 20% at the top. At the time when the Estimates were compiled, the loss of revenue from the introduction of the Common External Tariff was estimated at \$30.0 million. However, since then, we have decided to exercise our option to retain the existing rates on those items where member countries have the discretion to set their own rates, in an effort to reduce the revenue loss at this time. The only changes which have been made in respect of these rates are the few cases where either a maximum or a minimum rate has been fixed by Caricom.

This adjustment now means a loss of \$18.0 million instead of \$30.0 million.

REMOVAL OF SURCHARGE ON CERTAIN IMPORTED ITEMS FROM CARICOM

In my Financial Statement and Supplemental Budgetary Proposals which I presented to this Honourable House on Tuesday, September 17, 1991, I imposed a Special Surcharge of 20% on certain imported goods, with a view to moderating the demand for these goods and, hence curbing the outflow of scarce foreign exchange to pay for the said goods. The surcharge was imposed on the items irrespective of their source. I have been advised that the CARICOM Council of Ministers at their 38th Meeting held in Kingston, Jamaica, in February, 1992, concluded that the surcharge on those goods coming from CARICOM was considered to be a discriminatory tax and, by extension, contrary to the provision of Article 17 of the Common Market Annex. While the Council understood the reason for its imposition and sympathised with the Government and people of Barbados, it nevertheless called for, and I quote: "the removal of the discriminatory element in the application of the surcharge of 20% on (the specific CARICOM) imports".

The Council also indicated that this situation should not continue beyond the life of our stabilisation programme.

In keeping with the decision of the CARICOM Council and fully cognisant of Barbados' obligation under the CARICOM Treaty, I propose to abolish the 20%

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surcharge on goods from CARICOM with effect from April 1, 1993. It is estimated that the resultant loss in revenue would be \$1.7 million.

With respect to the need to recover the revenue which will be lost from the introduction of the Common External Tariff and that which will result from the removal of the surcharge on selected imports *bf CARICOM origin, I now propose that effective from 1st April, 1993, the *ad valorem* rates of Consumption Tax, except for liquefied gas and natural gas, will be increased by 4 percentage points. For example, items which are now subject to a rate of 17% will move to 21%, 20% to 24%, and 25% to 29%. In addition, the specific rates which apply to alcoholic beverages and tobacco will be increased by 15% as shown in Appendix I. It is important to note that gasoline, kerosene, diesel, fuel oil, liquefied gas and natural gas are not affected by these changes.

The increase of the *ad valorem* rates by 4 percentage points is expected to yield additional revenue of \$18.0 million while the change in the rates of tax on alcoholic beverages is expected to result in \$4.5 million yield and those on tobacco should yield \$1.8 million, making a total of \$24.3 million. 5.50 p.m.

Also, it has been decided that from April 1, 1993 a tax will be levied on all sugar imported by the Barbados Marketing Corporation so that \$900 per tonne of the \$1 600 per tonne received will be transferred to the Consolidated Fund during fiscal year 1993/94. This measure will yield \$9 million but will not affect the shelf price of sugar to the Barbadian consumer.

Mr. Speaker, I wish to make it abundantly clear that the \$33.3 million which is being raised is not to be regarded as additional to the \$1 060 million which was approved by Parliament last week but is to make up for the loss from the Common External Tariff. However, since the loss is now \$18 million instead of \$30 million as earlier anticipated and the taxes on international trade are now expected to be \$62.4 million instead of \$51.4 million as shown in the 1993/94 Estimates of Revenue, there will be an extra \$15.3 million from this source to help finance the deficit of \$24.9 million when the loss of \$1.7 million from removing the surcharge on CARICOM imports is included.

ABOLITION OF THE CURRENT LICENSING SYSTEM

In accordance with the trade reform programme which I outlined earlier, the licensing system which we now employ will be abolished. A temporary surcharge of an appropriate amount will be imposed on those imported goods which my Government, in consultation with the social partners, deem to require protection.

ABOLITION OF QUOTAS, MINIMUM CIF VALUE CRITERIA

Again, in keeping with my Government's trade reform programme, all existing quotas, minimum value criteria, and negative lists will be abolished. The temporary surcharge referred to earlier will also be applicable to this area as well.

ABOLITION OF OFFICIAL PRICE CONTROL MEASURES

In any such reform trading system there will not be any need to maintain price controls in view of anticipated increased international competition and the enhanced competitiveness of domestically produced goods and services.

REFORM OF THE INDIRECT TAX SYSTEM

The indirect tax system, especially as it relates to stamp duties and consumption taxes in respect of industrial activity will be reformed. My Government intends to introduce the VAT system in a phased manner. The aim is to seek to relieve the manufacturers and businessmen of the burden which such taxes currently force them to bear up front. The abolition of such taxes at the point of entry will also remove the at times unintentional or concealed protection provided to inefficient producers of goods and services.

REVISION OF THE ANTI-DUMPING LEGISLATION

Any trade reform programme like the one which my Government is pursuing must have as an integral part of the system up-to-date legislation to deal effectively with the problem of dumping by foreign producers and even countries themselves. The current Barbados legislation on anti-dumping measures will be revised and modernised. My Government intends to seek the necessary assistance from relevant institutions to establish an in-house capacity and mechanism to monitor any unfair trading practices and to effectively institute anti-dumping measures and/or countervailing duties on goods which are exported to Barbados on unfair terms.

INSURANCE

At the moment, local companies, including CARICOM companies pay at a preferential rate. This approach was instituted as a means of giving those companies the opportunity to establish themselves in the face of competition from the foreign companies. However, the present situation is that such preferential treatment is no longer justified.

Effective July 1, 1993, the rate of tax on insurance premiums will be the same for all companies and will be applied as follows:

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Previously on property insurance resident insurers paid 3% on gross direct premium and non-resident insurers 6% on gross direct premium. Effective July 1 both groups will pay 5% on gross direct premium. In the other classes of insurance, resident insurers pay 1.5% on group direct premium and non-resident insurers pay 3% of gross direct premium. Effective July 1 both groups will pay 3% on gross direct premium. In the area of life insurance business, resident insurers pay 3% and non-resident insurers 5%. Effective July 1, 1993 both categories will pay 5% on new business written after July 1 and previous rates will continue to apply to renewal business. The revenue yield from this measure is \$6 million.

FEES

There has not been a revision of fees provided by the Immigration Department since 1982 in respect of applications under the Citizenship Regulations and the Immigration (Form and Fees) Regulations and since 1985 in respect of the Passport and Travel Document (Fees) Order. Meanwhile the workload of the department has increased and the cost of providing the service has increased significantly. Therefore it is considered that an increase in the fees is justified and effective April 1, 1993, these will be increased as set out in Appendix II to the text of this Financial Statement and Budgetary Proposals.

The additional revenue from this source is expected to be \$300 000 during 1993/94.

With additional revenue of \$21.6 million a gap of \$3.3 million will be left and I propose to close that by reducing the wages bill by \$3.3 million through restricting the employment of substitutes except in very special cases.

Mr. Speaker, I am always conscious of the impact which changes in the rates of Consumption Tax will have on the retail price index. Therefore every effort has been made to keep it to the minimum. It is expected that the net impact on the consumer price index of the increases in Consumption Tax and the reductions in the rates of the Common External Tariff will be about a 1% increase.

In this context it is important to note that the increase in Consumption Tax is merely to offset the reductions in the Common External Tariff rates and in a number of cases the reduction in import duty will be greater than the increase in Consumption Tax and that reduction should be passed on to the consumer. However, there will be a few cases where there has been no reduction in import duty but an increase in Consumption Tax. 6.00 p.m.

CONCLUSION

I have laid before you, Mr. Speaker, and before the Members of this Parliament, and indeed before the people of this nation whom we all represent, a Financial Statement and set of Budgetary Proposals which are comprehensive, co-ordinated, and cogently crucial for our development.

I am conscious that in my hands as Prime Minister of this country lies the heavy and awesome responsibility of leading this country out of its present difficulties, and into the light of our future prosperity.

All of this is no easy task. I have prayed long and hard over it. But with faith in God we must press on. I certainly can do no other.

As we look to the future, let us all recognise that Barbados by itself is a very tiny country with scarce resources. It is a taker, not a shaker, in the international order of things. We cannot create, nor can we terminate the international business cycle. Indeed we cannot to date stop fluctuations in national output, national income and employment. The contraction and expansion which take place in an economy is as natural as the peristaltic movements of the intestinal tract. What we can do is to defend our positions and put ourselves in shape by adjustment efforts to take advantage of opportunities when they present themselves.

Meanwhile, we must set our sights on new directions and on a new course. Let us then evoke a new vision for Barbados based on a new agenda for renewal and reform.

I challenge all Barbadians to have a vision of a Barbados that is small and beautiful with a well educated people, where due respect for the physical and environmental conditions of our land is given. It is a society of strong able-bodied men, women and children. Free of the debilitating scourge of disease and where adequate provision is made through solid institutions to promote and protect the health of all of our people. We must create a society sustained by the highest levels of literacy on which is based a comprehensive network of educational institutions, well equipped and efficiently managed and through which the full flow of modern, technical and humanistic educational experiences, both formal and non-formal, can be imparted to this nation's children.

It must be a society built on strong communities with their bases in an equally strong network of families, where the values and virtues of old are imparted to the young and impressionable in our society. And where in consonance with our cherished societal institutions, including the church and the school, they can be guided along a path that is righteous and just.

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I say, let us build a society that sedulously practises the processes of democracy, perfection of human rights, promoting disciplined behaviour and eschewing violence, crime and all forms of lawlessness and deviance through a strong and responsible criminal justice system.

This future society will be one in which the concept of the mixed economy is practised, where the private sector and the private interest play key roles in the provision of goods and services, in concert with

Government as the regulator of economy and society, where commitment to integrity and economic efficiency is a pre-eminent pursuit, where we can expand our gross domestic product to its fullest potential and where the standards of living of all our people can be further enhanced.

In this new Barbados, effort, commitment and productivity are given just and adequate rewards. Increased exports through more competitive industry will be encouraged, shortages of foreign exchange and balance of payments problems will be temporary, not chronic problems. Unemployment will be reduced substantially, and the right to a job will be as important as the right to life, and the right to free education, and the right to free health care. In the new Barbados, labour, business and Government will sit down together to promote their own respective constituencies, but for the good of the country as a whole. Agriculture will be given high priority in this new society so that we can increase our output of food. Over and above all this, I want to build a nation, great as ever, full of pride and industry, a caring society, a society in which the young, the old, the weak and the infirm, the disadvantaged and the underprivileged, are cared for in a concerned and caring network of social support.

This is my Government's agenda for Barbados and its people. But we cannot achieve it alone. We need to engage the efforts of all Barbadians in a renewed sense of commitment and dedication to sow the seeds which will result in this new out-growth of prosperity. Let us lay down the daggers, throw off our grudges and remit our jealousies, and join hands in a new alliance for peace and prosperity. This will represent a fundamental beginning for us. I invite you to give us your full support as we embark on this new path, taking one step at a time.

Put your hand in my hand and walk with me. With the Almighty God as our Guide we shall succeed. Mr. Speaker, in order to give the time on which this debate will be based, I beg to move the following Resolution:

WHEREAS, despite the difficulties which are being experienced in the international economic environment, the Government through its various policies has been able to bring stability to the Barbados economy; AND WHEREAS the fiscal deficit has been substantially reduced and the slide in foreign reserves has been halted:

AND WHEREAS the Government has been able to implement a number of measures designed to lead to the rehabilitation of the productive sectors and to the resumption of growth in the economy:

BE IT RESOLVED THAT this House note Government's achievements during the year 1992/93 and give its full support to Government's efforts to improve the performance of the economy and the standard of living of the country.

Hon. P. M. GREAVES: Mr. Speaker, I second the motion and I reserve my right to speak.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, I now move that this sitting be suspended until 3.15 p.m. tomorrow, Tuesday March 16, 1993.

Hon. B. M. TAITT: I beg to second that, Sir. 6.10 p.m.

Mr. H. deB. FORDE: Mr. Speaker, speaking on the suspension, it is usually customary to make available to members of the House by now copies of the Statement if we are expected to respond tomorrow. One copy has been made available to me which I have given to the principal spokesman for Finance on this side, the Honourable Member for St. Peter. But I would expect that Honourable Members should be given copies of this Statement since the Budgetary Statement is obviously one that members would want to respond to those parts that merit a response as soon as possible. We have not had that given to us and I wonder whether the Leader of the House or the Right Honourable Member can say how soon that will be available for Honourable Members in this House.

Hon. P. M. GREAVES: Mr. Speaker, I understand that the Clerk of Parliament has gone to check on these documents to make them available to Honourable Members. Beyond that, Sir, I do not know of any change.

Mr. SPEAKER: I hope that satisfies the query raised.

The question that this sitting be now suspended until tomorrow, March 76, 1993 at 3.15 p.m. was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly. 6.12 p.m.

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RESUMPTION

Mr. SPEAKER: This sitting is resumed. At the beginning of yesterday's sitting the Minutes for Monday March 8, 1993 were not ready. They are now ready and I propose to revert to that item.

MINUTES

Hon. B. M. TAITT: Mr. Speaker, the Minutes for Monday, March 8, 1993 have been circulated and presumed to be read. I beg to move that these Minutes be confirmed.

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

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

ORDER NO. 1 - THE APPROPRIATION BILL, 1993

Mr. O. S. ARTHUR: Mr. Speaker, it would be safe to say that anyone who, previous to yesterday, reposed any lingering confidence in the manner in which Barbados' economic and financial affairs were being administered would have had the foundation of such misplaced confidence severely shaken by the character of the presentation made to this House by the Minister of Finance and Economic Affairs. It was a presentation which, quite frankly, did not fit the occasion.

Barbados, as you know, Sir, is caught up in the grips of an economic and financial crisis of a scale and intensity never before experienced in our modern economic history. It is a crisis that has taken its toll on every household in this country and has adversely touched every man and woman regardless of race, class or standing. It is a crisis which has rocked every producing enterprise in our land, large or small, and has shaken the bedrock of economic and financial stability on which the economic progress of our country has hitherto been founded. The very social institutions of this country which have hitherto contributed so massively to the steady improvement in the quality of life of the last 3 generations of Barbadians, have also found themselves undermined by the very policies which the Government said were intended to bring about stability.

Across this country, Sir, in every village, Town Terrace, Heights and Garden, economic hardship, accompanied by its two henchmen, crime and violence, stalk this land. And let me illustrate what it means to the ordinary Barbadian. There are Barbadian households today in which the two breadwinners are out of work. Many a Barbadian among the 34 000 now unemployed, have now exhausted their severance payments and unemployment benefits and are left to contemplate a future in which the only immediate certainties are more lay-offs from both the public and the private sectors.

Thousands of Barbadians, Mr. Speaker, week by week are faced with the real difficulty of raising the bus fare to send their children to school. And yet others cannot meet their mortgages and live under the constant threat of losing the only real stake they have in this country - a home. Yet others, Sir, are being forced to give serious consideration to becoming economic refugees; a fate which we once thought was the preserve of the Haitians, Jamaicans and the Guyanese of this world.

Our country, Sir, has been reduced. And Barbadians of all classes, races and walks of life want to have a halt made to the deterioration in this country's economic and social circumstances. They expect that, given the dire straits in which we now find ourselves, the Government of this country should undertake its business with a sense of seriousness and should respond to challenges which are now unfolding with a sense of innovation and daring.

Barbados needs, Mr. Speaker, to have a rescue mission mounted on its behalf and the public would have expected at a minimum, that at this juncture the Minister of Finance and Economic Affairs would have put himself at the head of this rescue mission.

Mr. Speaker, yesterday the Prime Minister did not present us with an exhibition of economic leadership; rather, we were treated to an exhibition of high level buffoonery. In a long, tiresome and incoherent speech extending for almost 3 hours, the Prime Minister sought simply to drown his sorrows at the economic distress over which he has presided in a mass of verbiage. If nothing else, he has succeeded only in reinforcing the impression that he attaches a great value to repetition and mindless clichés and trivia, and that he will always use a thousand words even when two will do.

If that was all to his Budget, Mr. Speaker, the Prime Minister would merely have confirmed that he is a man who is dangerously out of touch with reality. But amid the verbiage, amid the mumbo jumbo, amid the incoherence, there were a number of important and sinister policy changes and developments, as well as a number of important revelations which ought to be exposed for public scrutiny. In the course of my presentation I want to deal with these proposed policy changes and developments and the revelations which, as I said, were buried under the verbiage of the Prime Minister's presentation.

First of all, Sir, the Minister appears to want to continue to feed our public a diet of misinformation concerning the performance of the economy, the relative impact of the IMF programme, the degree of stability of the Barbados society and our economic prospects. During the course of this debate the misrepresentation that he would wish to perpetrate on this House must be corrected.

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More to the point, Mr. Speaker, 2 sets of conflicting information from 2 separate Government departments concerning the macro economic performance of the Barbados economy in 1992 were presented to the House by the Minister. When one carefully analyses those 2 separate sets of information on the same economy, one is led to the inextricable conclusion that the economy has, in point of fact, done far worse than the Minister of Finance and Economic Affairs is prepared to state.

Indeed, Sir, one is led to the conclusion that the Barbados economy has been depressurised and destabilised and that it is on the brink of imploding, that is, collapsing at its centre. Equally so, it is now clear that Government's own statistics are in such a state of abject mess that it is simply not possible for the Government of Barbados to be able to do any systematic planning upon the basis of the inadequate data base that is now available to it. But I will, in the process of my presentation, dispel the myth that this economy has stabilised.

Secondly, although the IMF programme has come to an end, our economy is to be put into receivership under IMF management and control. We will not have access to IMF funds but we will continue to be governed by IMF policies. Indeed, the present Budget has been prepared following IMF methodologies to the effect that the Government of Barbados will run a zero deficit.

Now, Sir, from the very inception of Government's programme with the International Monetary Fund, the notion that this country should have a zero fiscal deficit has been a point of controversy that has separated this party from the Government We believe, as Errol Barrow believed in 1967, that the notion of a zero fiscal deficit is repugnant to the developmental needs of Barbados and it is at variance with every good precept of fiscal management.

I am warning the Minister of Finance and Economic Affairs from now that he can expect no consensus from the Barbados Labour Party if he proceeds, while this country is under IMF receivership, to govern our policies by the dictates of a zero fiscal deficit as would seem to be his intention.

Thirdly, Mr. Speaker, for the second year in succession, Government's financial plan and strategy are based on the notion that the Government will have access to large sums of money from the multilateral lending institutions such as the World Bank not only to finance projects, but also to carry out investments related to structural adjustments. 3.30 p.m.

*Yet, Mr. Speaker, the Prime Minister, has in the course of his budgetary presentation pointed to the existence of fundamental differences of policy between the Government and particularly the World Bank on highly controversial issues such as trade reform, the future role and existence of state enterprises in this country, the extent of user fees to be charged by the Government of Barbados, the extent of privatisation that the Government of Barbados must practise, Sir, so much so that there is the distinct possibility as the Minister himself said in the Estimates debate that he may not have access to the fOns as planned. The implication, Sir, is that on the evidence available there is a distinct probability that this country, again this year, may have to lurch from one financial crisis to the other, each crisis, Sir, accompanied by higher and higher levels of unemployment, leading eventually to the spectre of devaluation being imposed on Barbados.

Fourthly, Sir, it is absolutely clear from the Minister's statements in relation to our relationship with Caricom that the Government has not identified, nor can it best represent Barbados' interest in the Caricom region. And I will want, Sir, to pursue that theme during the course of my presentation stemming from remarks of which the Minister delivered himself.

Fifthly, Mr. Speaker, it is absolutely clear from the Minister's presentation that Government's approach to privatisation is in a state of rampant confusion and flux. The Government's policy towards privatisation, in terms of articulation, seems to be based on lofty precepts but the practise of privatisation in this country is guided by opportunistic principles and depart very substantially from these policies. It is our view, Sir, in the Opposition, that Barbados' best interests are not being served by the manner in which Government's privatisation programme is being administered and during the course of this debate, Mr. Speaker, I shall deal substantially with that issue.

Sixthly, Sir, it is quite clear that despite protestations to the contrary the Minister of Finance and Economic Affairs continues to dither as regards the meaning of structural adjustment. He does not have the first clue as to what structural adjustment in Barbados should involve. Also, this country is not about to be put into a structural adjustment mode as the Minister would want the House and the country to believe, precisely and only because the Minister does not himself know what he wants to achieve. And during the process of this debate, Sir, this matter has to be thrashed out once and for all because it is too important for the livelihood of 250 000 Barbadians to be put in jeopardy by the dithering and confusion of one man and one man alone. Mr. Speaker, Sir, seventhly the question of Government's income policy and the twists and turns of Government's income policy and the question as to where

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it will lead to was buried as well in the verbiage and in this House during today and during the rest of this debate it behoves us to take a clear position on this particular policy, Sir.

But above all, Mr. Speaker, Sir, and this is where I want to begin the Government would have it that the purpose of having a Budget at all was for the Government, which intends to institute changes in the Common External Tariff, to recover \$18 million in lost revenue that will result from the reduction in the top rate of the Common External Tariff from 45 per cent, Sir, to 35 per cent. ^

Now, Sir, \$18 million represents one half of one per cent of what Barbados produces. It represents, Mr. Speaker, 1½ per cent of Government's revenue and Government's expenditure.

I want to state early in this debate that if the only issue is the issue of dealing with a loss of \$18 million in revenue resulting from the imposition of the new GET arrangements, the Government of Barbados should resist the urge to impose indirect taxation and it should follow the sound advice that has been rendered by the Economic Society of Barbados that it should run a small deficit amounting to no more than V_2 of one per cent of Barbados' GDP. In the context, Mr. Speaker, of excess liquidity in our banking system a deficit of V_2 of one per cent of our GDP cannot put our balance of payments in peril, nor, Sir, cause any destabilisation to our productive sectors and can only help, Mr. Speaker, to create a little ease in relation to the generation of jobs.

In 1989 when the Minister of Finance ran a deficit of one per cent of GDP he told this House that he was batting like Sir Garfield Sobers. And now it is left to him, Sir, to have a deficit of V_2 of one percent of GDP, he believes it falls to him to impose additional levels of taxation on the people of this country.

Now I want to say this early in this debate, Sir. Barbados and our economy have been buried under an avalanche of indirect taxation beginning in 1987 and this economy can only begin to make a recovery when that avalanche is removed. Increased indirect taxation, Mr. Speaker, as I will show later, has led to the Tourism Industry in this country losing its competitiveness. It has added to excess protectionism, Sir, and has been a disinclination to the export drive that this country should be putting in place. The recourse to new indirect taxation given our economic circumstances, therefore, Sir, is the wrong policy in the wrong place at the wrong time.

I also must, Mr. Speaker, seek to establish that based on the information that the Prime Minister has presented there seems to be evidence that would suggest that the Prime Minister has overtaxed the country by as much as \$29.7 million.

Now, Sir, the proposals for increased taxation yesterday were presented amidst a mass of confusion, errors, some arithmetical misstatements, so much so that it would be very difficult to precisely define what the Minister of Finance was about Taxation, Mr. Speaker, as you know must above all other things, be certain. This House should not give the Minister a blank cheque. When the Minister of Finance comes to this House and announces a tax measure, instant upon his saying it, it becomes the law of the land and he can proceed to collect that tax under the auspices of the Provisional Collection of Taxes Act on the understanding that he can bring enabling legislation some time in the future. 3.40 p.m.

So that the Minister of Finance has to be certain and sure about what he is saying, I know he will remember for what happened in 1987, when a Minister of Finance came to this House and was not certain about what he wanted to say.

Mr. Speaker, I want to provide a summary of Government's Budget to the extent that it can be deciphered from statements set out at pages 14 to 15 and pages 90 to 92 and thereafter of the Minister's statement to the House yesterday.

The Minister revealed that in the debate of the Estimates of Expenditure that were laid before the House last week, that the Estimate of Revenue based upon a \$30 million loss of revenue as a result of the implementation of the CET, was \$1 060 million. Let me repeat that he said that the Estimates of Revenue that passed the House last week made provision for a loss of \$30 million to the treasury, resulting from the imposition of new CET rates; and that the Estimates of Revenue - including the \$30 million loss resulting from the institution of the CET - was set at \$1 060 million.

When you add the Public Employees' Fund of \$6 million and take out receipts by the airport, Printing Office and reimbursements, as the IMF requires, amounting to \$19.2 million, he revealed at page 14, Sir, that his total revenue for the year would be set at \$1 046.8 million.

He has now told the House that after laying the Estimates last week in Parliament, Government has changed its policy and that it is now prepared to accommodate a CET loss, not of \$30 million but of \$18 million. It means that we will have to add an additional \$12 million to the \$1 046.8 million that he said was our projected revenue and that gives a revenue sub-total of \$1 058.8 million.

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Yesterday, Sir, he brought to the House a measure to remove the surcharge on CARICOM products that would cost the treasury \$1.7 million. So his total revenue estimates for the year would now be based on what he has said \$1 057.1 million.

He told the House on page 15 that total expenditure less amortisation, Printing Office expenses, airport expenses and lending is set to \$1 070 million. He brought to the House yesterday a proposal to cut wages or substitutes by \$3 million. When I subtract the \$3 million from the projected expenditure of \$1 070 million, Government's total projected expenditure for the year is to be set at \$1 067 million. So that we can, therefore, begin to compare. Government projects that it is going to spend \$1 067 million in the next financial year and it projects, Sir, that it will have access to revenue before tax increases of \$1 067 million, leaving a deficit to be financed of \$9.9 million. How does the Minister of Finance tell this House that he will finance a deficit of \$9.9 million, Sir? He says that he is going to impose an additional 4 per cent *ad valorem* tax on the existing 17 per cent consumption tax, Sir, to raise \$18 million, that he is going to raise an additional \$6.3 million by changing the specific consumption tax on beverages and tobacco, that he is going to impose a tax on sugar to raise \$9 million and that he is going to impose a tax on insurance premiums to raise an additional \$6 million, and that he is going to raise fees on passports and licences, plus other items to raise an additional \$300,000 giving a grand total of \$39.6 million?

Sir, based upon what was presented to this House, the Prime Minister has a \$9.9 million gap to be bridged and he wants to do that by raising \$39.6 million. Now, Sir, if ever there is a case of excess taxation, it is this.

I am presenting these numbers in good faith because, if you will recall, Sir, during the course of the Estimates debate, neither the Minister of Finance nor the Minister of State in the Ministry of Finance sought to respond when I raised questions regarding Government's revenue estimates. Government's revenue estimates, Mr. Speaker, are supposed, as the revenue notes indicate, to be made upon the basis of the tax rates set by existing law. So that when I see consumption taxes as a revenue estimate in the Estimates of Expenditure, I must presume that those revenue estimates were based upon tax rates set by existing law. There is a whole series of revenue notes showing you the relevant legislation that governs the size of the estimates which Government includes in this document. So that, Mr. Speaker, if the Government varied its estimate of projected revenue, other than the import duty, in such a way as not to conform to existing law at the time these Estimates were prepared, it has a duty to say so. But I have jotted down my compilations based on the presumption, that as has been the case historically, the Estimates of Revenues that were brought to the House were based, as the law requires, as notes of the existing tax rates. If that is the case, then there is a clear case of \$29.7 million in excess taxation that the Government has to explain.

Sir, the essential point that I want to make is that this economy deserves a breathing space. No sector in Barbados now can benefit from an increase in Government's taxation. No sector at all, Sir! It behoves the Government to do a cost benefit to any new tax proposals that it seeks to impose on this struggling economy.

It has clearly to weigh the benefits to be realised by the improvement of Government's revenues against the cost to be incurred by the economy as a whole and further deterioration in the state of the general economy. That is why I am imploring the Government that it should, in this particular instance, follow the advice rendered on the weekend by the Economic Society of Barbados to the

effect, that given the state of the economy and given the amounts involved, the Government of Barbados should at this time refrain from increasing taxation in this country.

Now Sir, I want to turn to the question of the performance of the Barbados economy. 3.50 p.m. I would urge the Government to send some faxes to a large number of countries across the world to let them know about their economic performance, that there is an international recession they simply do not know of, because their economic performance, as reported in Government's Economic Report, does not bear out this at all.

And I would deal with it systematically. Of all the major economies of the world, the only economy last year to show a decline in production was the U.K. economy. All the other economies grew. Sir, do you remember when the Prime Minister said that he caused our economy to grow by 3.5% he said then that he was performing like Sir Garfield Sobers? On the newly industrialised economies in the Far East, the average growth rate for Thailand, Korea, Hong Kong, Taiwan and Singapore was 6.5%. China recorded a growth rate of 11%. In Latin America, the Chilean economy grew by 9.5%, the Venezuela economy grew by 8%, the Argentine economy is estimated to have grown, according to Government statistics, by 6%, the Mexican economy by 3% and Brazil maintained the same rate, 1%, as it did for the last five years.

But in the Caribbean, the information provided by the Government indicates that the only Caribbean economy that did not grow in 1992 was the Barbados economy. Guyana

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grew by 7%. Remember, Sir, if you have grown by 3.5% you are batting like Sir Gary. So when you are growing at 7, twice that rate, we have 2 Sir Garys in one. Jamaica grew by 2%, St Kitts grew by 4%, St. Lucia by 4%, St. Vincent and the Grenadines by 3.6% and Trinidad and Tobago by 0.2%. We, Sir, are the odd man out in the Caribbean and among developing countries in general -and all because of DLP policies.

I urge the Prime Minister to send a fax to these countries and tell them that what they are doing is not correct, because there is supposed still to be an international recession out there, but they are growing notwithstanding the international recession.

But our supposed 4% decline in the economy last year makes sense when we put it in the context of the Prime Minister's claim about the efficacy of the International Monetary Fund's programme. And let me remind this House that the Prime Minister promised this House and this country faithfully that there would have been a recovery in the Barbados economy after 18 months.

Indeed the International Monetary Fund's Letter of Intent signed by the Prime Minister and the Governor of the Central Bank stated that the economy of Barbados was scheduled to grow by 2% in 1992 and 3% in 1993. So that if the economy, as the Central Bank states, fell by 4% in real terms, the objectives of stabilising this economy in terms of bringing about growth has not been realised.

Equally, Mr. Speaker, when we disaggregate the numbers, it is absolutely clear that the Barbados economy has responded in a manner entirely different from that intended by the IMF programme. Let me put simply for you, Sir, the argument that the Prime Minister has so very often advanced to the people of Barbados at large. His argument was that there was a need to stabilise the Barbados economy. To stabilise the Barbados economy he had to reduce imports, in order to reduce imports he therefore had to cut the consumption of goods and services by the Barbados public at large, since reduced consumption of goods and services would lead to a reduction in imports and the pressure would be eased on the Barbados reserves.

Now, Mr. Speaker, the Prime Minister also argued that if we cut consumption but left the productive sectors intact, the Barbados economy would be ready, once the stabilisation programme ended, to

begin a new growth path as was the case subsequent to 1983. It has not worked out that way. Consumption, as the Government's Economic Report shows, Sir, has in point of fact been cut by 24%. Imports have also been cut by 18%. But the major adjustment that has taken place in this economy in the course of the last year, resulting from the character of the stabilisation programme the Government had in place, has been the reduction in the level of investment.

There is an item in the GDP statistics called Gross Capital Formation, which is the amount that the country spends on investment. In 1991 the Government's information is telling us that Barbados invested \$580.4 million. In 1992 Barbadians invested \$268.5 million, a decline of 53.7%. The programme was designed to cut consumption and it cut consumption by 24%. It was designed to cut imports and it cut imports by 18%. It was not supposed to cut investment, but it has succeeded in reducing investment in this country by 53% in one year. Mr. Speaker, the significance of this is that you would have to go back to 1978 - 15 years - to come up with an instance when Barbados had invested less than it has invested in 1992. You must remember, Sir, that the \$254 million of investment in 1978 would have been worth more than the \$268.5 million of investment in 1992, because between 1978 and 1992 prices have more than doubled.

So when I say, Sir, that this economy is about to implode, it is based on a very simple argument. What happens to us tomorrow depends upon the decisions we take today to invest in our economy, so if you find a situation where investment in this economy, subject to an IMF programme, has fallen by as much as 53.7% in one year, it must tell all Barbadians that rather than there being stability this economy is about to collapse at the centre. A 53.7% fall in the level of investment can only be an expression of a total lack of confidence by the investing public in Government policy. I say to this House, Mr. Speaker, that when we see these kinds of numbers and we hear the Prime Minister speak about his having brought about stability in this country, when we see a Government causing a 53.7% fall in investment in one year, when we hear Government also telling us that the country is stable, we must conclude that the Government is mad. 4.00 p.m.

This economy, Sir, is out of control. Sir Arthur Lewis, Mr. Speaker, once wrote a book called the Theory of Economic Growth in which he made the point that the central process in economic development and growth is to understand the process by which we can increase capital formation. Every Barbadian must know that in order for us to increase employment, export and the quality of life in this country we must increase investment. I would want the Prime Minister not to dodge but to tell this country precisely the sense in which we can now begin to speak of stability against the background of a situation where there has been a 53.7% cut in the level of investment in 1 year. I also said that there is mass confusion in the way in which Government's estimates of production have been set out this year. The value of goods and services produced by a country - the country's GDP - can be measured at 2 different levels. First of all you can measure the value of all goods and services produced in a country in terms of the price paid for those goods in the year in which they are

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sold. But as you know, Sir, the value of production can be made to increase not because a country produces more but because prices rise.

Let me give you a simple example, Sir. Assuming you were producing cows and in 1 year you produced 2 cows and you sell at \$200 each you would realise \$400. The next year you produce the same 2 cows and you sell at \$300 each, this time you will get \$600. But you are producing the same amount. So the country's national incomes statistics give a value of output at current prices. But in order for us to be able to make comparison between countries from year to year a second set of numbers are derived which takes out from the current value of production that proportion of the value of output that can be said to have been caused purely by price increases. That second estimate of production is called the real estimate of production. It tells you what the country really produces. You produced 2 cows in both years although the value of the cows is different from year to year. So your economy would not have grown because the

Central Bank would deflate the value of your cows in the second year by taking out of the value of what you received for them the amount that was due purely to price increases.

Now, Sir, the Central Bank of Barbados does not have a responsibility in law to provide this country with any estimates of what this country produces. That responsibility is vested in Cap. 192 in the Department of Statistics. Every year as you know, Sir, the Central Bank goes forward and gives an estimate of output in this country. This year it has told us that after we have taken out that proportion of the value of output that can be said to have been caused by increased prices, production in Barbados fell by 4% in 1992. The Department of Statistics however, which has a responsibility in law to collect the statistics has produced statistics showing that when you calculate the value of production in Barbados at current prices, that is, including in the value of such production any increase in value that has been due purely to the fact that prices have risen, the value of output in Barbados has fallen by 6.1%.

The implication, Sir, is this. If prices in Barbados rose last year by 6% and the Department of Statistics can produce estimates showing that, with a 6% increase in prices, the value of production in this country fell by more than 6% in real terms, after we had net out price increases, it must be clear that the economy fell by more than 10% last year.

Now the question is, Sir, do we have any circumstantial evidence that could cause us to believe that the Central Bank may be wrong and the Department of Statistics right? We know for sure that in an economy that depends heavily on imports, imports in Barbados fell by 18% last year. It seems to me, Sir, that if imports fell by 18% in Barbados, it ought to bring about a greater than a 4% fall in the value of production in this country.

We also know that Government*revenue last year was off by 10%, the initial forecast and the evidence in relation to production in the sugar industry is that the industry had a fall of 17%, the production in the construction industry - a fall of 34%, the production in the manufacturing industry - a fall of 9%. All will lend themselves to a conclusion being drawn that in real terms the value of production in this country fell by far more than the 4% the Government or the Central Bank are prepared to admit.

Now, Sir, I am not going to get involved in a fight between the Central Bank and the Department of Statistics. I simply want to say that the Government had a responsibility to have these 2 sets of estimates reconciled. Government cannot be in any serious standing if it has to rely upon its national income estimates that depart so grossly from each other. I therefore am hopeful that at some time during the course of this year the Government is going to bring back to this House a better estimate of how this economy has performed, an estimate that is better than what the Central Bank or the Department of Statistics has produced so far.

The implication, however, Mr. Speaker, of there having been anything more than a 6% fall in output in Barbados last year is staggering. You must remember, Sir, that output fell by 3% in 1990. On top of that it declined by an additional 4.2% in 1991. It could have fallen by as much as 6% and 10% in 1992. So when we add all of that together we will have a situation where output in this country in the course of 3 years fell by as much as 17%.

I want to say to the House that members on the other side like to say how Michael Manley and I mashed up Jamaica. The value of production in Jamaica between 1974 and 1980 combined, those 7 years inclusive, fell by 18%. If an 18% decline in the value of production in 7 years mashed up Jamaica, what more can ^ve say about a 17% decline in production in this country in 3 years? This country would have fallen off a slope.

It behooves the Government to have these national income estimates clarified so that we can be in a position to better plan the affairs of this country. As it stands now, everything points to the fact that the kite has popped.

Now, Sir, the Government of Barbados is also - and I turn to my second point of issue - serving intention in this Budget debate of its willingness to have the International Monetary Fund supervise - let me use their

words, "exercise extended surveillance" over our economic affairs. Barbados is a member of the International

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Monetary Fund and under Articles 4 and 8 the Fund has an ordinary right to exercise surveillance over our exchange rate policies and matters of that kind. 4.10 p.m.

These Estimates, however, would seem to suggest that the Government of Barbados is also going to follow the IMF prescription that we should incur a zero deficit year to year; The notion of a zero deficit simply means that from its overall deficit, whatever that is, the Government must take out the repayment of debt and the balance must be zero. The implication is that the IMF subscribes to a philosophy which says that in running a net zero deficit the Government of a country is properly authorised to borrow money to repay debt but it is not authorised to borrow money to carry out development programmes.

We have from the very inception of this whole exercise with the International Monetary Fund taken the strongest possible objection to the Government of Barbados incurring a zero deficit. Indeed, if I must refresh the House's memory, there was a time when the Minister of Finance and Economic Affairs was of the view that to have a deficit of 2.5% of GDP, as was recommended by his advisors, and I quote, Sir, was for him "to make too draconian an adjustment in a year".

Now, Sir, 2% of GDP, and I am referring to his statement of April 2, 1991, is about BDS. \$70 million. The Minister was advised by his advisors then that he should have brought the deficit that year, not to zero, but to 2.5% of GDP from the -4% that he wanted to set it at in that year. And he said that that adjustment was too draconian. He thereafter went on and agreed with the IMF not to have 4.5% deficit, or a 2.5% deficit, but a zero deficit which entirely ruled out the possibility of the Government of Barbados raising net financing to carry out a development programme in this country. Now, Sir, the IMF has often been accused of being an institution which seeks first to protect the international financial system rather than to promote the development needs of the country that it services. The notion of a zero deficit as defined by the IMF would limit the Government of Barbados in net terms to borrowing only to repay debt but it would prevent it from being able to borrow even small amounts to undertake development purposes in this country.

I believe, Sir, that I have to invoke the assistance of Enol Barrow speaking in this House, Sir, page 476 on this matter. This is Hansard 1967. He said:

"I should like to say something about the public debt especially because from time to time we hear a lot of ill informed comment about the size of the public debt and alarming statements about the island becoming bankrupt on this account."

I would like this present Minister to hear this, Sir. He said:

"The reason why Governments borrow for capital development is that the generations who come after and who will be sharing in benefits of the development should also be asked to contribute towards the cost.

We do not borrow money, therefore, for Independence celebrations, or for paying the salaries of teachers or public officers or for the promotion of the island's attractions at EXPO 67.

We do however borrow for the construction of the new harbour, or for permanent improvements to the runway and taxiway at Seawell International Airport and we borrow for new schools and other projects of a lasting nature which will continue to exist long after this generation of taxpayers has paid its last debts.

By embarking on a capital works programme, evidence of which can be seen all over this country from the parapet of Paragon to the panorama of Pico Teneriffe, this Government has been able to keep hanging from buildings and bridges, from quarries to conference rooms, the notice to all and sundry, "Men at work".

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

This Minister of Finance and Economic Affairs is committing himself to an ongoing relationship with the IMF based on the policy that we must have a zero deficit. I say as Errol Barrow would say to him if he were here, that "he should have the courage to stand up and be counted among those opposed to development rather than to take advantage of the financial innocence of uninformed bystanders when he has slunk away from these legislative buildings."

Mr. Speaker, I want to make it clear again. In 1991 when the IMF programme was first conceived, we on this side said then that we could not support the programme because the notion of a zero deficit was not only too draconian for Barbados, but there was no other country in the world that had ever had a programme with the IMF that we were aware of, that agreed to a deficit of zero percent. We took that position then and the Government can therefore expect no consensus from the Barbados Labour

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Party this year when its policy is again based on the notion that there should be a zero fiscal deficit as defined by the IMF. Nor should it expect any consensus in future years if this same kind of foolishness continues to be the hallmark of Government's financial management.

We say to Government, incur manageable deficits that bear a small relation to the size of this country's national output, that take into account the nature of liquidity in the banking system at the time the deficits are being incurred; that take into account the capacity of the Government to finance those deficits with access to domestic funds without crowding out the private sector from access to such funds, and for productive purposes and manageable deficits that do not require in the first and final analysis the Government of Barbados having to print money through the Central Bank in order to see to their financing. A deficit of 2.5% of GDP as was recommended to the Prime Minister in 1991 by his advisors, is a manageable deficit in the context of our situation. But a zero deficit as is implied by this year's Budget, is going to commit this country to enduringly high levels of unemployment to the distress of the people of this country and the Barbados Labour Party will not be supporting it.

The third area of concern has to do with the fact that for the second year running this Government wants to put down on paper that it is going to have access to World Bank financing while at the same time acknowledging that there are fundamental policy differences between itself and the World Bank that may stand in the way of it having access to such funds.

Let me, Mr. Speaker, refer you to the Prime Minister's Statement to this House during last year's budgetary presentation on March 31, 1992. He said then, Sir, and I am quoting from page 21:-

"The programme of structural reform in the tourism sector cannot be implemented without generous external financing. In the financing table in the Estimates for 1992/93, I had indicated that "Government's expectation of the flow which will be provided by the multilateral financing institutions is approximately \$77.5 million.

"I have no doubt that it will be possible to reach agreement on the financing package which is tied to a programme of consistent and thorough going reforms. The securing of that assistance will be accorded the highest priority in the months ahead." 4.20 p.m.

MESSAGES FROM HER EXCELLENCY THE GOVERNOR-GENERAL

Mr. SPEAKER: This is just to report to the House a Message in the usual way when the Governor-General goes on vacation. It reads as follows:

"MESSAGE NO. 1/1993 HER EXCELLENCY THE GOVERNOR-GENERAL TO THE HONOURABLE THE HOUSE OF ASSEMBLY

Her Excellency the Governor-General has the honour to inform The Honourable The House of Assembly that she will be unable to perform the functions of Governor-General during the period March 9 to 14, 1993.

Her Excellency further has the honour to inform The Honourable The House of Assembly that under the provisions of section 30 of the Constitution, The Governor-General, acting on the advice of the Prime Minister, has designated The Honourable Sir Denys Ambrose Williams, GCM, to be Governor-General's Deputy during the period March 9 to 14, 1993.

R. NITA BARROW Governor-General.¹¹

Let me simplify that, Sir. Last year what the Government told the country was that it was going to get \$77.5 million in financing from the multilateral institution including the World Bank, to carry out structural adjustment programmes in Barbados. One of the reasons, Mr. Speaker, Sir, why 1992 was such a dismal year, was precisely because the Government and those institutions could not agree on a structural adjustment programme. As a result the Government could not get access to the financing. Sfl that whereas the Government wanted to have a capital programme of \$177 million, with the implication of increased jobs for the country, it ended up having to have a capital programme of \$103 million accompanied by high levels of unemployment in Barbados. So that the Government, last year, based its financial strategy on being able to access funds from the World Bank, IADB, not for projects like the sewerage project, Sir, or for the building of roads, but to carry on structural adjustment. And it was not in a position last year, as I said, to draw on any of these funds for structural adjustment because there was no meeting of minds between the Government and the institutions on the matter.

Now, Sir, in this year's estimates again the Government wants to carry us through this same charade. If you turn to Page 8 of the Estimates of Expenditure - a summary of Governments operations and financing - you will see there that the Government expects to have access to \$174 million of foreign financing, \$59.4 million to come from the IADB, \$26.2 million from the World Bank, \$18.4 million from the Caribbean Development Bank and a category called other \$57.8 million among the largest items. Now at the same time the Minister came to this House yesterday and indicated that there were fundamental differences of opinion between himself and the World Bank on the question of trade reform. He said that the World Bank wanted him to get on a fast track and dismantle all protectionist devices to Barbadian producers. He said that there were fundamental differences of opinion between himself and the World Bank on the question of user fees. He said that the World Bank was seeking to get the Government to extend the scope of its privatisation programme beyond what the Government wanted to do. We have, Mr. Speaker, access to the Minutes of a meeting -which I will make a document of the House - held at Government Headquarters on February 26, 1993 at 9.30 a.m. attended by the Acting Prime Minister, Mr. P. Greaves, a

Mr. B. Taitt and a Mr. D. Thompson in which the Minister of State in the Ministry of Finance said that the World Bank - and I will quote it from Page 3. "The World Bank has never dropped the issue of devaluation."

Now, Sir, the Minister of Finance went through a whole list of matters on which there was policy differences between the Government and the World Bank and although he wants the people of Barbados to put themselves in his hands he has never taken the people of Barbados into his confidence.

Hon. B. M. TAITT: Mr. Speaker, Sir, with much regret I get up on a point of order. The Honourable Member says he has Minutes of a meeting and he said one B. Taitt attended that meeting. I wish to say that I am unaware of any official minutes of any meeting. I am unaware of any minutes of any meeting I attended. I am just making that point, Sir.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am awaiting your ruling in the matter.

Mr. SPEAKER: The difficulty of the matter is that documents are allowed once they are made a document of the House but the authenticity of it would be a different matter.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, since you have ruled in that fashion, Sir, and since the Minister of Health has said that he has not yet received his copy of the Minutes, Sir, I would be pleased not only to make this a document of the House but also to present them to the Minister of Health as his official copy.

I give you the assurance, Sir, that he was at the meeting and his intervention was not to contradict that he was at the meeting.

Mr. SPEAKER: But if the Honourable Member says he knows nothing about the Minutes and he was not at the meeting then I do not think it is fair the Honourable Member should now put that into the record.

Mr. O. S. ARTHUR: All I am really saying, Sir, is that the Minister's intervention must not be construed as casting doubt on the authenticity of the point I am seeking to establish. Because the point that I am establishing, Sir, is not whether or not the Minister had access to the Minutes but that the Minister of State in the Ministry of Finance told the Coalition of Trade Unions that the World Bank has never dropped the issue of devaluation as one of the conditions for its access to funds. Now, Sir, the question therefore is: has anything changed between February 26, 1993 and March 16, 1993 that has removed the question of devaluation from being an agenda item governing Government's access to funds for the purposes of carrying out a structural adjustment programme on the scale of financing identified in the Estimates at page 8? That is the issue. Let the Minister take us into his confidence. Is he telling us, Sir, that he expects, this year, to get access to World Bank financing in a manner that he was not able to get last year? And is he saying that the financing will be finances secured without the question of a devaluation, Sir, being thrashed out? He has spoken of all of the other issues that stand between the Government and the World Bank in this particular matter. I am saying, Sir, that either this is a sham, either we are not going to get World Bank financing this year to carry out structural adjustment as we did not get last year or we are going to get World Bank financing on conditions agreed to between the Government and that institution. And I am saying, therefore, Sir, that it behoves the Government of Barbados to tell us precisely all of the differences that now stand between itself and the World Bank and to weigh carefully the capacity of this country to access World Bank Funds in the extent anticipated by the Government.

I also said, Mr. Speaker, Sir, that it was very clear to me that the Government's privatisation programme seems to be in a state of confusion and that there is a vast gulf between the lofty precepts expounded by Government and the matters which have guided it in its privatisation in practise. It seems to us on this side, Sir, that despite the lofty rhetoric issuing from Government about using privatisation to broaden the base of ownership in this country, and the rhetoric about using it to bring new Barbadians into ownership, that the only thing that has guided Government today in its privatisation exercise is the need to raise foreign exchange quickly to pay debts. 4.30 p.m. Government has, in our view, been involved in a fire sale. But beyond that, there are aspects of

Government's privatisation programme that bother the BLP fundamentally.

First of all, the rationale for disposing of some of Government's assets has not clearly been thought through. It is argued sometimes, Sir, that Government needs to dispose of some of its public sector enterprises because they are not making profits, are not being run efficiently in % the public sector and that, if they were sold to the private sector, they would be better managed and more profitably run. The converse of that should also be true. If the enterprise was formerly operated in the private sector, and it was not run properly in the private sector and would be acquired by the public sector - but having been acquired by the public sector, and its profitability has been improved, then the Government should not seek to sell that enterprise.

Now this obtains in relation to the BNOC. The BNOC was a company that the Government of Barbados bought in the early 1980s as a result of the decision by Mobil to walk out of oil production in this country. We took over the oil company as a private enterprise. We borrowed funds to

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explore and develop our oil and gas resource. We expanded oil production in this country, enlarged our reserves and the Minister of State last week in the Estimates was in a position to confirm that persons interested in buying BNOC's assets were completely surprised as to how well the enterprise was operated. There can be absolutely no rationale for divestment of the BNOC at this time.

There seems to be some irrationality in Government's argument about subsidies. As one of the cases it advanced for privatising its enterprises, the Government is arguing that it needs to sell off enterprises like the Transport Board. This is because the Transport Board, which provides a service to the public, has to be subsidised and the subsidies take too big a chunk out of Government's revenue. How does the Government explain the decision to give the St. Joseph Hospital a subsidy of \$3 million to provide a private service, but in the same year provide a subsidy of only \$100 to the Transport Board which is involved in the provision of basic needs? The way in which Government is approaching this whole question of selling enterprises because of the need to reduce the impact of subsidies on the public purse is a complete irrationality. You cannot in the same year in which you give St. Joseph a subsidy of \$3 million to be operated as a private hospital tell us that there is an argument against supporting the Transport Board which meets a basic need for persons in my constituency.

The Government has to be careful of selling enterprises and getting next to nothing for them. One instance, as far as we are concerned, would be the sale of Hey woods. As I understand it, the Government has recently entered a management contract with the management of Hey woods which has a life period of ten years. Under that agreement, the Managers of Hey woods are entitled in each year to a fee of three per cent of the gross profits of Heywoods. If Government was to sell Heywoods now, it would have to pay out the present managers an amount equivalent to three per cent of the estimated gross profits of the enterprise for the balance of the contract, which is about 8 years in addition to having to meet the charge for severance. We would end up getting next to nothing on an asset "that has cost this country \$60 million to erect So we have to warn the Government against the indiscriminate sale of assets on terms that yield Government next to nothing.

The Government said it needs to privatise in order to create an environment in Barbados in which enterprises can face real market forces. In such a context, how can the Government continue to rationalise the grant of a monopoly to Mobil and how can it continue to guarantee Mobil a 15 per cent after tax profit in this country? If privatisation is about creating employment and if former state enterprises must face real market forces, we are saying on this side that the same thing must apply to Mobil especially since Government cannot guarantee Heywoods or any of its public enterprises an after tax profit of 15 per cent. We say that there is no faith any longer in public policy in this country. Finally, Sir, there are aspects of Government's privatisation policy which would suggest that the

Government has not looked at all to protect the public interest. Such was the case regarding the sale of the BET shares.

I must remind this House, Sir, that part of the BET shares that the Government of Barbados sold were acquired by the Government in the early 1980s when the Barbados Labour Party Government decided to convert property transfer tax that was payable by Cable and Wireless into shares. This Government also had the option of determining what Cable and Wireless should have done with the property transfer tax that was payable when the shares that we acquired in the 1980s through the capitalisation of an earlier property transfer tax came up for divestment. We said in the early 1980s, "Let us convert the public transfer tax payable by Cable and Wireless into shares for the benefit of the people of Barbados." This Government which faced the same issue told Cable and Wireless to keep it. I am saying, therefore, that if we put all these things together, it is absolutely clear to us that a major aspect of Government's privatisation policy has not been properly rationalised and has not been properly thought through. There are many instances in which the national interest is not being preserved. Let me be specific. The BLP does not believe that our oil resources, which we had to reacquire after they failed to be properly developed in private hands should now be recommitted to the private sector. Our oil industry is being, in the Government's judgment, well managed, profitably operated and that is precisely the objective that a privatisation exercise should seek in any case. If an enterprise is already being properly managed and realising profits what plausible explanation can Government advance, short of quick cash, for wanting to turn that enterprise over to the private sector. We do not understand Government's policy in relation to subsidies; and we do not believe that in relation to an enterprise like Heywoods, that has cost us a large amount of money to establish in the first place, that Government's privatisation programme should reflect a desire on the part of Government to dispose of it for next-to nothing.

I have also indicated that aspects of the Government's statement on its relationships to CARICOM would suggest that the Government of Barbados does not in every instance understand what is Barbados' best interest in CARICOM. 4.40 p.m.

The Government is now proposing, Mr. Speaker, to remove a surcharge on CARICOM goods. We feel that Government's overall relationship with CARICOM has to be seriously re-examined for a very precise reason. Under the CARICOM arrangements, a good produced in any other

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Caribbean country is allowed to come into Barbados duty free, once it satisfies rules of origin criteria. When it comes into Barbados duty free, it enjoys the same level of protection from competition, coming from extra-regional sources as any other commodity produced in Barbados because of the Common External Tariff.

So a Jamaican good will come into Barbados duty free and it will have the same level of protection in Barbados against extra-regional imports as the same good produced in Barbados. But on top of that, Mr. Speaker, it has to be said that other Caribbean Governments have gone ahead and given their goods in Barbados an additional competitive advantage relative to Barbados' goods through devaluation. So we have a situation in Barbados now where the goods come in duty free, they enjoy the same level of protection against extra-regional imports as a Barbadian good in Barbados, but their Governments have given them an additional advantage in Barbados by the use of devaluations, very often contrary to the spirit of integration. Now the European integration mechanism recognised the precept that you can only carry on free trade in an integrated area, protected by an external tariff, if member countries have exchange rate relationships between themselves organised in such a way that one country can not use exchange rates to give itself an unfair advantage in another country's markets. And as you know, Sir, the European monetary system collapsed and European integration has been put at risk precisely because that monetary mechanism that fixed exchange rates in the European market relative to each other so as to protect free trade in the market, Sir, was affected by the German Government's raising of its interest rates, hence affecting exchange

currency parities as part of its efforts to find the cheapest possible way of unifying Germany.

Sir, in circumstances, therefore, where the Barbadian producers cannot really compete against CARICOM producers in Barbados, because other countries have given their own goods in Barbados an unfair advantage because of devaluation, it behoves the Government of Barbados to take up this matter seriously in CARICOM.

Other countries, Sir, would use countervailing duties to deal with the matter. In 1984 we in the Barbados Labour Party were faced with this same problem. The Jamaica Government then changed its exchange rates and by that token gave their producers an unfair advantage in Barbados. If you will recall, Sir, Tom Adams then floated the Barbados dollar against the Jamaican dollar until there was a satisfactory resolution of the issue.

I am saying all this to make the point, Mr. Speaker, that we are not satisfied that the Government, in matters that are of vital interest to Barbadian producers, is putting the strongest case in CARICOM assemblies. This is especially so because the Minister has come to this House and boasted that Barbados has been the market that has absorbed the greatest increase in CARICOM imports since 1988. He is now putting himself in a position where, faced with a situation where other CARICOM producers have an additional tier of protection in our market, he is going to expose Barbadian producers to even more fierce competition from CARICOM sellers in Barbados.

I am saying, Sir, this matter is one that the Government ought to rethink, particularly, Sir, as I am being reminded by my colleague, since he has taken away the opportunity for manufacturers in this country to import raw materials duty free in the same way that the other CARICOM producers are allowed to do by their Governments.

Now, Sir, I have also made the point that one of the issues this debate raises is the whole question of what structural adjustment means for Barbados. I am still not satisfied, Sir, that the Minister of Finance has in his mind a clear concept as to how this economy must be structurally transformed. And to do so he has to ask himself, where does he presently stand as a policy maker at this juncture in the development of the Barbados society? The answer is simply this. Mr. Speaker, Grantley Adams, Tom Adams and Errol Barrow, who were the previous architects of this economy, built up an economic structure in this country—that was based largely on our access to preferential trade arrangements such as the Commonwealth Sugar Agreement, upon our being able to offer incentives to manufacturing, on fiscal incentives, and on the carrying out of a capital development programme to broaden the infrastructure particularly, and to widen the scope within which private enterprise can operate in this country.

So trade pacts and trade arrangements, fiscal incentives and Government's social and economic investment through capital programmes have today been the chief instruments by which the Adamsses and the % Barrows carried forward Barbados. But the world, Sir, has changed. What we can offer now by way of fiscal incentives are being offered by any and everybody else. The world of trade pacts and preferential trade arrangements, is coming to an end. And our capacity, as the Government knows, to give effect to capital development programmes, is being affected by the fact that we will soon be graduating from having access to financing from multilateral institutions.

So for this generation of Barbadians, Sir, we cannot look now to the protection of trade arrangements to develop our economy. We cannot look now only to fiscal incentives, because we are not offering anything that anybody else cannot offer. We cannot offer the attraction of cheap wages and the scope for development through capital investment by Government is limited. The mandate

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of our generation is to create, therefore, a class of Barbadian producers who can compete. The most urgent aspect of Government's structural adjustment programme right now, Sir, must be for the Government of Barbados to create an environment that is conducive to export development in this country. I want to suggest to the House that in order for this to happen trade reform and the reform of the indirect taxation system have to be put on the front burner of Government's policy. Let me explain why, Sir. I do

not think that the Prime Minister is going to sell trade reform nor indirect tax reform to the public of Barbados as measures to bring about an export environment to this country because he does not understand it. 4.50 p.m.

Now, Sir, I will give a cricketing analogy. If you had to send a West Indian team to India to play on wickets that take a spin, you would not practise them in the Caribbean on wickets that are only taking pace. Similarly, in order to get our producers to be able to produce effectively for extra-regional markets, we have to create at home, conditions that are as near as possible to those that will face them when they go abroad to sell.

Now, in Barbados, Mr. Speaker, what has happened since 1987 is that year after year the Government of Barbados, by imposing higher indirect taxes, has widened the gap between the conditions existing in our local market and the conditions that would face our producers if they had to sell the same goods abroad. When you impose a consumption tax, stamp duties and import duties amounting to sometimes 150% of the value of a commodity what you do by that process is to increase the cost of the extra-regional import into Barbados by 150% above what it would sell in the home market of that exporter. Therefore, the person producing in your country will never be able to penetrate that extra-regional market where he is not protected by a consumption tax or a stamp duty or an import duty of 150%.

The higher the level of protection you provide by way of these high import duties, high consumption taxes and high stamp duties in Barbados, the greater the difficulty for producers in Barbados to export. Indeed, Sir, we have reached the stage in Barbados where we cannot compete in Barbados against goods coming from CARICOM nor can we compete in the rest of the world because of the nature of the indirect taxation system that obtains in this country.

It would simplify the matter if we try to deal with it in terms of tourism. The tourist industry in Barbados has been driven to the point of being uncompetitive largely because of the nature of the indirect tax system under which it has to operate. Year by year, this Government has come to this House and increased the consumption tax, as it is doing now, or the stamp duty on what it regards as luxury goods. But those luxury goods, as you know, Mr. Speaker, are used as inputs into tourism. Every time you raise the indirect taxes on the goods that are used by tourism, you are increasing the cost of goods in the tourist industry.

If I may apply it to your own business, Sir, you become uncompetitive if your cost of production and hence the price at which you sell rise faster than the cost of production and the price that other persons are selling a similar product for. If every year we come to this House and we increase the level of indirect taxes, particularly on tourism, it stands to reason that sooner or later you are going to kill the goose that can lay the golden egg.

It is clear to us, therefore, Mr. Speaker, that in order for Barbados to go forward there must be a no tax policy on inputs used for exports and tourism must be treated as an export because it is an export. I would have been glad to see in this Budget the Government create a possibility for growth in this economy by announcing that it is giving tourism a new deal. We cannot wait for 2 more years before we reduce substantially the level of indirect taxes on tourism.

Let me say that what I believe is that there should be a no-tax policy on inputs for exports. I believe fundamentally in an indirect tax system where you have relatively low rates of tax covering almost everybody with few exceptions. What we have found in this country is that if you raise the indirect taxes to 150% on a truck or a boat engine, the man goes to the Minister of Finance and says, "I am employing people. I cannot afford to pay 150% duty on this commodity. If I have to pay the duty I will send home the people." So the Government waives the tax. If you were to charge him a 5% or a 10% duty, no argument can be advanced.

The very fact that there are young ladies in Barbados who can take 2 suitcases, go to Puerto Rico, pay the airfare, pay the hotel accommodation, buy goods, come back through Customs paying little or no taxes and out-compete people in Barbados is enough to tell us that the level of indirect taxation in this country is too high. That should be enough to convince the Minister of Finance. Therefore so that the reform of the indirect tax system should have, in my view, preceded any change in direct taxes and it cannot wait for 2

more years.

Mr. Speaker, I have felt so strongly about this matter that like the World Bank I have tried to put the Government on a fast track. The Minister of State would concede that I have received publications from friends in the Caribbean that document very precisely - and I am speaking in particular about Jamaica - how Jamaica has gone about all the computations to make adjustments in its tariffs and indirect taxation systems.

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There was a special committee that was established in Jamaica called the Manhertz Committee to review and revise Jamaica's indirect tax system with a view to introducing a VAT. I have submitted both of those documents to the Ministry of Finance of Barbados to allow the Ministry to have access to the relative experience of another Caribbean country so that, we do not have to wait 2 more years for this economy to recover, nor do we have to continue in the present distressing situation where my constituents cannot find work, people cannot pay the bus fares of their school children. The time has come for Government to give this country a chance.

I am saying to the Government that, rather than bring new indirect taxes to this House this evening, the Government should be talking about some aspects of indirect tax reform, particularly for tourism. The Government is telling us that we have to change the status of the tourism industry in this country, that we have to depend upon tourism to carry us out of the present depression. But it is not at all prepared, even now, to make one iota of change to assist in reducing the costs that presently plague that particular sector.

I strongly feel that a no-tax policy on imports and serious trade and indirect tax reforms are necessary aspects of the creation of an export culture in this country. We must also, at the same time, have an export development fund. I also believe that we must also have a fund to help finance research and development because, as you know, competing in the international market is not just about using the same production processes. You always have to be dynamic. You have to change your processes and there is no facility in Barbados to enable a person who wants to become a competitive exporter to be able to get money to do designs and make investment in the improvement of quality and processes and things of this character.

In addition, Sir, to a no-tax policy, a low-tax regime and the appropriate financing mechanism - if we can put those things in place I believe we can start making the first fundamental move towards changing the Barbados competitive position in the world.

Now, Sir, you have heard the Minister of Finance speak about structural adjustment but you cannot recall any precise thing that he has said that he wants to do in this country. He speaks of macro and micro-economic policy, relative prices and resource allocation; but we need to hear from him in the most specific terms how he wants to change the structure of this economy and what he wants to convert it into. If the productive sectors in Barbados have to wait 2 more years before something substantial is done, I think that the Government should call it quits and let people who are serious about getting on with the business take over the responsibility for the affairs of this country. The question of the manufacturers' reaction to it is something that the Prime Minister has to face with courage. It will not please everybody but Barbados has reached a stage where we know that we cannot stand where we are and everybody must be willing and be prepared to change. 5.00 p.m.

Now, Sir, on the question of the incomes policy, I must say that I wholeheartedly take the point that was made by Mr. Wendell McClean to the effect that we have to begin viewing incomes policies as more than wages policies. It is a fundamental point Government should seriously take stock of the essence of the issue as posed.

As I said earlier, Sir, an incomes policy can help Barbados regain its competitiveness. You will become competitive if you make sure that your cost of production does not rise faster than the cost of your competitors. Wages are but one aspect of cost. If you are going to have a policy pertaining to income to address the question of competitiveness, it must also take into account the profit margins people charge because they also contribute to cost, the interest people are charged on loans to carry out production because they also contribute to cost; things like rent at IDC because they also contribute to cost, and any item other than wages that can ultimately affect the competitive position of Barbados in the international market. As such the incomes policy really and truly has to be broadened to encompass considerations other than wages and the Productivity Board, if it is at all to be effective, has to directly address that particular issue.

But beyond that, Mr. Speaker, there is still a lack of clarity emanating from the Government side regarding the purposes being sought by Government's present approach to wages. Now I credit the Prime Minister of this country with being a very crafty politician. The controversy that has arisen in Government involving 2 other Ministers of the Crown taking 2 contrastingly different positions from each other, and positions different from that of the Prime Minister, leads me to believe that in the final analysis, the Government of Barbados may be looking for a scapegoat to blame on the event that the restoration of the 8% eventually gives rise to the Government of Barbados having to devalue the currency.

The Minister of State in the Ministry of Finance and Economic Affairs has said that the restoration of the 8% would be a disaster and that it could give rise to a devaluation. The Minister of Health, faced with the same situation, tried to conceive of an expedient by which people would not get back the 8% in full in the public sector but would get back, in essence, between $6\frac{1}{2}\%$ and $5\frac{1}{2}\%$ this year. But the Prime Minister is restoring the 8% in full although it happens to be a matter of fact that the

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restoration of the 8% in full is one of the outstanding issues that will prevent the IMF from being able to complete the review it should have completed as far back as September, 1992.

Now, if the Government of Barbados knows that if it restores the 8% it is going to force this country to have eventually to devalue, I do not want the Prime Minister to come here after and say "But it was the trade unions of Barbados who caused me to have to do it"¹¹* He is going to hang his hat on that hat rack. He therefore has to tell us exactly where the Government stands in relation to the trade-off between devaluation and the 8% as it was initially conceived.

You would recall, Sir, the Prime Minister came to this House and told us in 1992 that the Government will have to treat a wage cut as an alternative to a devaluation. Now, if you devalue the dollar you do not go back to the original parity in 18 months. And if the IMF understood that an incomes policy involving a wage cut was going to be a substitute to devaluation, they would have been led to believe that it was something to which the Government of Barbados would be permanently committed in the same way that it would be permanently committed to maintaining an exchange rate if it were to devalue.

Mr. Speaker, if there are any skeletons in the closet on this matter, I think the Prime Minister in the interest of long-term stability of this country should disclose them now. I have no more to say on that particular matter. It is too fundamental an issue, in my view, for persons called to public life to play politics with.

Last year I ran the risk of offending my colleagues by saying that if an incomes policy was going to be the substitute to devaluation to the extent that we in the Barbados Labour Party believed that a devaluation was going to be bad for Barbados, I would be prepared to support an incomes policy. But I just cannot continue to play politics at that level if you have 3 different approaches from the

Government side on a matter on which I felt the Government was settled in its mind. I therefore, Sir, have to close on that kind of point and say that once again this Government is showing itself to be concerned only with its own survival, even to the point where it is like a drowning man willing to clutch at a straw. For this Budget will have us believe that the one, and the only one, financial and economic issue which at this juncture this Government deems to be deserving of its consideration, is the issue of how it can best claw back from the public at large an \$18 million cut in the import duties paid by consumers in this country.

As I said, Sir, \$18 million represents less than half of 1% of our national output. It constitutes just over $1\frac{1}{2}\%$ of Government's total expenditure and revenue. So that when a whole budget in the context of our present economic and financial circumstances could have been devised to give effect to considerations which are as minuscule and as trivial as those which informed the Budget before us, it should immediately say to us that the vision, the imagination and the sense of resolve of the architects of that Budget have declined and contracted at the same alarming rate as the economy.

It says to us that the Government has lost its way. It is now proposing, Sir, having lost its way, to put this country into international receivership. The Prime Minister is to be made a captive of the International Monetary Fund.

I will close, Mr. Speaker, by citing to him the words of the author John Steinbeck to the American economist John Kenneth Galbraith when Galbraith decided to accept the ambassadorship to India in the Kennedy administration. They were words of warning about the blandishments of diplomatic captivity. He warned him then that some men grow to love their chains and with time come to regard them as wings. These are my words of warning, Sir, as I close, to the Prime Minister of this country.
5.10 p.m.

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

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, I want to alert Barbadians at the beginning of my presentation that this particular budgetary exercise should not be used by them, in the event that they were misguided enough, to seek to immerse themselves in the statistical contortions of the Honourable Member for St. Peter. They should focus instead, Mr. Speaker, on the issues of reform which have been outlined in the Budget that was presented yesterday.

I have learnt through time, Sir, after entering this House in 1987 not to rely on the judgement of a mere individual who at times has been prone to make errors in his statistical analysis and acknowledge it - even now I assume. I have learnt that it is desirable sometimes not to get caught up in that scenario and rather to focus on the entire picture and on the issues of reform that need analysis.

We have many economists who speak of issues of overtaking. They speak of a whole range of other phenomena every time we have a budget and some where in there, Mr. Speaker, they seem to lose the focus which relates to what the people of Barbados can do to enhance their productivity, to ensure this country is more competitive, to produce more and to be more patriotic and conscious of the needs of this country.

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The role of the Opposition is to point out alternative points of view and the Honourable Member for St. Peter has done an outstanding job in pointing out the alternative points of view but I submit to the people of Barbados that those are the wrong points of view to hold. I submit to the people of Barbados that there are opportunities available to us as a country and to us as citizens. And rather than continually looking into a dark, dank pit of despair and depression and negativity it seems to me that the only way we can move ahead and take this country to the lofty positions which the Prime Minister

outlined in the Budget is by focusing on what is positive and what we, as individual citizens can do to improve our own lot in life. That really is the only focus that I can bring to this particular debate and I will leave the Honourable Member for St. Peter to unravel the statistics as the time goes on and move to the substance of the issue.

I want to make it unequivocally clear, since the last speaker, whom I presume was speaking on his own behalf and not on behalf of the Opposition, that he has said that if an incomes policy was a substitute for devaluation he would support that incomes policy. It is true that he has said so and as a result of that, Mr. Speaker, I find it passing strange that in this particular debate the Honourable Member for St. Peter would draw reference to some Minutes of a meeting at which the Government of Barbados, represented by 3 Cabinet Ministers and the Coalitions of Trade Unions sought to look at alternatives to address issues of competitiveness, to address issues of how a small island economy can cope with the future and that these Minutes could be used as some kind of flag to be waved like a red flag at a bull to seek to mash up, in my view, Mr. Speaker, any prospect of us coming to reasonable solutions in relation to a social compact in Barbados. That is how I view it. Now I am saying to you, Mr. Speaker, that the particular meeting that was referred to is a meeting that took place. These are not the official minutes written by any official of the Government of Barbados. I do not know who wrote them and I am not giving them any greater sanctity than they deserve but I will say this, Mr. Speaker

Mr. SPEAKER: Now that you are commenting on that document, does it have a signature to it?

Hon. D. J. H. THOMPSON: Mr. Speaker, it has no signature to it. I have seen this reproduced in the newspaper as well only yesterday. I do not pimp around Government Departments for information. I do not pimp nor send pimps out to the Central Bank or anywhere else to get information for me.

Mr. SPEAKER: I am going to take very strong exceptions to documents produced in this House when they seem not to have any < authority because that could be a very dangerous precedent for any document to come into this House and become the record of this House without any authority. I would suggest to the Honourable Member, forget that document altogether.

Hon. D. J. H. THOMPSON: I agree with you 100%, Mr. Speaker, and I hope that will be followed in the course of this debate.

I want to say this however, that the day that you see me come in this Chamber flashing around documents that people secrete from under car seats and they drop off the back of a truck near the careenage and this kind of thing, if you have such power you can ask for me to be committed to the Mental Hospital. I do not think that debate needs to be conducted on serious issues at this level. I do not think so, Mr. Speaker.

Aside.

Hon. D. J. H. THOMPSON: I have to deal with it because it is important. It was said in this ...

Mr. SPEAKER: Just one minute. I think Members clearly observe I allowed the Honourable Member for St. Peter to make his contribution without any interruptions but one. I am asking Honourable Members again to observe those Standing Orders which are in force and not to shout across the Chamber. That is my ruling on this occasion. Will the Honourable Member for St. John continue?

Hon. D. J. H. THOMPSON: Mr. Speaker, I just want to make that important point because in the course of this discussion the Honourable Member for St. Peter sought to quote from a document but what he says that I said is not even what is in the document because he said to this House, Mr. Speaker, and by extension to the people of Barbados as a whole, assuming that they read the Hansard or you permit them to see what is happening in these debates that devaluation for the World Bank is

an issue that has never been dropped and is a condition for Barbados' access to funds. Now, I have never said, either here, Mr. Speaker, or anywhere else, that devaluation of the Barbados dollar has been placed on the table by any institution in negotiations that I have been involved in as a condition for access to their funds.

But I want to remind the Honourable Members on the other side that the institutions have their own views of Barbados and the World Bank has always been of the view, as far back as you can check, both under that administration, under this, and I believe, under previous administrations, that an exchange rate adjustment is the fastest and cleanest way of creating competitiveness in the Barbados economy. And there are many other institutional

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reports and private sector reports prepared which have focussed on the issue of devaluation as producing the kind of fast track adjustment and competitiveness that Barbados needs. So I want to make that point up front because I am not holding any issue of devaluation over anybody's head. The people of Barbados have to determine what options they are going to take. But those options have to be based on what is politically possible. They cannot be based on any kind of airy-fairy notions that because somebody says that the continuation of 8 per cent is desirable that there is some way that it can be continued without invoking what is required in the context of the Barbadian political system. Except for the Honourable Member for St. Peter who has indicated that he would give support to any incomes policy that is a substitute for devaluation and I assume that he means the continuation of the 8 per cent, I cannot imagine the support that he says would be given by him is the view of everybody else in this Chamber. That may be my view but I think the public servants know how I feel about it. 5.20 p.m.

Members of the House of Assembly and Cabinet are also victims, if you want to call it that, of the 8 per cent cut. I felt that it is something that, if it were feasible and politically possible to continue, it is something we need to look at. That is my view because I would prefer to drive through the constituency of St. John and see the St. John Polyclinic being completed with 30 or 40 employees and see other Government capital works programmes continuing which would create hope and opportunity for young people, particularly the unemployed in this country. I would prefer that. If one could divert funds that are being used essentially to pay to those persons who are already working towards the creation of employment, that would have been desirable. But that is not, as I have indicated, something that is on the agenda at this time for discussion. The Government has made its position clear. The 8 per cent is being restored and we met with the coalition of trade unions to discuss a number of alternatives and options which might have the same impact in terms of competitiveness in the Barbadian economy.

I want to make the point, Mr. Speaker, that I take the issue of collective responsibility seriously. But there are some issues that members from time to time in their discussions, politically and otherwise, can state their point of view. For the Honourable Member for St. Peter to suggest that, because my view may sound different from the Honourable Member for St. Michael West's view or may sound like some variation of the Prime Minister's view, there is dissension when he himself has said that his view on the restoration of the 8 per cent is not the view of everybody else in the Opposition. But to him, that is not dissension. I am saying to you, Mr. Speaker, that it seems to me that if one were following logic, and I am not tied to logic but if you were following sensible precepts of discussion, that we need to move beyond these kinds of things. The Government has indicated what its policy is.

On the issue of structural adjustment, we have entered into a stabilisation programme which in the context of what was thought possible 15 months ago has achieved objectives for the people of Barbados. We have avoided an exchange rate adjustment. We have pursued reform of the direct taxation which has occurred. We have reformed some state enterprises. We have commenced a privatisation programme. We started the process towards an incomes policy. All of these things were achieved in the last 15 months. If anybody were listening to the comments which have just emanated from the last speaker and compared them to what was being said in Barbados 15 months ago, you would not believe that this country has achieved anything. You would think that this Government sat for 15 months in this country, Mr. Speaker, with its arms folded and did absolutely nothing to reform any sector of the Barbadian economy. So dishonest would anybody be who suggested that this Government did that. The truth is that we have been to this Chamber on several

occasions amending legislation, adjusting the direct tax system to make it more efficient and simplify it, and a whole range of other reforms.

The Honourable Member for St. Peter indicated that this Government is not prepared to make one iota of change in relation to the tourism sector. Just two months ago, Mr. Speaker, the Government came here and gave concessions, limited though they were, to the hotel sector in relation to refurbishment and in relation to accessories and toiletries and that kind of thing. Now I understand the meaning of the word "iota". I am not sure that everybody else understands it. But we are accused of not making one iota of change. The Barbados of 1993 in terms of commencing reforms in the sugar sector and in terms of creating an environment that will produce growth is not the Barbados of 1991.

I am saying that we Barbadians have borne a lot of sacrifice to take us where we are. We have not been as successful in the programme as we initially anticipated and we have functioned at a lower level of economic activity. But I am saying to you that the blame for any slowing of the pace cannot essentially be put at the feet of the Government. It has to relate, Mr. Speaker, to the mindset of those who are involved in the productive sectors.

We had restructuring of the sugar industry and at every stage of the way attempts have been made to disrupt that process. Even though the most intelligent and sensible people in this country recognise that we need to get these reforms done swiftly. There are agents of misinformation and obstruction who have put stumbling blocks in the way of this Government. But that is not something on this occasion that I propose to deal with.

The Government like any other sovereign Government has conceptual difficulties with the institutions, particularly the World Bank, on some matters. The Honourable Member for St. Peter said there were fundamental differences. Now I could not read that Budget and come to the conclusion that there are any fundamental differences. The differences relate essentially to sequencing and phasing of trade reform. They relate essentially to issues about what state enterprises will be privatised and when and issues relating to cost recovery, what kinds of services we are going to increase user fees for or charge fees for. The Government is entitled in the process of those negotiations to say that these issues are dividing us. But I am certain that, in the context of where we are today and from where we came, the Government has made considerable progress in refining aspects of the reform programme with the institutions. In fact, in this Budget, some of the features of those programmes, particularly the trade reform, are already announced by the Minister of Finance. So it is not to say that there are any fundamental differences on the elements of reform that are necessary to access the funds.

That is also the case with the Inter-American Development Bank. We have already commenced the reforms in the financial sector with the Barbados National Bank and the restructuring of the sugar sector which are pre-conditions to accessing the loans. Therefore, as the coming months approach, we will have to get some conclusion of the discussions with the institutions and one hopes that based on what we have achieved so far that we will be able to access those funds. That is the position that any sovereign Government is entitled to take.

Sir, if we accepted the conditions which had originally been recommended in some areas, Honourable Members over there would be able to quote eloquently from John Steinbeck about "chains turning into wings", that we have got so used to taking the pressure from the institutions that we surrender to anything, and that we lie down prostrate before them and worship them. Now that we have differences it is not even falling from his mouth to say, Mr. Speaker, that at least the Government of Barbados is acknowledging that some of these policies can have a negative impact on the Barbados economy and, therefore, is in the process of seeking to make adjustments along the way. So either way you go, Mr. Speaker, you cannot win in an argument like this. That is typical in arguments relating to economics. That has always been my experience, Mr. Speaker. I, therefore, prefer a pragmatic approach in issues of this sort that will produce results and results that are for the benefit of the people of Barbados.

I did not hear the Honourable Member for St. Peter expatiate significantly on the issue of the incomes policy as he had, in fact, promised in the earlier part of his presentation. But I wish to say this to the people who are within earshot. 5.30 p.m.

The Government has announced an incomes policy. An element of it is a wage freeze, but that is not the only element of the incomes policy. Therefore, any intellectual who seems to get pleasure out of taking a small portion of a policy and inflating the argument and making it inflammatory by suggesting that that is undesirable or impossible, is not doing service to his profession.

The incomes policy which the Prime Minister has outlined makes it very clear that increased payments can be made to workers on the basis of productivity and profit sharing. The wage freeze is in relation to basic wages. What this now means is that the private sector in Barbados, employers, the workers and the Government, have to sit down and work out the mechanics of how we are going to pay workers for increased productivity and how we are going to reward for producing growth in their respective fields of competence. That is what it is about, and anybody who suggests that a wage freeze, with the commensurate removal of price control in Barbados would be devastating, is obviously unaware of the present situation with regard to price controls in Barbados today.

Even in difficult economic times there are only 13 items presently in Barbados under price control, and people are talking as if we have 300 items on price control and that a wage freeze, which was not accompanied by price control, would cost the consumers of this country, assuming that prices were to rise, more than they could afford, particularly in relation to basic foodstuffs. The items on price control are freezers, household furniture, sewing machines, stoves, refrigerators, kerosene, diesel, gasoline, LPG gas, chicken wings, backs and necks, corn meal, sugar and butter. Those are the 13 items presently on price control in Barbados.

I am saying to you that the solution, in the absence of price control, is a creative policy between Government, workers and the private sector to ensure that the only cost that is passed on to a consumer is any increase in the imported cost. In other words, where the item that is being sourced goes up in price and it is unavoidable, that is the only increase that will be passed on to the consumer. Anybody who further wants to suggest that you cannot legislate an incomes policy is, in my view, Mr. Speaker, not making. . . .

Aside.

Mr. SPEAKER: Just one minute. I have not given the Honourable Member for the City the opportunity to speak. I can hear her quite plainly here and I cannot hear the Honourable Member for St. John. Please, please.

Hon. D. J. H. THOMPSON: Mr. Speaker, I am certain the Honourable Member for the City learns nothing from me... .

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Mr. SPEAKER: I have made that clear. We are debating an important issue. There is no time to waste.

Hon. D. J. H. THOMPSON: That is correct, Mr. Speaker. It is more I would learn. The point I want to make, Mr. Speaker, is this. People seem to view legislation as only being laws that lock up people, or impose the cat, or to legislate the death penalty. Legislation can be declaratory. It can embody what a society wants to achieve. It does not have to always have sanctions. There is absolutely nothing wrong with a country saying that it has come up with an alternative which is desirable and it wants it debated in Parliament and enshrined in its laws. That to me is a positive development. I am saying that if we can come up with the parameters of a social compact, reduce it to legislation that declares the will and the intent of the people of Barbados, as does the Bill of Rights, we can put it in legislation and show the world that in the face of difficult economic problems, in the face of very challenging economic times, this country could come up with a policy which was so acceptable to its people, to its Parliament, that it was able to enshrine it in legislation and carry that policy to its logical end. There is absolutely nothing wrong with legislating an incomes policy in that sense.

Mr. SPEAKER: Four minutes more.

Hon. D. J. H. THOMPSON: I want to deal with the issue of trade reform, particularly direct and indirect tax. The Honourable Member for St. Peter has credited 3 Prime Ministers in particular - although to the best of my knowledge there have been 4 Prime Ministers since Independence and one Premier before - but he identified 2 Adamses and a Barrow as the principal architects of trade reform. Perhaps I should agree with his analysis, but with deference to the Honourable Member for Christ Church South I will credit him with some contribution towards the establishment of this ambience which he said was so important in creating investment. I will at least give the Honourable Member for Christ Church South some credit, because it has always been said that he was the brains behind the brawn in the Barbados Labour Party, and that is something he should take credit for. There are 4 Prime Ministers who have created that ambience. But that ambience took us as far as it was possible for us to go. That is the point that simply has to be made in a whole number of sectors in this country, that the 4 whom we hold up as examples of carrying this country through the post Independence period and the immediate pre-Independence period, their policies are such that they carried Barbados as far as it was possible for it to go in terms of that trajectory. It falls now on this Government to create the new initiatives in trade reform, in reform of taxation and in reform of areas of the Barbadian economy that will produce growth and take us on a new trajectory.

There are not many countries, Mr. Speaker, which can carry out that kind of fundamental reform in a short period of time. It is often said that in Barbados what we should seek to do is to build up one sector so that while it performs well the other sectors can be rehabilitated. But in the context of what is happening in Barbados today, all of the sectors need some rehabilitation. It is not any single person's fault that all of them need rehabilitation, because the economy and its movement to growth will be as much an indication of the resolve of the Government as it is of the confidence, resolve and commitment of the people of Barbados as a whole. That is all that is being said. The Government is saying you can cast aside whatever biases and whatever jaundiced approach you may have in terms of looking at issues and focus on matters which would take Barbados forward into the 21st century. That is important.

Let us not get sidetracked on trivia in this debate, when we have so much information before us about reform. Let us not be sidetracked about issues relating to over taxation and who calculated the deficit correctly and other kinds of issues which seem to consume the time of those who know better. I was going to deal with the issue of privatisation, Mr. Speaker, but the only thing I can say to you is this. I am trying to convince the people of Barbados that privatisation will put assets in their hands. That is what I and this Government intend. They will believe it when those assets are in their hands. That is all I can say. The Honourable Member for St. Peter, since the privatisation matter has been announced, has constantly poured cold water on it and has constantly in his own way said it is undesirable. He hearkens back to the old issue of the sale of shares in the BET and the Flour Mill. 5.40 p.m.

The Government indicated why it sold those shares at that time, in that way, but we are now on a different path in relation to privatisation. People who jump around in this country and say that they support economic democracy and economic enfranchisement, who have themselves been on the Boards of major corporate enterprises in this country... Now the others have the opportunity to purchase assets in Government corporations, now that the Prime Minister is encouraging private companies to re-organise as public companies and issue shares, cold water is being thrown on those proposals and attempts are being made to retard the process.

I want to say that I feel that the issue of economic democracy and making assets available to Barbadians particularly workers in institutions - credit unions which have resources which can be invested in productive investment cooperatives and trade unions wherever they have those resources, if we can direct our privatisation at those in the initial stages and to individuals after, then

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we will have the successful components of successful economic democracy in this country and that is something that I would give my full commitment to over the coming months and years in Barbados. The last point I want to make relates to the Mobil Refinery. It has been made very clearly in this debate that the Government is reviewing the rates...

Mr. SPEAKER: You will have to do it very quickly.

Hon. D. J. H. THOMPSON: Yes. I will finish the sentence. That forms part of the arrangement for a revised agreement.

With those few words, Mr. Speaker I give my support to this particular Resolution and I can say that I will give whatever blood, sweat, toil and tears I have to the announced reform policy in Barbados. I do not intend to sit on the sidelines and fold my hands. I feel that my country needs people of commitment and dedication. I have come forward as one being endorsed by the electorate and so long as that confidence remains, I will do the work I have to do to see that Barbados moves into a position where it can continue to grow and develop to the benefit of all.

Mr. D. A. C. SIMMONS: Thank you Mr. Speaker. The Standing Orders of this House provide for a presentation of the Financial Statement and Budgetary Proposals and, yesterday, we had the Budgetary Proposals presented for 25 minutes. For the first time since this Honourable Member for St. Michael South has been Prime Minister and Minister of Finance we had a Financial Statement and sundry other nondescript paraphernalia for 2 hours and 25 minutes. Those 2 hours and 25 minutes were consumed by an oral exercise in which the Prime Minister used language, not as a window into the mind, but rather as a curtain or a blind to draw across the window. It was an exercise in obfuscation, but it was also as if he had paid strict attention to the invocation of the Mighty Gabby, "Beat them Sandy! Beat them!" Sir, we were bludgeoned to boredom, distraction and even to a state of semiconsciousness by the long and dreary effusions of the Minister of Finance. He ended at 6.10 p.m. yesterday evening on page 104 of the Budgetary Proposals with these words, "Put your hand in my hand and walk with me." A plaintive cliché. In Law we would call it an *ad misericordiam* speech for mercy.

This plea to join hands with him and walk raises, first of all, a moral issue which has been given little consideration in Barbados since January 22, 1991. Why should all Barbadians join in a total nationalistic sacrifice when the conditions that precipitated the present crisis were contrived by a Government dedicated only to the promotion of its own partisan, political interest, when these conditions were contrived by a Government that squandered the people's money and was heedless of the public's warnings? Why must we all suffer for the folly of the Democratic Labour Party and more particularly of the Minister of Finance? Why must all of us now suffer and be asked to pay for the folly that squandered \$26 million on the St. Joseph Hospital and company? Why should we all be asked to pay for the folly that caused the erection of the museum of madness at Sherbourne, \$26 million as of last week's Estimates and expected to end some time perhaps in the year 2000 at \$58 million? Another \$32 million.

We are being asked by the Prime Minister to join hands with him and walk and he has thrown away all that money in the face of warnings and advice from all sections of this community, including the original members of the Democratic Labour Party, highly placed persons in the Central Bank. He ignored all of it because to have heeded the advice and the warnings would have been to commit political suicide. Why should all of us be asked to pay for the St. Thomas Secondary School that up to now has not a single student in it? That today has cost \$16.9 million unfinished and no prospect in sight for completion. That is the moral question that is raised by all that has happened since 1991.

Now, the Prime Minister wants me to join hands with him and walk. He told me in December 1990 and early January 1991 that he was sound. I have proven otherwise. He told me join every page of the Democratic Labour Party manifesto that we would be in for a bountiful Barbados. You remember that, Sir? You must have many at home because you cannot give them to your constituents. They would tear them up. On every page of the manifesto, Vote for a Bountiful Barbados. What have we got? A crisis. Three years of negligible growth and now an appeal to join hands. It rings hollow indeed.

If he is including the Opposition in his plea to join hands and work in the interest of the country, the Prime Minister will have to make radical adjustments to his attitude to this Opposition. He cannot sit and hear sense spoken from this side, be shown the error of his ways ask questions about the country and just ignore the Opposition. He cannot do that, Sir. 5.50 p.m.

Last week in the Estimates on the second reading the Honourable Member for St. Peter raised a number of important financial matters and technical points about page 8 of the Estimates and this Prime Minister who now wants us to join with him failed, neglected or omitted but refused, for whatever reason, to reply and answer any of the worthwhile comments that were raised from this side. It was as though he was treating this Opposition with scorn. I do not think he can treat us with scorn and still ask us to

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join hands with him. He has to make certain adjustments in his attitudes.

Now, Mr. Speaker, the 104 pages that were read yesterday which constituted a long distance exercise in linguistic gymnastics, utterly omitted to deal with the 2 most pressing social problems in Barbados (1) unemployment and (2) crime. I want to start with unemployment. At page 63 of the Budgetary Proposals, the Prime Minister said that the average rate of unemployment rose to 23% in 1992 compared with 17.1% one year earlier.

Mr. Speaker, at the end of last year the Statistical Department conducted the usual household survey and for the period October to December 1992 the unemployment rate in Barbados, according to the Statistical Department, was not 23%. It was 25.1%. I am waiting for the contradictions from that side. I challenge anybody there to disagree with this.

This document reveals that at the end of December 1992, 32 400 Barbadians were unemployed. That is not a statistic in which anyone can take comfort. From 1988 when the Prime Minister delivered his first Budget speech in here he has been complaining that the rate of unemployment has been unacceptably high. I will read it for you, Sir. Did you rule, Sir, when I was outside that you would only allow citations from documents which were signed?

Mr. Speaker: No.

Mr. D. A. C. SIMMONS: This is page 23 photocopied from the Prime Minister's Financial Statement and Budgetary Proposals of April 28, 1988. I do not know why any of us should feel disappointed with the rate of unemployment because as far back as 1988 the Prime Minister showed he had no prescription for the solution of the problem of unemployment. These were his words, Sir:-

"Unemployment represents an undesirable under-utilised not only of the major resource in our country, namely our human resource, but also of plant and "equipment. It is a grievous psychological plight on our people, scarring them indelibly with the marks of frustration, uncertainty, and unfulfilled hopes and dreams".

Now, here is the catch phrase:-

"Clearly something must be done to deal with the problem. But what?"

That was an expression of ignorance and an inability to solve the problem as far back as 1988. We must not wonder that the rate of unemployment increased steadily under the guidance of the Honourable Minister of Finance because when he first started he showed he had no answer to the problem of unemployment. We will argue about the efficacy of unemployment figures. In July 1992 the World Bank in a pre-appraisal of a structural adjustment loan for Barbados and an aide-memoire at the end of June, 1992 reported the rate then as 25%. They used the applications for unemployment insurance. If I quote from them, they said that "tracking the unemployment insurance applications they were satisfied that the rate back then was 25%". It is high. Do not let us argue now whether it is 23% or 25%. It is unacceptably high and it has happened under that Government and it is now a record.

The Honourable Prime Minister has set many records in his time. This is another one. The present rate of unemployment whether it is 23%, 25% or more, is the highest we have ever had in recorded history of Barbados. It is nothing that we can be proud of. It redounds to the discredit of the Democratic Labour Party. I suppose we are in for some more unemployment because, certainly in the public sector, as there is further contraction in Government departments, for example, the Price Control Department will now have

little or nothing to do. Some of them can expect to go home and receive their severance pay or whatever benefits will come to them.

The one feature that I suppose, Mr. Speaker, upsets all of us and most of the workers of Barbados is that the same policies which have conducted to this high level of unemployment were, as it were, shamelessly endorsed and supported by the representatives of the workers in the form of the unionists in this Parliament. It is a terrible thing. Only on one occasion has one of them had the courage to vote against that.

Mr. SPEAKER: Perhaps the Honourable Member should use a much better term than "shamelessly" because it does in some way reflect on the conduct of a Member.

Mr. D. A. C. SIMMONS: You do not want me to say "shamelessly"? Delete it, Sir. I think the force of what I am saying will still have reached your Honour and you are not in approval. I am grateful to you, Sir. Mr. Speaker, I turn to the second glaring omission which, as I say, embraces the one social phenomenon that has been worrying Barbadians for the last 4 or 5 years and it is the high level of criminal activity in Barbados. Apart from saying at page 71 of the Financial Statement and Budgetary Proposals these words: "One of the major departments to be examined this year will be the Police with special emphasis being placed on administrative services, personnel and accounting procedures" there was no direct reference to anything remotely connected with crime other than an acknowledgement by the Prime Minister that high levels of unemployment can predispose to criminality. He has said nothing more about how his Government intends

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to tackle the problem of crime. I would have thought that at this time the Prime Minister's focus should have been more domestic. 6.00 p.m.

We heard about President Clinton, we heard about GATT and all kinds of things in CARICOM, the new U.S. administration, all of that. But I would like to know, on behalf of the people of St. Thomas, what he intends to do with the money that was voted in here last week to assist in better management of the police force, to assist in the control and reduction of crime.

I have to emphasise crime. Many of us, on this side, will spend a little time during this debate on the particular subject areas for which we have responsibility, and this is part of my responsibility. I want to say, Mr. Speaker, that the Prime Minister acknowledged in his presentation yesterday and all of us acknowledge and agree that tourism is the one area of economic activity that will bring rapid benefits to Barbados. But I want also to say that there are, in my view, two sets of circumstances that will militate against the development of tourism. One of those is crime and an increase in violent crime. The second of those is the environment. You cannot tell tourists, come to Barbados, and then put them in a stinking environment.

All in the country areas there is an overgrowth of bush. The country is untidy. It is untidy as a direct result of the IMF Programme under which many public workers, the persons who worked beside the roads and keep the gutters and so on tidy, many of them had to go home and there is a void in that area of activity, which needs, as a matter of urgency, to be filled. If you want to get tourism going, control crime and try and make Barbados more aesthetically pleasing to those whom we invite as visitors.

I have heard nothing in the Budget about tackling those problems by an increase in employment, through the public sector. We know the Government has to hold down but I am still saying there must be areas where wastage could be cut out, where priorities could be shifted and greater attention paid to crime and the environment.

Now, in regard to crime. In the period 1976-86 when we formed the Government we increased the police force from 800 to 1 200. In the period 1986-93 the Government of the Democratic Labour Party has proposed to increase that establishment by 50, in 7 years.

I have the Commissioner's Report for the year 1990. The page is not numbered, it is headed General Report

and Survey of the Year 1981. Establishment: The Establishment of the Force as at 31st December 1990 was 1 200. They had not increased it at all. The actual strength was 1 179.

In the following year, in his report for 1991, the Commissioner said, and again there is no page reference: "There was no increase in the establishment and the force remained at an establishment of 1 250".

Well there seemed to have been a slight increase from 1 200 in the establishment to 1 250.

Mr. Speaker, we on this side have recently had a long and very harmonious and informative meeting in which there was free, full and frank exchange of ideas with the Commissioner and several of his senior officers and I wish to say that we are persuaded that there is need for an increase in the establishment of the police force. I believe another 200 persons would be ideal and would serve the immediate needs of the Force.

I expect to hear that the Government will complain that even though it is desirous of increasing the establishment of the Force, there is the question of funds and they do not have the funds to finance such an increase.

I wish to say, Mr. Speaker, that the Police Force provides surveillance and protection for individual householders, individuals themselves, businesses, tourist plant and it plays a pivotal role in the management and control of traffic.

We feel that a way in- which an increase in the establishment of the police force can be funded is by a small surcharge on insurance policies done through the system of stamps. Let me explain, Sir. Every householder would most likely have his house covered for insurance -most householders, 90%. Again, forget the delinquents, 90% of vehicle operators must have insurance. Most businesses would have one form of insurance or another, from employers liability to public liability, whatever. The Labour Party wishes to suggest that when insurance policies come up for renewal there should be a requirement to pay a small surcharge by way of additional stamps that will go on the policy - let us say \$5.00 a year. That cannot break anybody. I cannot entertain any quarrel as to the quantum because, Mr. Speaker, if we are all complaining about the level of crime, if we all acknowledge that this Government has virtually ruined the finances of Barbados and we have to do something to ensure that this country is better protected then we have to pay for it and a small stamp charge on an insurance policy will provide substantial revenue to be able to fund the additional manpower that is required in the Police Force.

Think of the number of vehicles in this island each paying \$5.00, \$6.00, \$8.00 whatever. A number of hotels, a number of businesses that have to be insured, Sir, you will see that we can raise it virtually painlessly. We throw that out to the Government for its consideration. 6.10 p.m. .

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I know that the Government is not in the habit of accepting recommendations or suggestions from this side and, when they do, you do not know until they do it through the GIS. On July 9th last year, I appealed to the Prime Minister in the name of humanity and I quote in my own words, Sir, to allow land tax to be paid by instalments, [it would be equitable and humane. The Prime Minister replied to me that particular suggestion that land tax might be paid in instalments is something that we have to examine. If it is feasible administratively, that will be considered. I will have to examine that and come to a determination on it. Two days after, he said those words in here. On that Saturday, GIS published a statement saying that land tax can be paid by instalments. He acknowledged the sense in the proposal.

Mr. Speaker, this Resolution asks us to note Government's achievements during the year 1992-93 and give full support to Government's efforts to improve the performance of the economy and the standard of living of the country. Now I wish to say that I cannot support that Resolution, of course. But why, Mr. Speaker? What achievements were there in the year 1992-93? I have gone through this afternoon very quickly the Economic Report which was laid on Friday night and these are some of the achievements. There is a decline in the economic growth by 4 per cent making a total of about 17 per cent in the last 3 years and a decline in tourism by 2 per cent. Even the per capita income fell by 7.1 per cent, unemployment at 25 per cent, sugar declined 17.8 per cent and construction declined. Industrial production was down by 7.6 per

cent. Applications for the building of houses to the Town and Country Planning Department fell by 50 per cent.

On the other hand, I do not know whether we can call these achievements, but these were certainly growth centres. The death rate increased at 9 in every thousand. Unemployment to 25 per cent. Regarding crime, we know in robberies and street crime in the 4 years from 1988 to 1992 there was an increase in that type of crime by 468 per cent. Those are the growth centres. Those are some of the achievements. Can we really expect that we could defy our intellect by supporting a Government which has brought such terrible destruction across this country? Not a single word of any substance in the Budgetary Proposals yesterday for young people. There are 4000 who come out of the secondary school system every year. What hope is the Prime Minister giving them? I cannot support it, Sir.

Mr. Speaker, since I have one minute, I wish to say that all of us on this side are willing to walk hand in hand. That is where I began. He asked us to join hand in hand with him. We are willing to walk hand in hand with the Prime Minister up Belmont Road to Government House if he will assure us that he will have in the other hand his resignation to deliver to Her Excellency for having devastated this country over the last 5 years since he has had the responsibility for it. I am sure, Mr. Speaker, that you will be glad to join with us hand in hand in that ambulatory exercise. I am obliged to you, Sir.

SUSPENSION

Hon. B. M. TAITT: Mr. Speaker, I beg to move that this House be now suspended until 7:30 p.m.

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

The question that this House be now suspended until 7.30 p.m. was put and resolved in the affirmative without division. 6.15 p.m.

RESUMPTION

Mr. SPEAKER: This House is resumed. The Honourable Member for Christ Church West Central.

Hon. M. A. KING: Mr. Speaker, in the half hour at my disposal, I propose to focus on a few limited areas of the Government's policy which is designed to bring stability to the Barbados economy. Firstly, I want to touch on the incomes policy because this is a critical area of the Government's policy and to look at that policy as a tool for managing an economy which, in the Minister's words, has been characterised by a comparatively high labour cost fueled by high wage settlements. The Minister went on to assert that all entities, Government, employers and unions recognise that something must be done and done now about the problem.

Let me at this stage also quote a few further extracts from that statement so as to put my comments in true perspective. At page 30 of the Minister's statement, he said this: "The incomes policy seeks to restrain the rate of wage increases in order to keep prices down, make Barbados goods and services more competitive abroad, earn more foreign exchange to pay for our imports as well as service foreign debt, and maintain the existing fiscal parity of the Barbados dollar. The policy seeks to increase the demand for Barbadian goods and services both at home and abroad, thereby leading to increased employment for workers to meet the demand. The incomes policy also seeks to put in place a more appropriate process for wages settlements based on linkages to and changes in productivity."

Then at page 32, he states: "Here in Barbados we must search for and establish a contract, a compact, a consensus on these matters so that we can overcome the threats to our way of life."

Mr. Speaker, I venture to suggest that even the Minister's worst critics will agree that the stated objectives of this policy are laudable. In fact, the spokesman for the Opposition on Finance earlier in his presentation this evening made the point that he was prepared to support an incomes policy as a trade-off for the problems which could result from devaluation. One got the impression during the course of his presentation that the spokesman for Finance for the Opposition was willing to support the 8 per cent pay cut as part of an incomes policy if that were an effective insurance against the possibility of devaluation. I am saying that one got the impression from his presentation that that was his position. The spokesman was prepared to go

so far as to say that he was taking a position at the risk of offending his own colleagues on that side.

Mr. H. deB. FORDE: The Honourable Member is misquoting what the Honourable Member for St. Peter said. He never said that he was going to support any 8 per cent pay cut at the risk of offending his own colleagues. You can call for the record but he never said that.

Hon. M. A. KING: My clear impression was that that was what the Honourable Member for St. Peter said. In my view, his argument and presentation was not developed clearly and fully on that point. But certainly he left the impression that he was prepared to support an incomes policy as a trade-off for devaluation. That is the impression which I have of his speech.

Mr. H. deB. FORDE: On a point of order, Sir. I am sorry to interrupt the Honourable Member but I took a careful note of what the Honourable Member said. He said that he agreed with Mr. Wendell McClean that an incomes policy is more than a wage policy. It can help Barbados become competitive and he said that we must deal with the question of profit margins and interest rates. There is a lack of clarity on the Government's side. There is controversy between the Ministers and then he asked the Government where did it stand on the trade-off between the 8 per cent and the other matters.

Hon. M. A. KING: Mr. Speaker, that is clearly not the passage to which I was making reference but I will press on nevertheless. I wish to make a few observations about prices and incomes and to make the point that there is nothing which is intrinsically wrong with high wages and salaries. 7.40 p.m.
Indeed, the relatively high wages and salaries which we in Barbados enjoy provide part of the foundation for our boast that our per capita income of some U.S. \$6 370 is the fourth highest in the Americas and the Caribbean, after the United States of America and the Bahamas.
Our relatively high labour costs in Barbados have resulted from a number of factors. We are relatively prosperous, we are a fairly well developed small nation, we have a very well developed social security system, we have great respect for human rights and not least among all of this is the strength of the trade union movement in Barbados.

In our small economy we find that labour costs have always been chasing price rises and price rises then have in part been a consequence of ever rising wage levels, and we get what all basic economists talk about in terms of an accelerating upward spiral of wages and prices. There is an eternal chase between wages and prices in this whole cycle.

I believe, Mr. Speaker, that any serious analyst of the present Barbados economy would accept that there is a need to regulate prices and incomes if the management of our economy is to be kept under control. It is very easy to make that diagnosis, but the prescription to be applied is sometimes rather more difficult. One of the problems with a small economy like ours is that many of our goods are imported and it is extremely problematic effectively to control prices of imported goods in our country. We have no control over the cost of production overseas, of our transportation costs, the insurance costs and the other ancillary costs which are part of the cost of the end product. When the labour movement in our country is asked to co-operate in a wage freezing incomes policy which is unaccompanied by a formalised reciprocal control of prices, one can easily understand the psychological hurdle which the movement has to overcome in order to respond positively to this initiative. Yet it does not take a genius to understand and to see clearly that the relatively high level of wages and salaries in our economy, coupled with an absence of corresponding growth in productivity, is a genuine source of difficulty for our economy.

The absence of an effective price control policy does then place a very high moral burden and obligation on business and industry to regulate prices as part of a social compact in every sense of the word. I think it is abundantly clear, Mr. Speaker, that control of incomes is not going to work satisfactorily, or will not be terribly effective, unless there is some form of regulation of prices, and I think all of us in this community need to understand this clearly.

I understand, Mr. Speaker, how the leaders of workers' unions and organisations face an intractable dilemma when they come to deal with this issue of agreeing to an incomes policy. The leaders of workers' organisations, a part of a labour movement which has long been nurtured in the time honoured practices

and conventions of collective bargaining and voluntarism, and they accept this as their way of dealing in labour market relations. So I understand the problems of the labour movement and I empathise with them when they have to deal with problems of this nature.

I should like to take this opportunity, Mr. Speaker, to make an appeal to the wider membership of the labour movement to understand the problems of the country, the problems of our economy and where partisan political considerations are factored into the decision making process of members of unions, I am urging those members who are influenced and motivated by those considerations to put those partisan considerations aside in the national interest. I am further urging the wider membership of unions not to put undue pressure on their union leaders to force them into positions which are untenable and which are not in the best interest of our country and of the economy.

Good union leaders, Mr. Speaker, like good leaders in any other area, have always continually to be looking over their shoulders and one needs to ensure that the support of those who are being led is secure. A humorist once put it this way, that good leaders who are really astute need always to be looking over their shoulders to ensure that the boys and girls are always behind them, because if they look over their shoulders and the boys and girls are not behind them, then they cease to be leaders, because they have nothing to lead.

Mr. Speaker, one of the ironies about an incomes policy in this day and age where in a free enterprise system we pay tribute to the free market system and to market regulation as the accepted way of dealing with things, is that an incomes policy is an official and public acceptance of the fact that we have to be in a planned situation. Some of the greatest advocates of the free market enterprise would still in that context support an incomes policy which is essentially part of a planned economy. The whole concept of an incomes policy is clearly a denial of the market as the ultimate arbiter of fixing wages and prices. The point about the incomes policy proposed by the Minister is that it is tied to productivity gains, so that if gains can be shown in productivity, then a corresponding gain in income would be justified. The difficulty, as I have said before, is the psychological leap which has to be made in order to accept an incomes policy in the context of an environment where everything else has been on the basis of voluntarism and freedom in the market. In order for an incomes policy to be effective then against that background, I suggest that the best way forward is for there to be a social compact between business and unions on the issue. The fact that agreement can be reached is always the best way forward, but it has been noted that not only is that agreement necessary, but that agreement must be supported by legislation. There is good reason for requiring that any agreement reached in that context be supported by legislation because the point has been made, and made with some degree of strength and force, that voluntary wage and price controls tend not to work by themselves because all persons in the community would not necessarily comply. They recognise the fact that it is important to comply and that if everyone complies that the way forward would be secure. 7.50 p.m.

It is also recognised that in business and industry non compliance can give an added advantage to those who would not. So if you have an entirely voluntary system and you have some in that system who are not complying with the prescriptions, then the fact there is no sanction against the enforcement of the policy would provide for unfair advantage to particular individuals and groups. That is why one should not see the idea of legislating a prices and an effective incomes policy as something which is not to be desired. The whole point of the legislation of the programme is to ensure that there is universal compliance so that no individuals or groups can cop out of the contract and thereby gain unfair advantage over the rest of the society.

In those countries which have practised incomes policies, and there are a number of countries which have practised incomes policies... The Great United States as far back as 1961 pursued an incomes policy. In 1970, in the Nixon years, there was an incomes policy in relation to particular sectors of the American economy, particularly the construction industry. The United Kingdom has had an incomes policy. Australia between 1983-87, Finland is perhaps the most recent one. A number of countries throughout the world have used incomes policies as means of regulating the economy.

There are varying degrees of success and in the course of devising incomes policies, a number of things have been devised so as to make adherence to the scheme desirable and necessary and to sanction departure

from the programmes. Among the ideas which have been used in some countries as adjuncts to income policies are tax incentive plans which levy tax penalties against companies which give wage settlements in excess of the guidelines which have been agreed. But it is recognised that the administration of these schemes tends always to be difficult.

Mr. Speaker, despite my inclination and my orientation, I have no difficulty in supporting an incomes policy which is fairly administered but I would like to express the hope that incomes policies will not be a permanent feature of our economy, especially in the context of a society where we have grown accustomed by tradition and by convention to the free enterprise system, to labour management relations based on voluntarism and in the context of the strong trade union movement which we have in the country and which has done so much for the advancement of the masses of the working people in our community.

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I will conclude on this aspect of my presentation by urging the community to understand the problems which the economy faces, the need for restraint and to give support to the programmes which are articulated to achieve this objective.

I want to turn quickly to look at another aspect of the Government's programme to deal with the problems which face the economy. I want to deal with some of the measures which are designed to rehabilitate the productive sectors and to give this Honourable House and the community some indication of the work which has been done by the Foreign Exchange Committee which has been set up as a instrument for assisting in this problem.

Mr. Speaker, I have the honour to be Chairman of that Committee. The Foreign Exchange Committee, the secretariat of which is in the Ministry of Foreign Affairs, provides a forum for dialogue between the public sector and the private sector and the unions. It is recognised that dialogue between public and private sector is important, especially in critical times like these, and that if that forum is there for consultation between public sector and private sector and trade unions that as long as there is dialogue the opportunity for pointing the way forward can emerge.

Obviously, a new institution that has been created there will not be perfection in its effort, but every effort is being made to fine tune the development of the Foreign Exchange Committee and that it has an effective forum for dealing with these matters. I will state briefly what the objectives of the Committee are. They are to develop, exploit and monitor opportunities for earning and conserving foreign exchange, to identify and remove all operational and other constraints to the earning of foreign exchange and to coordinate and monitor the overall strategy for promoting Barbados' economic interests abroad. Within these broad parameters, Mr. Speaker, there is an opportunity for dialogue to take place in relation to all these important areas and to assist the public sector, private sector and unions in providing the answer to some of the difficult problems which beset our community.

Among the things that have been done by the Foreign Exchange Committee is that out of the meetings of the Committee between the public sector and the private sector proposals have been developed and a highly successful Barbadian accountant in Toronto has been retained, ife is finding niche markets for Barbadian products such as juices and flying fish. I believe that some container loads have already been despatched to Canada as a result of this arrangement.

This Committee will provide the kind of forum as part of the infrastructure and provide the incentive which is necessary to give direction to the Government's thrust in reviving its funds. I know that time is moving but there is one other aspect of Government's programme which I would like to mention briefly. I need to address the comments which have been made by the Honourable Member for St Thomas and by the Honourable Member for St Peter. That is in relation to the problem of crime. We know that despite all we do in this economy that progress will not be made if there is an unhealthy crime environment. I think all sides and all members of the community recognise that. There is certainly concern in the community about the level of crime in this country. Since 1991 we have been undertaking a systematic revision of this criminal law in this country. Already a number of criminal law reform measures have come before this

House and have been passed by this House. 8.00 p.m.

There has been the Drug Abuse, Prevention and Control Act, the Proceeds of Crime Act, the Sexual Offences Act, the Theft Act, the Praedial Larceny Act, the Criminal Law (Arrestable Offences) Act, the Criminal Damage Act, the Domestic Violence (Protection) (Orders) Act. There have been a series of criminal law reform measures which have come before this House.

There is an amendment a New Offences Against the Person Act which is presently in a committee before this House. There are a number of other law reform measures in the pipeline. Right now we have a committee comprised of members of the University, the Chief Parliamentary Counsel, the Bar Association and some Magistrates. We are in the process of revising and preparing a new Magistrates' Court Act. Part of this reform will be to deal with a problem which is evident in the community and about which a number of person have from time to time expressed concerns. That is the problem where persons who commit a series of offences are tried in the Magistrates' Courts. When everybody thinks they should get 1 million and one years in jail they get a maximum of 3 years. The amendment to the Magistrates' Jurisdiction and Procedure Act which is being considered will provide for this problem. It will increase the power of the magistrates in relation to sentencing. In those cases where the sentencing is beyond what would normally be permitted to magistrates it will provide that magistrates may send on a matter where a stiffer sentence is required to the Supreme Court for sentence. After that, once the Magistrates' Jurisdiction and Procedure Act has been completed, then there will be a Bail Act which will address the problems of bail in this community.

The point I am making, Mr. Speaker, is that there will continue to be substantial reforms in the criminal law which are designed to modernise the criminal law of our country. I think all of us and the public must recognise and realise that reforms in the law are not by themselves necessarily an answer to solving the problems of crime and that a lot more beyond mere structural reform in the body and content of law is necessary. Against that background I have no difficulty whatsoever in supporting this Resolution which has been moved, seconded and is now before this Honourable House.

Mr. L. R. TULL: Mr. Speaker, yesterday afternoon we were treated with a long, tedious and in some ways simplistic review. It was almost like a year in review where we listened to all the events in the past year recaptured. In that review we heard a lot of invocations. The Right Honourable Prime Minister started his invocation from the Psalmist David and then he came a little bit more secular and he talked about Hobbs, Locke, Adam Smith and all sorts of people. He had, during the course of his presentation, a lot to say about economic reform in this country. None of it was particularly new. As I said, it seemed only to be a recapitulation on what had taken place before. Even if that focus was there, even if it was confusing, at least an attempt was made to deal with it as economic reform programme.

What the Prime Minister has not done during his discourse yesterday is to deal with a social reform programme focussing on the social consequences of his ill-advised economic programme. Two hours and fifty minutes and only in his peroration, the last 2 pages or so, did he deign to deal with some of the social problems in Barbados and seek to paint an image of the kind of Barbados he would like us to live in. What are these ill consequences we are talking about, Sir? We have in this country a number of economic problems. We accept that. Those problems pale into insignificance when put in the company of the plethora of social problems this country is now experiencing.

I want to make it very clear at this stage that we have to start thinking about redefining development. We talk about development all the time as if it is only economic development better off materially but the Government seems not at all concerned with the fact that development is about people. It is not a lot of figures in the back of a report. "It is not a lot of figures that come out in the Economic Report or the Central Bank Report. It is about people. That is what development is about and the Government would do well if it begins to focus on the social problems in this country and how they affect people. I want, Sir, to deal with certain aspects of the social policy, or lack of it, that is wrecking havoc on the

lives of people all across this country. I am going to deal, first of all, with housing, the area for which I have shadow responsibility. No one denies that housing is a basic social need. It is a compelling and urgent need. It is not a luxury. It is not something that people should get after they have other things. It is a basic need to which all the people of this country are entitled. What do we have going on in respect of our housing policy?

The Economic Report that was laid recently under Construction says that construction activity continued to contract during 1992 mainly as a result of the unavailability of long-term funds and high interest rates in the first half of the year. It goes on to say that the Town and Country Planning Department received 1 341 building applications during the period as compared to 2 631 of the previous year. In other words, the amount of applications to the Town and Country Planning Department for applications for building have dropped by about 50% over that period. That is only one indication of what is happening in housing. We read further that mortgage loans by commercial banks and trust companies in 1992 fell by 23.4% from the figure of 1991. I give that only as a background to suggest that what is considered risk compelling social need is being neglected in a way that must cause Barbadians to wonder. 8.10 p.m.

Now, what is happening in this country in relation to housing, Sir? Young people are leaving home earlier than they used to. They want to get into their own homes and the housing development of the last decade or more has resulted in a large number of young people having mortgages and living in many of the developments across this country.

In recent times, Mr. Speaker, if you would check the daily newspapers you would see that a number of these houses are being put up for sale because the people who got the mortgages and moved into the houses and sought to own them are 3 months and 4 months in arrears. A lot of this, Mr. Speaker, Sir, has to do with the fact that public officers lost 8% of their salaries and it also has something to do with the fact that the Government removed the allowances that they used to give on mortgage interest, repairs and the like. So the situation at the moment is that a number of people across this country, mainly young people, because of the difficulties they are confronting, though, in my view, the ill-advised policies of the Government, are losing their homes and the equity that they put in those homes.

Of course, Mr. Speaker, you understand it is very difficult for a teacher or a civil servant to sit down and concentrate on the job in hand, whether it is teaching children or doing the administrative and executive work of Government, if they have weighing heavily on their minds the problems of the loss of a home, Sir. It is not only the loss of an investment. If it was merely the loss of an investment, Sir, maybe they could tolerate that. It is a psychological blow. It is loss of face and it is very difficult for people in this country to undergo that kind of trauma

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because* there is something in our society, the way we react to each other that makes that kind of thing a little bit too hard to bear.

In the meantime, Sir, what else is happening in respect to people in this country? There is an avalanche of pain continually being inflicted' on the people by the Government of Barbados. Let us look at some more of them, Sir. Old age pensioners who used to have their light bills and water bills paid by the Welfare Offices are in large numbers being turned away, with the result that old people in this country are going back to using kerosene lamps because they cannot afford to pay the electric bill on their pensions. Old people are having the water in their houses cut off because they do not have the money. The Welfare Offices used to pay them and they have unceremoniously turned them away and said we do not have any money to pay.

We have a situation, Sir, where old people are getting wet in their homes because they cannot afford to

repair the houses and this used to be done under the welfare housing programme, started in its fullness by a former Barbados Labour Party Government, because there is no money provided by Government to carry out these services.

What is more, Sir, even the children are at the receiving end of the blow being inflicted by Government. Do you know, Mr. Speaker, Sir, that little children are having the Government raiding their piggy banks to pay for school meals? At a time, Sir, when things are excessively difficult, when unemployment is a quarter of the working force, when many people are being laid off, and many houses have no one working, the Government picks a period like that, when they should be securing the safety net to make sure that that small minority of Barbadians do not fall through the holes, Sir, the Government cuts some more holes in the safety net and a lot of people are falling through, including children.

Mr. Speaker, Sir, it hurts me to think that the dump bins of fast food outlets in Barbados have now become the larders of a fairly substantial minority of people in this country and I am not going to be dramatic about it, Sir, because it hurts me to think that that is what we have come to. But the fact remains, Sir, that an increasing number of Barbadians are seeking out the bins of the fast food outlets in Barbados not to go to sleep hungry at nights.

Recently, Sir, there was a debate on the Sanitation Authority dump in St. Thomas and there was talk about securing the dump to prevent people from making illegal dumping. What we have not heard from the Government, Sir, and which we have checked out and is a fact and hurts all decent thinking Barbadians is the fact that more and more people are now going to the dumps to see if they can retrieve a half of a rotten potato and stuff like that.

Now, it is easy for people to dismiss these things and say, well those are only a few. But however few they are, Sir, they are too many. It does not speak well, in this country, where Barbados has enjoyed a certain level in the quality of the life of its people, to be reeling under these staggering blows at this particular point in its history and the team defences being put up by Members of the other side of the Budgetary Proposals and the Financial Statement of yesterday, Sir, those weak and defensive Statements are hardly doing justice to the kind of crisis which this country is in.

Do you know, Sir, that here now we are in a situation where the Barbados Light and Power Company has threatened on more than one occasion to cut off electricity in Government buildings for arrears of payment? Do you know, Sir, that the airline that brings in the diplomatic bag, once held on to the diplomatic bag and refused to release it because of the arrears of payment the Government had for it, and they did not release it until they got their money?

Do you know, Sir, that institutions, schools in this country and particularly primary schools are so derelict that there are holes in the floors and that parts of the roofs of the buildings are constantly falling into the class rooms?

Do you know, Sir, that many schools across this country have their toilets overflowing and no attention is being paid to them by the Ministry of Education, I gather because there is no money? I have checked out some of these tilings myself, Sir, because some affect the area I represent.

Do you know, Sir, that Government vehicles are quite often lying idle because there is no gasoline to run them, Sir? That is the situation to which that Government has brought this country and the Prime Minister comes in here and tells us, let us hold hands together and walk somewhere or the other, Sir. How can we walk together with a Government that has brought this kind of destitution on this one proud land? This is the situation we are in, Sir. Do you know, Mr. Speaker, that at a time when people most desperately need their Social Security benefits that the Government has been slashing them? Well, these are the kinds of things that we have to talk about. If we let this be a debate in which people are getting on as if they are in seminar rooms and giving a lot of fine talk about incomes policy and that kind of thing without addressing the critical and urgent needs of people all across this country, we would be doing a terrible injustice to the people of this country. 8.20 p.m.

Sir, we have a situation where the Honourable Member for St. John with a rather lame contribution earlier sought to rebuke those whom he felt was going into the dark pit of negativity and despair. That is the kind of thing those of us on this side will have to put up with. If going down there where the people are suffering and dealing with their problems, where some are going to sleep hungry and some have lost their self worth because of the way in which they have been reduced to penury; if going with them and putting a case for them and fighting and articulating their cause - to use the words of the Member for St. John "to go down in the dark deep pit of negativity and despair" - I am going down there willingly, Sir. But that is the kind of reaction you get from the Government. They want us to get up and hold hands and walk with them, Sir, to hell's gate. "Onward led the road again. Yonder is the gate of hell." Well, we cannot do that, Sir. We cannot bail them out. It will be a dereliction of our duty if we did that kind of thing.

Mr. Speaker, Sir, we have a situation in which the Government has been saying a lot of different things. It is talking out of all sides of its mouth at the same time. The Honourable Member for St. Peter in his presentation earlier today put it very ably and graphically. I would like to adopt much of what he said as my own position of the response to what he said in relation to what the Honourable Members on the other side have said in relation to the 8 per cent restoration or revalidity or whatever is the right expression, where one Minister said one thing and the Minister of State in the Ministry of Finance thought that it would be the apocalypse if it is handed back. The Minister of Trade, with a little more maturity, took the middle ground and the Right Honourable Prime Minister poured contempt on two of his Ministers by taking a position that is completely different from either of them. He just brushed them aside, Sir. It is not part of my presentation to get into any internal disputes of the Democratic Labour Party Government.

Sir, I am saying that those messages that they are putting out are causing a lot of confusion with business people and other people out there who cannot plan. They do not know if the Government's evening word is going to match its morning word. They just do not know, Sir. They speak in many voices. There is a discarded note to everything they do and at the end of it, Mr. Speaker, we are no further in our knowledge of what is going on. This kind of mixed signal that the Government is sending out is doing nobody any good in this country.

Sir, I want to deal very quickly again with some of the other areas that are causing a number of concerns. When I was talking about the Welfare Programme and the way in which it has been cut, I think that I should reiterate my position. The Welfare vote has been cut and will affect single women in this country with children who do not have money and no man to support them either through their fault or not through their fault, which is not important, and who are without a job, thanks to the Democratic Labour Party Government, or who could go to the Welfare Department and get some assistance in kind, a dress for the daughter, a pair of shoes for the boy, a \$50.00 voucher to help the children to eat. That has come almost to a halt. The numbers have been reduced dramatically.

We have a situation where the old people are undergoing the same kind of difficulty because the Government has drastically cut the allocation in those areas between 1991 and 1993. We have a situation where there are large numbers of unemployed young people hanging around the villages of this country and all around the street comers who a year ago have been looking for work and trying desperately are getting accustomed now to the culture of unemployment. That is a very dangerous development in this country. It is not something peculiar to Barbados. We have seen it happen in many other parts of the world where people have been looking for work and have been met with nothing but frustration cause they cannot find work. After a while, Sir, they become numbed into a state of hopelessness and they forget about work. They get into a lifestyle and a

mindset that suggests that it is not worth it anyway and they develop a culture of unemployment. Wherever that culture of unemployment grows, a lot of attendant social ills grow along with it, Sir.

The question was raised about crime. I am not speaking on crime tonight, Sir. Time is too short. But nobody at all on the Government side, this side or any side could gainsay the fact that a lot of the crime in this country among young people have resulted from the development of frustration and hopelessness arising out of difficulty in finding jobs and also the rise in what I call this culture of unemployment. It was a timely period for the Government, however tight its finances, to have put more Community Development Officers in the communities to deal with those young people now to talk to them, to share with them and to guide them towards the day when all that this encircling gloom that is pervading this country will lift, to move them away from developing this negative; thing about unemployment and the development of that culture, and to keep them with the hope that in time they will be able to move into a labour force and to begin to earn a living as useful people in this society.

Sir, I want to make one or two other comments about the Government and its attitude. The Government has lost credibility with the people in many areas. The Government does not pay its bills with any great alacrity or frequency. Government does not rush to pay its bills. There was a time in this country when people felt that, if the Government owed you, you were well owed because you knew that you would get your money from the Government. What is happening now, Sir, is that a large number, not a few but a lot, of small business people in this country are going under because of the supply of goods and services to the Government. The Government is very, very slow in paying them. A lot of them have been waiting for a long time and, in the meantime, they have to pay the bank for their overdrawn accounts. They have to meet their mortgage payments. 8.30 p.m.

They have to meet all kinds of payments and the Government is sitting on the money it owes to these people and driving a lot of honest, hard working industrious Barbadians into a state of penury. That is the kind of situation we have to deal with in this country, not a lot of fine language, like "sedulously practising the principles of democracy" and all the fine things the Prime Minister said in his peroration yesterday. It was almost a tear jerker, Sir. "Come walk with me and let us hold hands", he said, that he had prayed long and hard, Sir. The Prime Minister does not understand that a lot of people in this country are praying long and hard for deliverance. They are praying to get the yoke taken off their backs, so we are all praying in this country. Praying is not one-sided, it does not belong to the Democratic Labour Party or to the Prime Minister only. He has no copyright on that. We all pray, it is tush and all the fine language, as I said, adds up to a peroration.

Sir, if I were not thinking about the people in St. George when he was talking, he might have wrung a tear out of me. But my tears now, if there are any, would have to be reserved for them. That is what we have to talk about in this country, Sir. They talk about things called privatisation and all these concepts that are a little bit removed from the problems we should be discussing at this moment, because people are concerned about what is happening to them.

The Minister of Privatisation, the Honourable Member for St. John, Mr. Privatiser, has talked about economic democracy, that if you sell these assets you will put money in the hands of Barbadians. What Barbadians is he talking about, Sir? What kind of foolishness are they telling the people of Barbados? That the people of Barbados get assets in their hands out of the sale of BET, Bartel and the Flour Mill? When they sell BNOC or Heywoods, are they going to put assets in the hands of Barbadians? I do not really understand that. But the Government has a knack of not accepting responsibility for its own actions. The Honourable Member for St. John would blame the mind set, Sir, to use his words, of persons in the productive sectors. He does not blame the Minister of Finance or himself, or a Cabinet that has not done anything useful in the last few years. It is the mind set of persons in the productive sectors. It is common knowledge that the Honourable Member for St. John - and I do not even say it out of his favour - has an and private sector bent. I do not know how he manages to straddle the 2 things he is doing.

Those are the issues. <They talk about incomes policy and I do not want to get into all the niceties of it, I only want to say that the Democratic Labour Party used to tell the people in this country that there must be no wages suppression - that was the expression - in this country. Pay the workers properly. That was the position taken by the Democratic Labour Party in the days when the Barbados Labour Party used to give the workers 10%, 15%, 19% and 23% increase in salary. At one time we even gave them as much as 42% increase in salary and had to legislate it because the unions would not play ball. Now we are hearing about incomes policy and they have abandoned their former position of wages suppression.

We hear now that the workers must go through a wage freeze for the next 2 years. That is the new dispensation, Sir. In all this the Government has come up, in my submission, Sir, with no clear way of mitigating these harsh conditions they are putting the people in. An incomes policy has worked in no country on earth. Nowhere where you have a free and open system can you have an incomes policy that is successful. The places where incomes policies were in vogue were places like the Soviet Union and those totalitarian states where you tell people they get this and that is the end of it, but not in our system. How are you going to enforce an incomes policy? I would have wished that instead of the Attorney General, who spoke before me, either bypassing that or behaving even better than that, Sir, to tell the Government not to make sport with a lot of notions that are meaningless, because there is a lot of empirical evidence to show that these things just do not work.

My quarrel, Sir, with the budgetary proposals is that they will cause an increase in the cost of living in Barbados. Prices will go up. There is no doubt about that. You do not need any genius to tell you that if you add an additional cost through taxation on any set of goods and services that it will result in additional cost to the consumers, so we are going to have an increase in the cost of living in this country. At the same time we are being told that we have a wage freeze in the public sector, because I still do not understand how it will operate in the private sector, although I was moved by the way in which the Right Honourable Prime Minister put a plea to the professionals to chip in. The professionals should chip in. I support that. That is the only thing I have heard that I support. A lot of professionals have been chipping in already, Sir, because obviously with the people having less money to spend, professionals who operate independently cannot continue to collect the same kind of fees they used to collect.

Sir, you have given me the nod about my time. I just want to say again, in closing, that the Government has to come up with a social reform programme to operate in tandem with the economic reform programme. It must be a social reform programme that is well planned, orderly, multi disciplinary and a plan that would avoid the trauma of these sudden and inappropriate measures that are constantly working more and more hardships on the people of this country.

Thank you very much. 8.40 p.m.

Mr. R. L. MORRIS: Mr. Speaker, I would like to join this debate and address what I consider to be 2 issues of importance, particularly to the workers of this country. I believe that the most important element in the Budget presentation relates to the concept of a wages and incomes policy. I certainly recognise the significance of that policy and the impact that it can have on the entire body politic and on social systems in our country. Let us not fool ourselves about the role of industrial relations in a country.

Let us recognise that the part-turmoil of 1991 created certain shock waves in our country and let us also recognise that even at this time there are those who are waiting to sow the seeds of discord that may produce veritable gorgons and dragons which we may be unable to control at a later date.

There is no doubt in my mind that the incomes policy is really an extension of that first address in 1991. The Letter of Intent will be a matter of much discussion in our country. It will generate a certain amount of conflict at the verbal level much of which will be deliberately stimulated for short term purposes by some actors who are determined to place self before the country and before any concern about the maintenance of the system which we presently enjoy. There will be castigation of persons and of institutions. There will be casting of blame. There will be incitement to civil action. I think we can anticipate all of these.

I think there will be those who will prefer to take the high road and set themselves certain basic observations about where we are and where we have to go in our country. There are those who will recognise that the answers do not reside in any one person, in any one mind or any one institution. The answers do not reside in any one class or any one political party. There are those who will recognise that

the commitment not to see a devaluation of the dollar must be strongly defended. This will be tied to a recognition that certain policies, whether fiscal, monetary or in the realm of the labour market, must be put in place to bring about a depreciation of the dollar which will have a similar but a different impact and consequences from devaluation.

There are some who will recognise that whatever changes we must endure in our country should be brought about without civil dislocation and without threat to the safety of the lives of Barbadians or to the capital formation that we have developed in Barbados and without threat to the virility and the vitality of our native institutions. Some will recognise that the scourge of unemployment, where our brothers and our sisters languish without hope of getting a job for years after leaving school and which is now becoming chronic or after being displaced from the world of work, must be tackled and not in any piecemeal way but systematically.

Finally, we need to recognise that whether we like it or not, the reality is that Barbados has passed through a stabilisation exercise with much pain and we are presently on the path of an equally painful adjustment process. That is a reality. We cannot wish it away. That is a fact of life. My view is that we have to bite the bullet and that we have to get out of this process as soon as possible. Otherwise, we will become subject to adjustment fatigue and lapse further and further into a worsening of the problems that now beset us.

Sir, my study of these programmes worldwide suggest to me that if you do not come out early, you suffer very painful consequences. The question we have to ask ourselves as Barbadians is this. Can we defeat the problem that faces us? Can we adjust? If I did not believe that we could do that then I would not be a Barbadian. I would have to give up because we have come from a very long history of struggling and success. I know that it is inherent in the Barbados spirit and in our capacity to deal with these problems. Even if I did not know that I can look and see what is happening in the world.

Mr. Speaker, in another institution to which I belong, which is headed by the President of the International Confederation of Free Trade Unions, I had an opportunity to meet with the multilateral lending agencies and I was able to bring back some papers from the IMF in particular. I would like to quote from some of them: Press Release No. 9272 for 1992 coming from the External Relations Department of the IMF and the other is again coming from the External Relations Department. It is a collection of IMF notes of signs of revival in the world economy. I think this quotation is very important. It says:

"There is encouraging evidence that stabilisation and economic reform efforts are beginning to bear fruit in an increasing number of countries. Overall as many as 35 countries, accounting for over 50% of output in the developing world, can now be characterised as successful adjusters even though the reforms have not yet been completed in all cases. The experience of these countries suggest important lessons for other countries undertaking adjustment and reform.

For a growing number of developing countries recent improvements in economic performance have been accomplished by a reversal of capital flight and substantial capital inflows in a form of both direct and portfolio investments."

The lesson is here that if you can bar the pain of adjustment the fruits of growth and of development are there. But we have to go through the pain. There is no question about that. We cannot be romantic in these exercises. The other document says against a background of change.

"The Committee reaffirmed the importance of policies aimed at ensuring that the recovery gathers pace in an environment conducive to stronger sustainable non-inflationary growth in the medium term. Monetary and fiscal policy should aim at a lasting decline in long-term interest rates through a reduction in public sector borrowing and a further lowering of inflation expectations."

I quote again. "Vigorous action must be taken to eliminate structural rigidities that impede employment and productivity growth."

It is Press Release No. 9272 of the IMF, September 21 1992 which I can make a record of this Honourable Chamber.

It is within the context that change is possible, that adjustment can and will be done but certain things have to be done in the short, medium and long term, that I look at the context of an incomes policy in our country. Indeed, Sir, I would like to state categorically to this country that we have had an incomes policy in place for a very long time. It might not have been a legislated policy but I wish to suggest that in fact the maturity of Barbadians in the various sectors has put a policy in place that would be the envy of most other countries. 8.50 p.m.

I speak here with knowledge of one in particular, the Barbados Workers' Union. I have done some analysis of the period from 1985 to the present. During that time we had an incomes policy that was based first of all on the premise that profitability, as wage determining, would take preeminence over inflation when we want to determine increases in wages. But we did not abandon trying to maintain living standards. Secondly, we extended the life of the collective agreement from 2 to 3 years in order to give employers more time to plan that very important part of their expenses which deal with payroll costs.

Thirdly, we moderated increases downward over this particular period. We reconsidered the element of forward loading and we believed that between these we were able to see practical results within the system. The level of wage increases, especially in areas such as sugar, the hotel sector and Government, from the mid-1980s would show that the unions have been quite moderate. Perhaps, there is one difficulty that came up in Government, that was the question of the regrading exercise for which the Barbados Workers' Union certainly will not take responsibility in terms of the direction.

Let us look at the facts, Sir. Using December 1985 as the base date, the Retail Price Index stood at 151.9 points. At December 1992 the Index stood at 206.5 points. We can use that analysis to show that taking December 1985 as our base and valuing the dollar at 100 cents, by December 1992 the value of that dollar was .730 in relation to the 1985 dollar. Therefore, it meant that when we were negotiating salaries we had to look at 1992 wages in relation to that loss in value of the dollar trying to recapture, as far as possible, so that real incomes were maintained. As I said, that was not the only criteria. In areas where we could not maintain real incomes because of lack of profitability in businesses, then we did not push in that direction. Where we felt that a business could afford not only to retain the real income, but even do better, clearly through negotiations, we did not impose this on any employer.

I will give you some examples, Sir. I will start with garments. An example - a class worker in December, 1985 worked for \$129 a week. That was her basic wage. But 1992 because the value of the dollar was .730, that was really worth \$94.17 in relation to the 1985 dollar. We had to try to negotiate in such a way that you would catch up and maintain the real value of the wages. What did we achieve? In fact, the rate in December, 1992 was \$156.80. But if we had maintained the real value it would have been \$163.83. We have had to cover a 27%. We did 21.5%. In fact, what we were able to do was to try and maintain as far as possible the wages of the garment worker but we did not succeed totally. That is related to the fact only that the garment industry as a whole has gone through a contraction. They have not been very profitable, therefore, we could not push any further.

I will give you another example, Sir, the hotels. Let us take the wage of a cook in a hotel. In 1985 it was \$189 a week which, again, would really in 1992 have been worth \$137.97. To maintain that wage we would have had to negotiate a wage of \$240.03. What we got was \$2 037, slightly below but, at least, you are just maintaining a position. I can give examples where the union has been barely maintaining the real wage of workers. There are instances" where we have not been able to do so. I would also suggest that there are instances where we have done better.

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One last example might be sugar. Where an A and B class labourer in 1985 was working for \$145.20, that is the basic wage per week and if we had been able to maintain the level of his real income it would have been \$184.40. In fact, it is \$180.40, not too low behind but it has not pushed. These are in areas where I said, in fact, there was no profitability and therefore we really could not push to do better. We have done better in areas like the garages, bakeries and so on which, first of all, are not like

national in their scope and, therefore, would not have the same implications.

I wish to suggest that, in fact, the Barbados Workers' Union has been very careful in terms of an incomes policy over the years. In spite of that, we would not be unable to state very clearly - in fact that is our primary position as a union to try to defend the position of workers. But we still recognise as trade unionists and as leaders in our country that the economy is experiencing certain difficulties. One area of difficulty relates to competitiveness. To some extent wages relate to that, not totally but to some extent. Even though we have moderated our positions we are willing to continue to look at the question of wages and a policy that will control wages in our country.

We wish to say that when we talk about an incomes policy we want to consider all incomes including non-employment incomes. While the Budget addresses the question of fees, for instance, in a very light way, we do not take it as lightly as that. Fees must also come into very close scrutiny. I know there are several people here with an interest in that, legal fees, medical fees, red estate fees, all of these must be given some consideration. If we must suffer our friends must also join that suffering. We want to recognise also that rents must have to be controlled and dividends. We are not saying that dividends must not be paid but there must be a level. In other words, if dividends were being paid at a certain level last year and the company is not paying any increase in wages, then we would not expect them to pay any increase in dividends or even maintain the level of dividends. They might want to reduce the level of dividends. We must have that kind of policy.

We must also have a very clear understanding that Government will be looking at prices. I understand we are talking of a system of trade liberalisation. We are talking of a system where it would be very difficult to introduce price controls in the old regimented way. There has to be a monitoring system of basic items that persons you are asking their wages to be frozen have to relate to. Simple and necessary machines in the household, fertilizers, building materials and fuel. There are a number of things that would have to be controlled very closely if you are asking a particular group of persons to make a particular kind of sacrifice. 9.00 p.m.

Now, we are saying that this should be done through legislation and I would beg, Mr. Speaker, that we do not have to go in that direction. I am hoping, Sir, that the majority of Barbadians will recognise that- if we have to reach an agreement, a social compact, that it will form the same basis as collective agreements we have had before. But I understand that there might be some fear in terms of compliance. That in fact we might sit down and agree and then persons might decide, after a while, for fear of their constituents, one way or another, that although we have agreed we cannot any longer follow this because there is that element of a thrust from outside, from different areas to challenge the institutions.

I recognise that the major persons involved may have each other's confidence but they are not always confident within the system that what they set out to achieve with the highest objectives, that they will be able to do so in an atmosphere of objectivity.

I would like to say that I believe that the incomes policy as an alternative to devaluation is what we are talking about. I would like to think it is the context in which we are looking at this policy, as an alternative to devaluation. Therefore those who are committed to ensuring that devaluation does not come about think they have to give a certain commitment even if it is one that they cannot give fully. Even if it is a commitment that they will have to hedge around because of their own philosophical considerations and would need to recognise that we can say no to several things. But can you say no to everything? Therefore sufferers might have to give a grudging support to a methodology that might not be their first consideration.

Mr. Speaker, I would like to move off from the incomes policy and address an area that is very dear to me. It comes out of the question of privatisation, and relates specifically to the Transport Board and,

Sir, every opportunity I get I will speak about the Transport Board and the transport system as it is now.

Sir, there has been trauma and pain out there. Trauma in the dismantling of that Transport Board, Sir. Several families throughout the length and breadth of this country, who have really, little opportunity to get back into employment and who have lost their employment because of a decision that privatisation of the Transport Board meant basically dismantling that system.

Sir, I have good information that suggests that if you froze the Board as is at this point in time and if you gave it an opportunity to do what it is doing now, and if you set up structures and systems to improve its operation and if, in the future, the party decides there will not be that amount of political interference as there had been in the past, that might be the best thing for our country.

If we maintain the routes that the Board now has control over and with the new spirit that is coming from the workers, if we control the management elements, and if we start buying buses from the United States of America, cheaper, better, more accessible to spare parts and so on, that perhaps we may be able to move the Transport Board in a new direction.

My fear, Sir, is if we are going down a path of further dismantling of the Transport Board, if we go down the path of just maintaining a few routes and some school buses that is going to be more costly to us as taxpayers in the long run than if we remain where we are now. We may have to subsidise more the further we truncate. But if we stop where we are now and do a serious analysis of the Board and if we stop poaching on the board's routes, if we control those wild elements out there now, Sir, that are affecting the system, we might be able to deliver the kind of quality transport service that is badly needed in this country. I speak as the workers representative, as a person who feels strongly about transport in my constituency, Sir. I have a fear that if we continue to allow the system to develop along the path it is developing now, Sir, that we are going to see more chaos out there on the roads. I have nothing against entrepreneurs getting their licences and operating mini-buses, Z vans and so on. I believe it is a good thing the system has allowed them to come in but I believe there has to be that mix where the Government has a fairly significant portion of land mass transportation.

I understand now, Sir, that there are just 125 buses being owned by the Transport Board. There are about 690 workers there. Let us try to keep those workers in work. Let us keep those buses going until we have to replace them.

I feel strongly about this, Sir. I believe that if employers are going to move to shift systems starting early and going late that they will need transport in place. The hoteliers will need transport in place to ensure that workers get to work early and at night workers can get home in safety without fear. I do not believe that if you leave those private entrepreneurs out there to do the job by themselves that this will be done. I believe that most of the accidents on the road now are coming from that system. Wherever you pass on the roads and there is an accident, look for a ZR or mini-van, they are part of it. And that is what will be encouraged further. We have gone a certain distance already in this direction.

I guess I am still an old time Barbadian to some extent. You cannot be a product of the 1950s and 1960s in Barbados, a country boy at that, Sir, without having certain values instilled in you. And those values do not relate to a whole lot of noise about 'the place, about school children being encouraged to behave badly and about dub music with their violence and the message that they send - crude and violent messages. And is not about people stopping a bus wherever they feel like, around a corner in front of anybody and pushing buses onto the road when they come out from a minor street into a major street. All of those things are disruptive to the body politic and to the society. They are sending serious messages, Sir. All of this disruption has happened before. It has happened in Jamaica. It has happened in Trinidad. It has happened, to some extent, in Britain, where they have gone through the route of privatisation.

I do not know, Sir; and therefore I am asking those who can tell me, is the IMF really wedded to a total dismantling of the Transport Board? They might call for privatisation, but are they ready for this total dismantling? Do we have any discretion in this matter? Because, if we do and if we can persuade the IMF that it is in our country's best interest not to go right away down to just some school buses and a few buses

on long haul routes, and that that is a consensus. While we recognise that there were serious problems in the system before and the country now has taken the position that those problems have been amended and, in fact, we look for a public transport system that will be efficiently run in the future, I think we should altogether suggest that it might be in our best interest to look otherwise. Furthermore, Sir, my understanding is that there is going to be a lot of transport studies. Do not let us throw away what we have. Then those studies might come and suggest that we need something else but by that time the decision would have been made already. 9.10 p.m.

Mr. Speaker, in closing, it has been particularly difficult for all of us as labour leaders in our country over the last 18 months or so coming to the end of the stabilisation programme and now moving into an adjustment programme. It is not easy. Those of us who are labour leaders and those who are particularly labour leaders and also politicians know that we have been part of attacks and so on. We are not afraid, Sir. We have to lead and we recognise that we cannot lead from behind. We have to set examples out there. We cannot please everybody, Sir. But we recognise that there are certain standards that we must demand in our country. The greatest standard that anybody can follow is the standard of truth. The standard of truth tells me at this time that our country needs all of us together, having put our hands to the plough and not to turn back. That is the standard of truth that I am dealing with, Sir.

It tells me that Barbados is our country and we have to do our best to turn it around. I feel that we should do that altogether with a great haul and, hopefully in the medium term, those of our brothers and sisters who are not working will be working and there will be growth in this country and we will be able to look forward to a better tomorrow. I thank you, Sir.

Mr. SPEAKER: The Honourable Member for St. Michael South East.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I take no comfort in joining in this debate. However, as the parliamentary representative for St. Michael South East, I must make a contribution because I consider the Financial Statement and Budgetary Proposals to be an important statement which is deserving of comment and critical assessment. But let me say that I am a very unhappy person on this occasion. I know that as I speak there are families who are going to bed without something to eat. Some families have no place to place their heads and families who have no money to buy food and no hope of getting money and families who have got rents to pay and mortgages to pay and cannot find the money. They are in a very hopeless situation. Only last year Barbados' employment rate was 17 per cent. At the end of 1992, we see the unemployment rate jump from 6 per cent. Statistics show that over 28 700 persons according to the statement in the Economic Report are out of work.

Therefore, Mr. Speaker, that justifies my reason for being a very unhappy person on this occasion. I would have wished to have seen more people in jobs, more people being able to find work and more people being able to support their families. I have been privileged to see a very unhappy and ugly site where bailiffs have removed the furnitures and all the belongings of families just because they were put out of work and not because they would not look for work.

Sir, the situation in Barbados is one with which we cannot be happy. President Clinton has told the United States people time and time again that the solution to America's problems lies in the fact of finding work for the American people. I am going to restate this position. Until the Government realises the need to find jobs and put people back into work, we are going to go into a further depressed state. There is not going to be any improvement. I am not one to be concerned with the nice language about reform and all of this sort of talk about structural adjustment. The structural adjustment, as I understand it, will mean further pain and I want to say this. What worries me most, Mr. Speaker, is the fact that I have heard from speakers coming from that side that we are in for more pain. I am asking this question. How much more pain or how severe will the pain be this coming year? I do hope that the pain will not be as much as it was last year. Mr. Speaker, I am concerned about the pending further loss of jobs. I heard the Honourable Member who just sat down mentioned the Transport Board. I am going on record tonight in saying that, despite what the Honourable Member feels, the Transport Board will in fact be privatised by June 30th of this year and 350 persons will go home. I am on record as saying that and I ask anyone on that side to challenge that statement where 348 bus drivers at the moment at the Transport Board are operating 180 buses. The

Government will retain 75 of those buses. I am going to say that over 200 drivers will go home and I named the category of workers. I want those who represent the workers to come clean with the public of Barbados. I want Members to understand that this is a bad situation. I have heard talk of selling off Transport Board buses. But I also want the Government to understand that I am aware, and this is a fact, that there are over 124 buses laying idle at the Transport Board. Nobody will buy them. So all this talk that I have been hearing about selling the assets and by that the buses, I want to know who is going to buy a bus that is not road worthy? But the Honourable Member who just took his seat raised a very interesting observation. He said that the Transport Board given time can become viable. I do not believe that. I have seen and heard figures coming from the Transport Board from time to time. Just as we thought that the Transport Board was becoming viable and that statement was made by none other than the Chairman of the Transport Board, we heard the Minister announce that it is Government's intention to sell part of the Transport Board buses.

Mr. Speaker, between 1991 and 1992 the Transport Board was subsidized to the tune of \$47 million, a \$21 million, \$12 million, \$10 million, \$4 million and an additional \$2.6 million. I am asking, therefore, if you have spent \$47 million to put the Transport Board on track and it is now allegedly in a position to become viable, I want to know why are you going to sell it. You have spent \$47 million to put the Transport Board on track and now that it is about to see the light you are going to dispose of it. 9.20 p.m.

I want to know if Government is interested, as the Government has stated, in allowing workers to buy into the assets of state corporations, giving them an opportunity to participate in the national cake. I am asking 'the question why is it that the Barbados Workers' Union Co-operative Credit Union has applied to purchase some of the buses and up to now has received no word.

Mr. Speaker, we have heard that the Caribbean Broadcasting Corporation will be given an opportunity to purchase 20% of the shares in that corporation, but at the same time Transport Board workers are treated with scant respect, not even the courtesy of a reply being extended to them. If June 30 is the deadline for privatising the Transport Board, there is very little time left. I am on record as saying, and I am going to restate my position, that Government has already commissioned a transport study but at the same time has announced its intention to privatise by June 30. I am asking the wisdom of going ahead to take decisions to privatise when the study is not yet available. What will happen with the study? Government has already contributed to the cost of that study, but is going ahead to implement certain decisions before the study is out. That is a waste of time and money, if that is the case. My advice to Government is to await the outcome of the report and then take a decision based on the recommendations of that report, I agree with the Honourable Member who just sat down that the Government should maintain a public transport system. The point has been made in here that if Government has subsidised other places and other things in the interest of the public, then there is no reason why Government cannot continue to subsidise the Transport Board by making sure that there is proper management being put in place. What we have seen, Mr. Speaker, is a situation where the Government has decided to abandon certain routes, bringing about hardships and difficulties to people who can least afford to be inconvenienced. The school children, the old age pensioners, the indigent and the incapacitated are the persons who are going to suffer most. When you take the routes on the southern side of the country, those in the St. Michael area, and you say you are going to operate a system which will service the north, you are discriminating in your transport system. I question the wisdom of that.

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What are you doing with the old age pensioners? It was this Democratic Labour Party Government which made a lot of fuss about the old age pensioners being unable to travel during peak hours. The Barbados Labour Party, I must restate, said that for the convenience of the old age pensioners they were discouraged from travelling during peak hours, but the DLP said they should travel all hours. But now the service has been completely withdrawn from them. The people in St. Philip will no longer have a bus service and the old age pensioners will have to pay \$3.00 out of that pension cheque if they want to make a trip to the Post Office at Six Roads, because Government has not yet put in place a system to relieve them of that \$3.00. They used to travel free on the Government buses, but when Government takes off all the buses it would mean that those old age pensioners will have to find

\$3.00, \$1.50 down and \$1.50 up, every trip.

I am calling on the Government, if it is instituting that policy, to make sure that there is a system of tokens so that the tokens can be used and accepted by the private concessionaires. I am going to put that suggestion to them. We have seen quite clearly that the welfare vote has been reduced quite significantly and I am going to venture to say that there is no provision in that vote which was in the Estimates to take care of those old age pensioners and their travel. Therefore, I am asking the Government at a very early stage to announce its intention to have those old age pensioners and the indigent persons travel on the private buses by using tokens, or that some form of negotiation be entered into to make sure that they can continue to travel without paying the \$3.00 oft edch trip. Mr. Speaker, this is a very serious situation. I listened very attentively to the arguments put up by the Honourable Attorney General and the Honourable Member for Christ Church East Central on this whole question of wage freeze or wage restraint I can understand both Honourable Members. They are Members of the Government side and it is their duty from time to time to support the initiative or policy of the Government. It would be rather suicidal if they did not, but I want to take them back to 1983. You may recall in 1983 when the late Tom Adams, leading the Barbados Labour Party Government, had gone to the IMF to secure funds to bail this country out of its economic crisis, it was the Barbados Workers' Union which attacked and criticised the Barbados Labour Party Government. They said: "We want no part of wage restraint." The Attorney General was then associated with the same trade union as its legal adviser. The Honourable Member for Christ Church East Central was an Assistant General Secretary. They said no wage restraint.

You know, Sir, fate is a funny thing. If I am to interpret the speeches today, they tell me quite clearly that they are supportive of wage restraint. I am asking if the same reasoning could not be induced into the 1983 debate. This is a strange situation. There is a member from the Other Place who was then a senior lecturer.

Mr. R. L. MORRIS: Mr. Speaker, on a point of order. I think the Honourable Member is misleading this Chamber, because in my address I indicated as a major plank in my address that from 1985 right away down - and in fact I could have started at 1983 if I so wished - we had accepted a wages policy that led to restraint To say that the Barbados Workers' Union objected would be against the whole thrust of what I said, and I gave the facts to show it too, Sir. 9.30 p.m.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I know the difference between a wage freeze and wage restraint. The call is now for a wage freeze which is more serious than even wage restraint What I am saying is, and I will go a bit further, that there is an Honourable Member in the other place who was then a senior lecturer at the University of the West Indies and I was present in my capacity as Minister of Labour when he addressed the National Union of Public Workers in 1984. He said wage restraint is wrong-headed. That was a document placed in here. "Any form of wage restraint is wrong-headed." I see the Prime Minister looking at me, but I am beginning to wonder what is some Honourable Members' position now on the call for wage freeze.

We have to understand the situation. We will recall that in 1983, Tom Adams gave, despite the criticism and the objections from the Unions, \$108 across the Board, 5%. It came up to \$5 million and it was the Barbados Workers' Union that went on record and said that despite giving them \$5 million they wanted an increase the next year. They did not care whether they gained or earned it. They wanted increases. They were not interested in the country then because that is what they said then. The Honourable Member who got up on a point of order was a member of the Barbados Workers' Union then and still is today. What I am saying is that I can understand the call for wage restraint but I am going to say this. Those who represent the workers must have a more consistent position as far as these matters are concerned. Do not let the records haunt you in your latter years because I believe that this is the, hallmark of leadership and leadership within the trade union movement. We cannot on the one hand criticise their policy and then at a later stage without much justification change. That is why

I said we have a situation where the workers in Barbados - I was a conciliator - are now beginning to feel that their interests have been abandoned by the leaders.

I am going to say what people are saying out there. People are saying that the Unions will sell them out as they did last year. These are the things I have been hearing. The people are thinking that the Unions have sold them out and it is for the Unions, not me, to go out there and explain that position. If you follow a consistent line and you explain to the workers and take them into your confidence, I am sure that the credibility of the Union will remain. I know that union members do not like to hear these criticisms but they have to be careful because people are saying they are selling them out. It may not be so but that is the perception. I would hope that rather than make speeches in here just for the records of Hansard that Members who have connections with the trade union movement get out there and convince the workers that this is the position.

This whole question of allowing people to participate in the economic gain needs some explaining.

The public of Barbados is confused. They do not understand what is meant by selling off assets. They cannot understand why the Government has resorted to selling some of its assets and the Cement Plant. Some feel that it has been done because Government is starved for money.

I am calling on the Government and I am glad that the Honourable Member for St. John has taken heed and is making some attempt - and to some extent the Prime Minister - to explain to the public of Barbados. I feel the time has come when we must spend time explaining to people lest the wrong perception prevails in this community. There is a loss of confidence in the establishment in this country. What worries me is that it is in times of crisis that people take time to explain to the public. I feel that the public relations exercise should be on an ongoing basis and I feel that that is a problem with the Government. It will haunt any future government if it does not take the people into its confidence.

The Prime Minister made an appeal asking us and the country to join hands but, at the same time, you have people criticising from the Government side the Opposition and people who oppose them. How do you expect people to walk hand in hand with you when you are critical of them when they seek to offer suggestions?

I am not going to walk hand in hand with anybody if they cannot trust you. It must come from the Government. Let us see you taking the Opposition into your confidence and when we make suggestions take them in the light in which we offer them, in good faith.

Mr. Speaker, before I sit down, I want to let the Chamber know that there are some very untenable situations in this country. The Government has cut back on some of its services and I want to mention a few things that have developed in my constituency. Only last week I made a plea to have one of the sewerage wells pumped off in Midway Lane which could have brought about an epidemic. Raw sewage was going across the road and affecting people. I made a report and the Government responded but the situation is not altogether corrected. I am hoping that the Government - this is no laughing matter. I take my responsibility as a representative very seriously - takes some action to correct the situation once and for all. I will go as far as to say that I also complained about the garbage that is piled up between the old people's home and the day nursery in Golden Rock. Piles of garbage and you can see rats running across. I am asking the Government to pay some attention to Golden Rock and Parkinson's Field. You cannot treat my constituents like that and ask me to support any proposals. I will not.

I am going to address those problems to the Minister of Education. There are termites in the Wilkie Cumberbatch School. I am asking you to get that situation corrected. The windows at the school are

all knocked out and I would like to see them replaced. You sec, Government is shortchanging the people in St. Michael South East. 9.40 p.m.

All I am asking the Minister of Finance and Economic Affairs to consider is that there was a time when the Barbados Labour Party was in power when people used to buy brandy and chase it with Nutrament. People are using ESA see-through now. The people who play dominoes by Roger, by Diana Canteen and in the Pine by Justine do not have any money to buy whisky or brandy. I am asking the Prime Minister to reconsider his position and relieve them of that. The fellow that drinks see-through now are not rich. It would give the shopkeepers an opportunity to make a little thing or two in these harsh economic times. I am putting in a special plea for them

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because the perception is that whenever someone drinks alcohol the person is rich. I am going to dispel that myth.

Mr. Speaker, on that constituency note I must end. I thank you, Sir.

Hon. W. W. HALL: Mi*. Speaker, I rise to congratulate the Prime Minister and Minister of Finance and Economic Affairs for his comprehensive and cogent analysis of the financial and economic situation presently confronting our beloved Barbados. We need to have a very good look at the prescription for meeting the challenge of restoring growth in the economy, reducing unemployment and maintaining a high standard of living given the stark reality of the situation.

As I see it, Sir, the Prime Minister had a moral and legal responsibility to restore the 8% to the civil servants. We know the gross figure is something like \$37 million. Surely, I think it would have been rather uncomfortable to legislate another pay cut. I foresee great problems. I think it is a simple matter that the Prime Minister, confronted with a very serious position, and he had to lead from the front, therefore made a decision that is painful for most. We admit this but in the final analysis, we feel it will be better for us all in the long run. That is the way I see it.

The question of the pay cut was a very controversial topic among the local economists and, indeed, the economic specialists in the international financial institutions who argued that it would bring about problems in the Government financing. To my mind, these Budgetary Proposals seek to respond to the need to make Barbados a lot more competitive. I have heard it said this evening that there are many constituents in Barbados who would be in a bit of trouble. They would be seeing hard times. This is true but I do not really believe that the constituents for the Honourable Members on this side are any better off than the constituents of the Honourable Members of that side. I believe when one makes an appeal it need not be for a particular constituency because there are 28 of them. Measures that are taken will affect the whole economy and it will affect everyone. Therefore, I think we have to be honest in looking at it as we believe the harsh decisions that were taken, we had to take them in order to survive this economic and financial battlefield.

Quite frankly, Sir, it has been said that it was a trade-off and I believe that. I do not think we can get away from it. If you really look at the incomes policy, the restraining of wages is not a decision that any Prime Minister would like to make. This is not the norm. It is very painful. Therefore, we feel it is only done when one's back is somewhat to the wall. I feel in the final analysis it will improve our competitiveness in the productive sectors, including tourism.

The lowering of the GET rate, Sir, again we feel it will reduce the cost of the inputs into the productive sector including tourism, agriculture and manufacturing. I was rather glad that, at least, we had some provision made for additions to the basic salaries and wages, in terms of the profit-sharing arrangements and the productivity bonuses where there are increases in productivity. I think this is a great idea. In any case, I feel where there is productivity in the system the workers should share in that even in good times. Even in times when you are not in strained conditions I feel workers can share in the productivity bonuses.

I will not, for fear of getting bogged down because I know I have quite a bit to say, Sir, confine my contribution to this area of an economic debate. I would rather move to an area which is under my purview and one which I think I am very well qualified to talk about. Tourism is the engine of growth in the economy. There is no doubt about that. It therefore plays a crucial role in our socio-economic development. It must be said very often for fear that people do not believe it. We need to say that in times of economic slow-down, in recession, the productive sectors are the ones that will be capable of doing the sort of turn around in the economy. No industry is more likely to do so than tourism. We have to look at the challenge that confronts us now and see exactly what we can do.

Sir, when there is a problem in the productive sector of tourism, an injection of needed cash can do wonders. For instance, last year in January, 1992, we saw a slight increase of 2.5% in long-stay arrivals. But in February, there was a decline of 0.8%, in March a decline of 12.8%, in April a decline of 4.9%, in May a decline of 13.4%, in June a decline of 3% and in July a decline of 3.3%. There were many contributing factors to this. This was rather unusual. There was the continued recession in North America. As you know, North America is the source from which we draw most of our long-stay visitors, therefore, the recession in North America has been troubling us for some time.

Sir, I must confess that it was not only the recession because even in 1989 when 461 256 visitors came to this country, even from those lofty heights we found that the arrivals from the United States of America had declined. If my memory serves me right, I think by 1988 we were up to about 170 000 visitors from the United States of America. By the time we got to 1989, even at the heights of our glory, we had dropped to 154 000. The continued recession in North America played havoc with us. We had great problems with air lift. We had seen the demise of Pan Am, Eastern and Air Holland. We were really in a bit of difficulty to get scheduled airlines to increase their flights to Barbados.

There was also some very fierce competition for the tourist dollar in the Caribbean. In other words, Sir, there were many other Caribbean countries who had hitherto been in the background, most of them had been seen in Europe, United States of America, Central America and all other places. There was also this idea of the cut-throat fare war. The airlines were embattled against each other. The volatile fuel prices was another problem we had to confront. To crown it all, we had the problem of the airline industry itself being in trouble. Between 1990 and the end of last year the industry lost some \$8 billion. This would obviously result in reduced flights and great hardships to a country like Barbados. But then again, Sir, there were some indigenous negative factors like harassment in all its ugly forms, escalating crime ... 9.50 p.m.

I think the Member for St. Thomas talked about the environment. It is true to say that the Government of Barbados took some very serious decisions and first of all they formed a task force on crime and that report is coming out this month. In this Honourable Chamber, Sir, we passed a lot of legislation which, in my opinion, Sir, did a lot to help curb the escalating crime.

Of course there was the joint patrol between the army and the police and to my mind, that did a lot of good in order for us to get away from this scourge that more or less came across the landscape.

Sir, the visitor satisfaction survey done by TDC where our arrivals were interviewed at the Airport and were asked what were their problems, that went some way in helping us to understand exactly what was going on. So, Sir, we launched a special marketing programme to alleviate these problems that we are having. It cost US\$4.7 million and we also spent \$1.8 million in Europe.

This new advertising campaign, Sir, ran with the major TV stations on the Eastern Seaboard, most particularly CNN. We can still see it every night here in Barbados. We ran it in the print media and also in the Co-op Advertising with the Travel Agents and the Tour Operators.

What were the results, Sir? I think we have to look at the results. In September, out of the United States of America we saw the first sign of a revival, because we had a decline of 1.4% which followed August which had a 23.9% decline. By October we saw an increase of 23.8% in arrivals. In November we saw another increase of 17.3% and in December an increase of 18%.

If we were to *look* at all comers, Mr. Speaker, we had an increase in September of 4.4%, in November of 13.1% and 2.2% in December. In December you will recall, Sir, that I said in this Honourable Chamber, that I had doubted that we would have an increase in December simply because by then many of the European currencies had been devalued. Indeed the Crown or the kroner in Scandinavia had devalued by some 35%, Sir, and what we saw in the beginning was a gradual moving away from this destination because we were no longer affordable.

It is a curious paradox, Sir, but you will remember in 1987 when the American dollar fell, our dollar being tied to it, Sir, we were very affordable to the European visitors. Now they have devalued their currency w[^] are no longer affordable.

Only this morning I met with the Ambassador here in my office, and he really looked into the fact that they find Barbados rather hard to get to now, because it has suddenly become so expensive. That is not the fault of anybody in Barbados. They have devalued their currency by 35% and they are suffering all the hardships that any country who has devalued sometimes has to face.

Sir, the American market is the most important market and I wish to say to you, Sir, that when we gave the Estimates this year we took into consideration the fact that we must continue to market aggressively in the traditional areas and we must also go into the non-traditional areas. We will build on the things that we have done in the last few years because what we have done is this: We have been able to get charters out of some of the most unlikely places as far as Barbadians are concerned. We have never come out of Detroit, we have never come out of Texas, we have never come out of Minneapolis. All of these areas, Atlanta and Orlando, and even now we are getting a lot of people coming through the hub in Miami. There are two air buses out of San Juan and now, thank God, Sir, we are getting a daily flight by American Airlines who have been rather nice to us, from New York, every day.

Sir, all of this we have done and yet sometimes we hear in this very Honourable Chamber, talk that we are complacent, that we are not attractive as a destination as we were in the past. Indeed my good friend the other day even said that we are operating on a principle of blind faith. Sir, but what are the facts? I think what we have to do is really look and see what the facts are and let everyone in Barbados judge for themselves.

Mr. Speaker, there is empirical evidence that this Party and this Minister has done all that is humanly-possible to make sure that tourism is a wonderful industry and indeed that Barbados remains the preferred destination in the Caribbean.

Sir, if we were to really look at the figures we can go as far back as we like but if we were to go, for arguments sake to 1986, you will see that by then 145 000 cruise passengers came to Barbados and 369 000 long stay visitors came and the money earned was \$647 million. By 1987, and I am putting it to the nearest thousand, 228 000 people came by ship. 1987 is the year I became the

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Minister and 421 000 came and we earned \$757 million. In 1988, 270 000 cruise ship passengers, and 451 000 long stay visitors and we made \$918 million.

Sir, it goes on. The great year was 1989 with 337 000 cruise ship passengers and 461 000 long stay visitors with \$1 billion in earnings.

I will go to the times of decline for fear that one may accuse me of not giving the truth. In 1990, there were 362 000 cruise ship passengers, 442 000 long stay visitors and we earned \$987 million. In 1991 there were 372 000 cruise ship passengers, 394 000 long stay visitors and we earned \$920 million. Last year, 1992 there were 399 000 cruise ship passengers, 385 000 long stay visitors and we earned \$925 million. Sir, that is 0.6% increase over 1991. I think that was a question asked in this Honourable

Chamber some time ago. It is a slight increase, Sir. It was said in here, Sir, that we are not getting increases in earnings. I am saying that despite the fact that we had a 2% decline in long stay arrivals in 1992 we made a bit more money. 10.00 p.m.

I further state, Sir, that at the end of the year when you take the long stay and short stay together we had 18 000 more people that came to Barbados in 1992 than we had in 1991.

Sir, this is not jejune rhetoric. This is the whole truth and nothing but the truth. I just wish to put paid to the argument that nothing has been done in tourism and that we are complacent. We do not really have a blind faith. We have an abiding faith in God that the bold policy initiatives taken by my Ministry and this Government will see Barbados through in the long run. That is what we have an abiding faith and not a blind faith at all, Sir. Those are some of the issues that we have to deal with. Mr. Speaker, during the two Budgets of last year, I remember very clearly that I said a few things. I said in the first one that I was very proud of the fact that we have got to the stage where there was greater cooperation between the private sector and the public sector. I had alluded to the fact that the Ministry of Tourism, Barbados Hotel Association, the TDC and the Board of Tourism had looked at the two marketing plans that we had, came up with a joint plan and submitted it to the Foreign Exchange Committee. Out of that, they formulated the marketing plan that we did in the United States last year.

I say all of this, Sir, because I feel that it is important to say now that we have gone further. Apart from meeting with them, we have just had a two-day retreat at Hcywoods where we had 100 partners in progress. They consisted of consultants, people from the Caribbean Tourism Organisation, Heritage Tourism, entrepreneurs, hoteliers *et cetera*. They were all there, Sir. We sat down for two days and came up with¹ a Barbados 2000 strategic plan, a mandate for change and joint action. It was submitted for a final draft report which will be laid sometime next month in here. I will take it to Cabinet and we will see exactly what we will do about it. The Mission Report was National Development Through Quality Tourism. I think what we need to do is not worry about what this Minister says about tourism or what 2 or 3 people say that we are not doing. What is important is that we have looked at this entire situation.

We have invited knowledgeable people in Barbados to come and discuss it with us so that we now can come up with this strategic plan. We looked at the tourism strategy and its policy with institutional strengthening. We looked at marketing because you may have all the marketing you like, but you really have to have a product to go with it. We looked at the marketing and the product and we looked at the physical hotel plant. We also looked very seriously at the attractions and how we can increase them and our sports venues. We also had a look at human resources, cruise tourism, nature and heritage tourism. We had a look at crime, harassment, air access and sector linkage development. Sir, I say all of this because it forms exactly what we need to do if we are looking for a new tourism which is flexible, sustainable and quality oriented. I would like to say that the sports tourism fusion is going really guns. Wherever we have been, we have found that people are really warming to it. Only tonight at 7.30 p.m. on ESPN, the Cockspar Gold Cup was shown throughout the length and breadth of the United States and further afield. I think these are things that would help us really advertise Barbados.

Sir, the other thing that happened in September during the Budget Debate is that I said we would explore new markets. Not a comment was made in here about that, Sir. Not a comment was made on the call-in programmes or in the newspapers. I said that we would go to the African Continent. I said that we would go to Australia. I said that we would go to South Africa. I said that we would go to Latin America and Japan and also strengthen the Caribbean travel market. I said all of these things, Sir. Yet, one would believe that the mere fact of going further afield to make sure that this tourism product that we have in Barbados is enhanced, that it is a grandiose symbol of megalomania. I feel that what we need to do is to make sure that in going to these places we are able to have Barbados' name put high on the map.

Take for instance in Africa, Sir. When I went to Africa, Barbados was well known. The door was open at all times. They knew our Governor-General, Dame Nita Barrow, for her great work in the U.N. They knew our ambassador at the U.N. for his great stand against

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apartheid. They knew Senator Simmons for his work in the APC countries and, therefore, they were very *aufait* with things Barbadian. Another thing that is important for Barbadians to know is that between Capetown and Miami a plane flies directly over Barbados. There is great hope that we can continue to have bilateral talks with them to make sure that we are definitely building towards good tourism.

Sir, in addition to that, I know that I have not got enough time to actually say all the things that we are doing.

Aside.

Hon. W. W. HALL: You should not say that in jest, because the next time that you call on the Lord he will not hear. You must not make jokes at the Lord. I tell you.

Sir, in conclusion, I need not talk anymore. I am aggrieved that they should make a mockery at the name of the Lord. But I really do believe in that what we are trying to do by going overseas. We are going to the American Continent, Europe, United Kingdom, and we are also going throughout the length and breadth of the Caribbean. We would like to go to Japan. Now the Japanese like to play golf. So we need to get golf courses. The Japanese love to come to places like Barbados or any part of the Caribbean for honeymoons. They also like attractions, Sir. When we get our act together, Sir, I am quite sure that we will get thousands of Japanese here. Only two months ago they came and had a look at our lovely island and they believe that they would love to come here just as the Australians and Europeans have come. I would like to say, Sir, that soon we would also like to have some of the black South Africans coming here too and the white ones. Some people believe that the coloured South Africans do not have enough money to come here. That is not true, Sir. There are many of them who have travelled the world, so I would like to see us encouraging them to come to Barbados.

Sir, I would like to say in closing that a lot of people would like to see tourism fail, because they feel that if tourism fails then the whole economy will go. That is true, Sir. As strange as that may seem, that is true. I say that we are going to win because we are winners. We are winners because of the fact that we have turned the ordinary into the extraordinary. Ordinary performance between 1980 and 1986 has turned now to an extraordinary performance between 1986 and 1992. 10.10p.m.

We are going to win, because we recognise that the effort is just as important as the goal. We are not really going to do anything that is going to be wrong. We are going to make sure that Barbados remains on the map and the preferred destination in the Caribbean.

Mr. Speaker, I would just like to end by saying that I applaud the Prime Minister. As I said when I began, it takes a man of tremendous fortitude and courage to make the decisions he had to make for the good of Barbados. It is no point putting it off, it is no point trying to be sad after the event. Even in the United States of America, after much talk about trickle down economics and taxing people above \$200 000, we have seen where the President has come to the people and said he found a situation for which he needed their co-operation. We need therefore only to ask for the co-operation of the Barbadian public. The Prime Minister has asked for the co-operation of the Members on the other side and they have flatly said they are not going to hold his hand in any circumstances. It is therefore left to all of us to ask the people of Barbados, notwithstanding the hard-headedness and the fact they are not going to be with us, not only to put their hands in the Prime Minister's, but to put their hands in ours, all of us on this side, and I dare say, Sir, anyone who is on that side who would like to see Barbados remain the gem of the Caribbean.

On that point, Sir, I would like to see all Barbadians joining hands with the Government of this country, just as the Polish people joined hands with their Prime Minister, just as the American people seem to be joining hands with their President, and let us walk the last mile to freedom.

Thank you.

SUSPENSION OF SITTING

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

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly. 10.15 p.m.

RESUMPTION Mr. SPEAKER: This sitting is resumed.

For the sake of clarity in respect of the document which was circulated yesterday, I did make a few comments. I think my comments were to the effect that after we were not able to establish the authority of that document I instructed the Honourable Member for St. John to forget the document and not to discuss it. Therefore, by that intervention, it means that the document itself cannot now form part of the debates of the House.

Hon. B. M. TAITT: I am just seeking clarification on the point because I am not sure. Are you saying, Sir, that there is to be no reference to the document or that simply the document does not form part of the records?

Mr. SPEAKER: Apart from not forming part of the record I also suggest that it cannot be part of the discussion. What possibly could be entertained by the Chair is the fall out that is likely to be made of the document. I think I am pretty clear on that. When I say the fall out, what the Honourable Member said outside of the document that may have had some connection with the document, that would form part because it was part of the debate. But the document itself cannot now be established. I think at times we need to make these statements clear. Now, if the document itself cannot be established as the true authority then a subsequent document could turn up to be the authorised document and then the House would have 2 items to deal with. So in that sense, I think the House is on the safe side of making sure that Minutes which were purported to be those Minutes and did not carry the full complement then I would suggest that the House be very careful in this particular matter. I will also say as well, it does not mean that documents that are not signed ... The reason being that there are very often documents that need not be signed but can establish their authority without a signature and therefore that gives room for other documents as such. Reference can be made to the comments that came out of the document but not the document itself.

Hon. B. M. TAITT: Very well, Sir. But I draw to your Honour's attention that in the proceedings deriving from the document, reference was made to myself. In the circumstances, therefore, when my time comes to speak I would wish Your Honour's permission to make reference to the fact that the document, or a document, purporting to be part of a meeting ...

Mr. SPEAKER: You could make reference in response to what the Honourable Member said but not the document itself.

Hon. B. M. TAITT: Very well, Sir.

Mr. SPEAKER: The Honourable Member for St. Michael East.

Mr. J. O. TUDOR: Mr. Speaker, Sir, I join the debate this morning and would want to focus my attention ...

Mr. SPEAKER: I think I did not conclude as well that whatever reference of that document, in terms of the document itself, would be expounded from the records. So the document itself will not form part of the records. The response to what the Honourable Member said, then is within reason because it is customary for people to make responses to comments.

Mr. J. O. TUDOR: Mr. Speaker, I would want to refer to the Resolution before this Honourable House which indicates that the Government through its various policies has been able to bring stability to the Barbados economy and whereas the fiscal deficit has been substantially reduced and the slide in foreign reserves has been "halted and whereas the Government has been able to implement a number of measures designed to lead to the rehabilitation of the productive sectors and to resumption of growth in the economy, Mr. Speaker, it is my intention this morning to focus on the productive sectors and to some extent I would like to focus on the stability of the environment in which we live. I think that one of the concerns of us all and, in particular in this Honourable Chamber, is the level of unemployment that we are confronted with in our respective constituencies in our daily lives. To me, Sir, the level of unemployment that we have to deal with in Barbados is what I would consider to be very unacceptable. Certainly, one of the ways how we will be able to counteract the problem of unemployment is for us to effectively and collectively ensure that there is economic growth in our society.

Most of us are aware that economic growth will only be achieved in an environment where the conditions are very favourable, where the social climate is very stable, the political climate is also stable and investors can feel comfortable that there are not a lot of impositions or restrictions on their ability to invest.

My role, Mr. Speaker, in this exercise, is one to assist the Government with the organised process of effecting economic growth. I think that some of the concerns that I have as a representative in a constituency and I really do not want to go over because I know that everybody understands what has happened... I think we have got to "make some constructive arrangements regarding the future employment of people and in that regard I would want to focus my attention on the agricultural sector. Later I would like to focus on the tourism sector and I would like to deal with a few other colloquial matters.

I would first like, Mr. Speaker, to pay compliments to the new Minister of Agriculture. Immediately on his assuming office the Minister took up a challenge that I threw out to the Government last year regarding the implementation of a programme that would provide land to small farmers. That programme has started, the allocation of land is now in progress, and the Minister has assured me that that process will be continuing and I think that it will go a long way in allowing small farmers to produce livestock, produce, vegetables and whatever for themselves.

I would hope however that that programme is extended across the length and breadth of Barbados because we, as a people, have to focus on feeding ourselves. We are independent, we have made a choice, we are intelligent, we are skilful, we have a lot of talent among us and I think that we have to do it for ourselves.

Mr. Speaker, there are a few concerns that I would have and I think they have been somewhat addressed but I will still refer to them. I think there is a need for some kind of financial assistance to small farmers. I am aware that the Prime Minister in his Budgetary Proposals indicated that a window would be opened for skilled workers so that they can get start-up funds *etcetera* and I would hope that that kind of approach would be used for small farmers. At present there is no assistance that is

extended to them. There are provisions where they are required to have small fencing, feed, and different aspects of their start-up costs that they would need to be facilitated with and the Ministry of Agriculture have also been providing some technical assistance in advising some of these small farmers as to how they should proceed in their various ventures. 10.20 a.m.

Mr. Speaker, I am also of the view that we should in our efforts and during the resuscitation of the sugar industry try to focus some of our energies on the provision of land to small farmers once again. The Government heeded to a call that I made in the 1991 Supplementary Budget when I asked that the lands which were being mismanaged should be provided for and given a new lease on life under new management. I think that it is important for us to understand that since sugar has played a major role, and it is certainly one of the key factors of our foreign exchange component where we earn foreign exchange through the sugar industry, Government must continue to strive for growth in the sugar industry. It is shameful that we are at a point where we cannot reach the quotas under the preferential market.

I would like to refer very briefly to show you, Mr. Speaker, that there are other situations where restructuring has taken place to the extent that they have effected growth in the sugar industry. If it can be done in other parts of the region, I certainly believe that it can be done in Barbados. I refer to the Economic Report 1992 which is a document of this House. Under the Head of Sugar, you will note that Guyana's performance was outstanding with a 38.4 per cent increase in production to an estimated 225 000 tonnes. This improved performance was reflected in increased operating efficiency as a result of management restructuring, rehabilitation of equipment and an increase in acreage. Guyana satisfied its quotas in the USA and ECC markets and was able to meet its domestic requirement for the first time in 5 years.

I think that that statement is very instructive to us, Sir, because we are now in the process of restructuring the sugar industry. If it can be done in Guyana under efficient management, I am very satisfied that we also in Barbados are able to effect the same kind of growth.

Sir, the improvements in the operation in St. Kitts contributed to a 5.3 per cent increase in output. In Trinidad and Tobago, favourable weather conditions improved factory efficiency. Note the comments are consistent, Mr. Speaker, "increased efficiency". The best cane sugar ratio in 15 years led to an output of approximately 9.6 per cent higher than in 1991.

Mr. Speaker, this tells me that Barbados with its skills and all of the research, developments and our clear understanding of sugar over the years and that, if this restructuring can take place where sugar remains a vital part of our society's development, we too must join the bandwagon and go for growth in our sugar sector. It is sad that we are all caught up and worrying about whether we have enough sugar to satisfy our domestic market. I think that everyone of us should be enjoying the fine beautiful quality of Barbadian sugar.

The land use policy is of concern to me, Sir, because I would like to see small farmers be allocated these lands. The Minister, as I indicated, has shown very good intention. I applaud him and I urge him and the technical people in his Ministry to ensure that the small farmers are given a very fair deal in terms of land allocation. The rates that they have provided so far are very reasonable. It is my understanding that they are somewhere in the vicinity of \$100 per acre per year and I think that is a very affordable amount. I would like to see the land use programme extended and I would urge the Government to be cautious with the provision of too many golf courses at the expense of us not producing food for ourselves. I am sure you understand that an effort must be made with regard to the restructuring of the sugar industry. As I said, we are independent and it is up to us to determine what we want to achieve.

Mr. Speaker, I would like to spend a few minutes dealing with the tourism industry. As you are aware, this House recently approved a new Tourism Authority. There is a gentleman that I would like to pay

public tribute to a man whom I worked with and a man who is committed to the development of the tourism industry. I would like to refer to none other than the Chairman of the Board of Tourism, Mr. Clivedon Mayers, who during the last 6 or 7 years understood what tourism meant for the people of Barbados a future. He is a man who committed his life in trying to encourage Barbadians to appreciate what they have to offer to visitors. We must be very grateful when we have committed and responsible people who function under very difficult conditions. He is a man who was at the head of the recovery of the tourism industry after

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it had been left in a state of destruction by the Barbados Labour Party. I would like to publicly compliment him.

One of the future requirements for us as Barbadians is for us to ensure that our environment is stable because our future depends very heavily on the success of tourism. The police in Barbados have been involved in crime fighting successfully and I can report that the feedback we are getting out of the markets that we service is that the recent improvements in the police control on beaches, around Bridgetown, and the tourist attractions have met with very favourable responses from marketplace personnel. I would like to urge that that process be continued where we have a stable environment for our visitors and investors to come and participate in.

Barbados over the last 4 or 5 years has been unable to attract new investment and this certainly must be of concern to us. I think that there must be some way that we can attract new investment in mariners and conference centres. Some discussion had been made in regard to casinos and other hotel facilities *et cetera*. I certainly believe that regarding the tourism industry, particularly the hotels, a very special effort should be made to facilitate with regard to their operating costs. If relief is not given to the hotel sector, their operating costs could be very prohibitive when they come to their final costs. You will find that in a tourism market for some destinations which are now very competitive that Barbados will easily lose its market share through sheer inability to compete. I would really like to make a plug for the hoteliers to have whatever concessions to the fullest extent extended to them.

I think too, Sir, that we need to have the assistance of local Barbadians and Barbadians in the overseas markets. I have spent a lot of time working with the organisations in Canada, Europe and in the USA and I found a lot of them eager to sell Barbados. They have a lot of connections with different working institutions across the globe. Barbadians are everywhere. They are good ambassadors. 10.30 a.m. I think a special effort must be made to facilitate them and make our overseas Barbadians feel special. In that regard, we have to cater to our local Barbadians. I would like to revert to the treatment that is meted out to our local Barbadians in the hotel and tourism sector. We have ignored a lot of the talent that is available in Barbados. The Mighty Gabby, Herring, Viper and a lot of others are trying very hard to develop the calypso art form which is very entertaining and very enjoyable to visitors. We have failed to facilitate our own talents. We have to start encouraging local Barbadians to participate more in the tourism industry.

On the question of transportation, I said during the Estimates that the taxi drivers, for argument's sakes, are not having a fair deal. I am of the view that the transportation system in the tourism sector denies too many taxi drivers an opportunity to have a fair return. The fees extended to them are high. They have families and need to have an opportunity. Most of the business is dominated by large coaches. This is a small island. We must understand that the majority of people must participate in it. If we have an island where a few people are dominating the available money we will always have a state of confusion.

Government has a role to ensure that every taxi driver in this country has a better share of the pie in tourism. Similarly, I would say that the crash programmes that were introduced from time to time by this Democratic Labour Party when we could have afforded it went a long way - the NCC and MTW programmes went a long way in providing jobs for people at the lower end of the market. If we want to focus on a stable environment, we have to give serious consideration and expenditure towards the preservation of a good tourism product, to the provision of jobs to people at the lower end of the market.

We have to keep people employed.

It makes no sense focussing on the productive sectors. Tourism cannot grow unless we have a very stable environment on which it can grow. My concerns relate to the provision of jobs so that people can participate. The workers who were involved in the NCC programme were all proud to be part of that programme because they too played, their part in ensuring that Barbados was beautified and really of a quality to offer to visitors.

Mr. Speaker, I note that time moves quickly and I would like to spend a little time on my constituency. I would like to focus somewhat on the provision of training which was referred to in the Financial Statement and Budgetary Proposals of 1993. The Rt. Honourable Prime Minister on page 64 of the Financial Statement and Budgetary Proposals indicated that the Government is concerned about the high level of unemployment.

"... since unemployment implies a wastage of a large percentage of the country's resources, both capital and human. A situation like this and the frustration which ensues impacts on the society, making itself felt in an increase in criminal activity and general moral degradation.

There are those who have been newly displaced who are undergoing hardships, whose living conditions and those of their families have been reduced to unaccustomed low levels. There is a large body of Barbadians who are highly skilled and very well educated and I am hopeful that these persons will be motivated to use their skills for the creation of new enterprises for themselves.

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Mr. Speaker, it is for this reason that over the past financial year my Government has sought to set up the framework which would foster the development of entrepreneurial initiative. Through the courses being conducted by the Skills Training Programme, many displaced workers have benefited from the retraining and have been able to set up themselves in new businesses. What we are aiming for during the 1993/94 financial year is to have additional financial opportunities, that is, windows where those with entrepreneurial skills may obtain loans for the commencement of small enterprises. These loans they will repay when the businesses begin to show profits."

Mr. Speaker, I applaud that I would like to extend my thanks to the Training Board who has offered me over the last 6 or 7 months tremendous assistance in facilitating a number of my constituents who were terminated and we are in the process of having them retrained. I think that is a move and I hope we will take it very carefully.

The community as a whole has been trying to deal with the recovery of Barbados and to emphasise our stability through an organised and in a responsible manner. We are avoiding states of confusion. There are people that would want me to function from a state of confusion. Mr. Speaker, I am a responsible person. I grew up making responsible decisions and I will continue to make responsible decisions. I will continue to work with groups within the community that are responsible. I have had significant contributions and support in the process of rehabilitating people from the 4-H Club in St. Barnabas. It would be a joy to me to see those young people working together in an atmosphere of cooperation and dedication to their futures.

The leader club continues to demonstrate that it is one of the highest class group of people in this country, a group of young men who never get involved in irresponsible behaviour. They get involved in community programmes. They organise football tournaments. They assist in the cleaning of areas that pose a threat to the community. The Ivy Community Centre is now an area that is well organised. There is a development officer there, Mr. Worrell, who deserves the highest praise for his involvement in that community. He is a committed person and he understands what he has to do and he is doing it in a responsible way.

The churches in the constituency all have programmes. The St. Barnabas Church is leaching people skills. Those programmes are filled. The Antioch Church, the Belmont Church, the Seven Days Adventist, the Church of God, the Church of the Nazarene, all of them are involving themselves in a responsible manner in the community.

The schools. Almost all of the PTAs have very responsible presidents. I respect the work they have been doing over the years in the constituency. They have been assisting me in the restoration of some schools, the St. Giles School, the Belmont School, the Pine Primary School. We are trying to make provisions within those schools to make life better. Many of them understand the constraints of Government. The attitude that we need to develop in Barbados can easily be identified by the National Council of Parent Teachers Association, which body, if you will observe it, over a year and a half have been taking a very responsible role in this community. 10.40 a.m.

They have been very ably led by their President, Mr. Wendell Callender. They have been demonstrating the kind of responsible behaviour that is necessary for Barbados to be removed from the malaise it finds itself in. We will never move one single inch unless we have these kinds of responsible people functioning within our system. I am urging them to take a leaf out of the book of these responsible people. To those who would want me to function in an environment of confusion, I will refer them to 1 Corinthians 14 v. 33 which says "For God is not the author of confusion, but of peace, as in all churches of the saints."

Mr. Speaker, I am obliged to you.

Hon. D. W. BOWEN: Mr. Speaker, I rise to lend support to the Budgetary Proposals which were presented by the Honourable Minister of Finance and Economic Affairs on Monday afternoon, and the accompanying Resolution which speaks of Government's efforts to improve the economy and also the standard of living of Barbados and Barbadians as a whole. The Prime Minister, to my mind, made a number of positive statements regarding the revitalisation of the agricultural sector. I have highlighted and separated them out because, as I recite them, I am going to use these statements as the focus of my presentation.

I would also, Mr. Speaker, not want to miss this unique opportunity, since it is my first Budget response since assuming ministerial responsibility for the Ministry of Agriculture, Food and Fisheries, to highlight a number of programmes and projects which we are pursuing in the Ministry and which are aimed at improving agriculture generally. Of course, I would want to speak to the challenges which we continue to face and some of the problems which, over time, have hindered progress in the sector.

Now, Mr. Speaker, I turn firstly to the Economic Report which complements a number of the statements made by the Honourable Minister of Finance and

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Economic Affairs in his Budgetary presentation. At page 15, under "Livestock and Dairy Products" it says:-

"During 1992 the performance of the livestock industry was reasonably strong with only poultry recording a decline in output."

Then on page 17 under "Fisheries" the Economic Report states:- "The fishing industry, assisted by favourable weather conditions during the season, performed more favourably during 1992 than in 1991."

If I may turn to the statements made by the Minister of Finance and Economic Affairs to which I alluded to a while ago and which will form the basis of my presentation, on page 9 of the Financial Statement and Budgetary Proposals it states:-

"While the major foreign exchange earnings sectors contracted again in 1992, non-sugar agriculture increased by 12.7%."

At the end of that same paragraph it says: "Meat and milk production and the fish catches were higher".

On page 55 of the same Financial Statement and Budgetary Proposals a commitment was given regarding Government's agricultural diversification programme, At the top of page 56 the Prime Minister stated:-

"My Government intends to pursue an informed land use, and land management policy which is in consonance with the needs and concerns which I have outlined above."

Finally, on page 91 in respect of Revision of the Customs Tariff, it says:-

"The only exception to this would be agricultural goods which will carry a protective rate of 40%".

I would want to start, Mr. Speaker, by looking at an area which the Honourable Member for St. Michael East alluded to and which has gained currency over time in Barbados. I am speaking about Government's land use policy. I could not miss this opportunity to express in clear and unequivocal terms the policy of land use as enunciated by this Government. We have targeted an area of 45 000 acres of land for sugar, cotton, exportable root crops and vegetables. Of this amount, we know we are in the process of restructuring the sugar industry, and I will speak to that in a short while. Our target as outlined in the Financial Statement and Budgetary Proposals after the restructuring is a minimum output of 75 000 tonnes with the ideal situation probably being 90 000 tonnes of sugar.

We have offered the farming community a number of grants and areas of assistance to bring more land into productive use. Farmers have been assisted with grants as start-up capital once they have registered with the Ministry of Agriculture, Food and Fisheries. Closely related to this is the matter which was referred to by the Honourable Member for St. Peter in this debate and which I will deal with concerning Government offering certain concessions to persons who were not really in agriculture or the abuse and so on. I will deal with that and set the record straight as soon as I get there in my presentation.

We on this side do not believe, Mr. Speaker, that land should be used or left to the activity which is going to yield the highest perceived returns because if we do that, sugar would be left to die. We in the Ministry of Agriculture, Food and Fisheries have set up a committee, and this followed a policy position which my Government took towards the end of 1991 when we agreed that laid-off workers who were interested should be given land to work. 10.50 a.m.

While the response from the laid off workers has been only moderate, other Barbadians have come forward in their numbers and requested such land and we have been able to allocate a number of pieces of land to Barbadians.

We recognise that 'there are some outstanding applications still to be fulfilled. I see the Honourable Member for St. Lucy beckoning. I know that there is an area at Spring Hall in St. Lucy which we plan also to lease to small farmers. We have also identified an area at Kent in Christ Church for such use. Therefore I hope this lays to rest once and for all the question of Government's land use policy. Let me say, Mr. Speaker, that sugar and the production of sugar will remain the nucleus around which all other agricultural activity will take place in the future. I recognise, Mr. Speaker, that for some time now there has been a crisis in the sugar industry and the crisis related primarily to the matter of finance. Over time there has been a decrease in the yields per acre of sugar cane planted.

It is my personal belief, Mr. Speaker, that whereas Governments on both sides, assisted firstly through the 1982 sugar industry price support scheme, assisted and tried to bail out the sugar industry that the problem was that industry did not recognise that there was a deep structural problem which they had to face and rather than facing and grappling with the problem the industry continued to rely on the Government for support. We find ourselves, today, in a situation where we have to import sugar for our domestic needs. We have therefore had to take the decision. We have had to say that sufficient is enough and we have taken the decision to restructure the sugar industry.

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I believe, Mr. Speaker, that the restructuring of the sugar industry is a national challenge. It is a challenge for all of us. We on this side, during the restructuring will seek to arrest the decline in the industry. We will also seek to improve the return or rate of return on investment and to raise efficiency within the sugar sector. And, as soon as is practicable we would want to return the industry to the private sector.

Therefore, Mr. Speaker, the restructuring will focus on the modernisation of sugar cane transport system, also on the modernisation and rationalisation of the sugar factories. We will look at the reorganisation of labour arrangements at the factories and in the fields and we will try, as far as possible, to overhaul outdated management systems and replace them with new twenty-first century management systems.

Mr. Speaker, the decline in the sugar industry over time has pushed us to a position where, as I stated, we have had for the first time in several years to import sugar. I believe that the plethora of negative comment and criticism which has accompanied the Guatemalan sugar has to a large extent subsumed and swept under the carpet the real issue and the issues to which we should have addressed ourselves and that is why we have to import sugar. And it is because the industry has failed us. It has largely been a private sector concern with support from the Government and it has failed us and we have not, in Barbados addressed that problem. Instead, we have sought to deal with other issues. Suffice it to say, Mr. Speaker, that I have summoned a meeting for Friday with the Tenders Committee to discuss the importation of sugar for the next 12 months.

As you recall, Mr. Speaker, the present contract comes to an end at the end of March and we are going to have to go on the International Market. We have advertised for tenders and we are going on the International Market in order to meet our domestic needs and while we have been having fairly cordial and what appears to be fruitful discussions with Guysuco of Guyana, I am not in a position, at this stage, to say what is going to be the final outcome but, rest assured, within the next 2 weeks a decision is going to be made as to the source of the sugar imported in Barbados for the next 12 months. I do not intend, Mr. Speaker, for that sugar to be Guatemalan sugar.

I want to turn my attention to the question of the cotton industry. The cotton industry, Mr. Speaker, has been characterised over time by a number of institutional and organisational problems. We on this side remain committed to the cotton industry and we have taken a number of initiatives to ensure that it is placed on a sound footing and that within the next year or so at least 1 500 acres of land are returned to cotton, followed probably in 6 years by 3 000 acres and in 10 years by a maximum of say

4 000

acres. Those are the projections in the Ministry of Agriculture. They might seem idealistic but we believe they can be achieved.

One may ask, Mr. Speaker, what has this Government done in terms of initiatives to push forward the cotton industry? We have established a comprehensive research programme to remove certain constraints to cotton production and to improve the quality of the product. We have also set up a classical lab for fibre analysis and quality control.

Mr. Speaker, we recognise the foreign exchange potential of cotton and hence the returns that can be made from the planting of cotton. If I give you some statistics it might bring home the point more vividly. On one acre of land, Mr. Speaker, the average yield of sugar is about 2.5 tonnes. The average yield of cotton lint is 500 pounds. The gross revenue for the sugar cane would be about \$2 500 and the gross revenue on the cotton would be Bds. \$5 500. If we take out probably 15% across the board for leakage, our net foreign exchange returns would be \$2 125 for the sugar and \$4 675 for the cotton. 11.00a.m.

This explains why we in the Ministry and the Government by extension have been pressing ahead with our thrust in cotton production.

If I may move on very quickly, Mr. Speaker, to non-sugar agriculture. I recognise that I am hemmed in by a time constraint. The non-sugar agriculture has performed creditably as outlined in the Budgetary Proposals and, indeed, in the Economic Report 1992 from the Central Bank. Let me state that the non-sugar agriculture has grown by 30 per cent over the last 5 years. It presently contributes twice as much to the gross domestic product as does the sugar industry. I would want though, Mr. Speaker, to focus on livestock production as an integral part of this non-sugar agriculture. The Livestock Division of the Ministry has performed exceedingly well over the past several years with the Ministry acting as facilitator. But obviously credit has to go to the farming community for the success that has been reached in livestock production. We have reached self-sufficiency in whole chicken and legs. We have also reached self-sufficiency in fresh pork production and we supply a substantial amount to the processing sector and we have been satisfying for a fairly long time now our local demand for fresh milk. As a matter of fact, there has been an over-production to the extent that the Pine Hill Dairy has had to implement a quota system on the farmers.

We are committed to the further development of the livestock industry. In pursuance of that, Mr. Speaker, we will be implementing a project called the Livestock Development Project with the help of funds from

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the European Development Fund. We will be receiving an amount of Bds. \$10.5 million over a 4-year period. Of this, Bds. \$3.3 million will be in the form of a loan and the loan would be made available to farmers through their commercial banks whether it is the Barbados National Bank or whichever bank they deal with. We recognise that the farmers have been complaining about the high cost of concentrated feed and some of the funds from this Project would go towards establishing a feed lot and trying to move away from the traditional method of feeding through grazing to a more concentrated feeding system.

I would want, Mr. Speaker, at this point to refer to a matter which was raised on the floor of this House during the Estimates debate by the Honourable Member for St. Peter and to clarify the point which the Honourable Member made. At that time, I was in no position to deal with the information. But now that I have the information I would want it obviously written for posterity and as a means of correcting what was said into the records. The Honourable Member was speaking on the question of the administration of the duty-free concessions to farmers. The Honourable Member mentioned that it had cost Government an amount of \$69 million.

Mr. Speaker, in checking with the Ministry, I have learned that the amount is really \$6.9 million which has not been a cost to the Government, but it has been a contribution which the Government has made to the agricultural sector by way of grants to persons who are registered farmers with the Ministry of Agriculture and who are granted these concessions. I would want to make that clear. I recognise that I have heard both inside this Honourable House and outside the House that the system has been abused. The Controller of Customs had certain systems in place to deal with that and that was not a matter for

the Ministry. We set up what we thought was a full-proof system in the Ministry of Agriculture and the system was obviously beaten. Member* have told me that some of the vans which were *bo' M* for agricultural production were seen dropping children at Queens College and the next place. They were *u/4* for other purposes other than for agriculture. I do not have that information. What has happened is that the Ministry of Finance has brought a halt to the system as it presently operated and in collaboration with the Ministry of Agriculture we are dealing on a one-to-one basis with the applicants. We are tightening up but the possibility of concession still remains.

I would want also, Mr. Speaker, to give this Honourable House the assurance that the Ministry of Agriculture and the Government remain committed to the agro-processing industry. We recognise that an inordinately large percentage of food imports in the form of processed foods that come to Barbados. As a matter of fact, 60 per cent of the \$195 million of food which was imported in 1990 was for processed products. This is obviously too high. We believe that a viable agro-processing industry would address this issue. We recognise that an attempt was made in dealing with it through the establishment in Fairy Valley of an agro-processing plant where 500 shareholders along with the Government as a minority shareholder came together and established this plant. 11.10a.m. The plant from the outset suffered with certain problems, undercapitalisation and as an extension of undercapitalisation some sections of the plant were underdeveloped. We believe in the Ministry that there is need for this type of industry and we have in an attempt to show our commitment to the agricultural diversification programme we have established the national orchard programme with the use of EDF funds and we are encouraging farmers to produce more because it is our intuition to restructure the agro-processing plant and get it working again. To this extent, we are sourcing Kuwait funds and, hopefully, towards the end of this year we will be in a clear position to make a statement as to how successful we were.

Mr. Speaker, I would also want to touch on the fishing industry which has grown by 21.7% in 1992 over 1991. I recognise that the fishing industry has not been without its problems and we have been grappling in the Ministry to sort out the problems. We recognise there are certain inadequacies in the present Fishing Act and there is need for a new and modern Act which would give the fisher folk more say in the day to day decision making in areas such as boat design and safety at sea. We also recognise there were problems with the handling of fish. It is far from satisfactory, and we have been working with this through training of our staff in the Ministry and the staff have been passing on their new techniques to the fisher folk. While we have only seen marginal improvement we will continue in this vein.

We are also paying particular emphasis on fisheries research and we are evaluating the biological and economic potential of the fishing industry. We are exploring new fishing areas and the question of under utilised stock and we are also investigating the potential of new fishing gear and equipment. I should want also to use this opportunity to speak to the question, in the few minutes left, of the merger of the Barbados Marketing Corporation and the Agricultural Development Corporation. Both of these institutions, to my mind, have made considerable impact on the process of agricultural development in Barbados; but the time has come when in order to put in its proper developmental context the future of agriculture. In pursuance of certain institutional reform programmes we think we should merge the 2 organisations. We believe that by so doing

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we will make optimum use of the resources which we have at our disposal and we would still be in a position to serve the farming community and the consumers with the same degree of efficiency and even more than we have served in the past.

Mr. SPEAKER: The Honourable Member has 2 more minutes.

Hon. D. W. BOWEN: To my mind, Mr. Speaker, the Barbados Marketing Corporation and the Agricultural Development Corporation, as presently constituted, have served us well but we recognise there is a time for change and there will be change.

With respect to markets, we, in the Ministry of Agriculture, have been moving apace to upgrade the marketing facilities both at Chcapside and at Oistin. We have awarded a number of contracts at Oistin. We recognise the problem which surrounded the question of the chilling room and the provision of ice and those matters are being actively dealt with within the Ministry. I think the fisher folk at Oistin are more contented today than they were 2 months ago and that obviously is due to the work, not of myself, but of the competent and experienced staff which I am privileged to have in the Ministry of Agriculture. In conclusion, let me say that the Budgetary Proposals, by and large, have been accepted by the majority of Barbadians as necessary for the further stabilisation of the economy. Of course, there were a few exceptions. Notably among these exceptions is the former representative for St. Michael South Central and the Leader of the National Democratic Party who in his usual extravagant language has attacked the provision of the Budgetary Proposals. I thought, Mr. Speaker, that former Honourable Member was laid to rest politically on the 21st January 1991. But it is clear to me that this is a political dead that just would not lie down.

I am amazed and depressed that someone whose most notable statement was that impressions are more relevant than fact and who is on record in the St. Michael South Central Branch as telling members of the Branch and canvassers that he is not an employment agency should now rise as the champion of poor people. It really depresses me. I do not intend to deal any more with Unit issue.

Mr. SPEAKER: No. This is the end of the Member's time.

Mr. G. W. PAYNE: Mr. Speaker, the Honourable Members on this side have commented on the emptiness in these Budgetary Proposals as presented on Monday by the Honourable Minister of Finance and Prime Minister.

Suffice it to say that these proposals have not addressed the problems confronting this country at this particular point in time. They have been presented against a background of unprecedented high levels of unemployment, increases in crime and restlessness among the young people at a time when even our school system seems to be under attack.

Mr. Speaker, one would have hoped that the Minister of Finance would have used this opportunity to come up with meaningful programmes to stimulate the productive sector especially tourism and manufacturing, and at the same time offer our young people opportunities for training. But we have witnessed instead, not only the neglect of the unemployed, but also the further infliction of taxation on the hard working people of this country.

Mr. Speaker, these Budgetary Proposals are an attack on the workers, on the employers, on the unemployed, on the trade unions and, in some respects, an attack on the insurance industry in this country. Mr. Speaker, it is an attack on the workers especially those to whom the 8% have been restored in that with the increases in consumption tax and with the relaxation of price controls, they will now have to pay increased expenses every month as a result of rising prices. 11.20a.m.

In addition, Mr. Speaker, the decision of the Minister to restrict the employment of substitutes will lead to further unemployment and hardship in the public sector. One would have thought, at least, that the Honourable Minister of Finance and Economic Affairs would have spared these people. It is an attack on the employers of this country whose profit margin is now being narrowed as a result of the increase in consumption taxes and who are now being asked to hold strain on increased charges and the price of goods. It is also an attack on the unemployed. The Honourable Minister of Finance and Economic Affairs on page 6 of his Financial Statement and Budgetary Proposals states:

"We must bind and pledge ourselves more firmly to the national custom and tradition of working, saving and investing."

How does the Honourable Minister of Finance and Economic Affairs expect people who do not work to save and invest? He also slates that many of the displaced workers have benefited from training and have established their own business. This is simply not true and the Honourable Minister should know better than that. I think the Prime Minister owes it to this Chamber to let us know how many people have benefitted from training since they have been laid off and how many of them have established their own businesses.

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Mr. Speaker, it is an attack on the trade union movement in that the manner of the proposed implementation of the wage freeze runs counter to the principles of collective bargaining. It is rather unfortunate that the 2 leading trade unionists in this country are Members on that side. We are living in different times. These are not the times of 1937. The time has come especially when we are living during a period of harsh, economic times and structural adjustment, for trade unionists to understand they must choose between the workers, the Government or their political party. The Honourable Member for St. Michael South East made the point that the workers out there feel that the trade unionists are selling them out. This is a perception that Honourable Members on that side who are trade unionists have been unable to allay.

Mr. Speaker, I said that this Budget represents an attack on the insurance industry. This is a time when the insurance industry is undergoing severe problems. People have been cashing in their policies. Policies are lapsing. Reinsurance rates are going up because all of a sudden there have been serious international catastrophes. At least one would have thought, especially seeing that a lot of insurance agents are hardly making a living in this country, that the Honourable Minister of Finance and Economic Affairs would have spared the insurance industry.

Mr. Speaker, as the spokesman on education on this side I want to address one or 2 recent developments in the educational system which I find baffling in the light of the recent drastic cuts brought on by the structural adjustment programme. During the Estimates debate the Honourable Minister of Education made mention of the need to reform the Common Entrance Examination. One would have thought that if he had concrete proposals these would have been submitted at that time. We on this side feel that students taking the Common Entrance Examination should be given a second chance up to the age of 12 and should be allowed to complete their secondary education. On the other hand, in the case of gifted students in special cases, allowance should be made for them to take the examination before 11; but I say in special cases. We believe that a special school, and in this connection the St. Thomas Secondary School which has been mooted for some time, I am not so sure if that is a reality, should be used as a trade school where technical, vocational and commercial studies could be done to accommodate these slower students in the system. Mr. Speaker, there is now grave discontent in the teaching fraternity and among parents and children at both elementary and secondary schools as a result of reports of a document being circulated at these schools containing proposals to introduce a 14+ examination from next year. The proposal is so unpopular and the discontent so great that the Minister owes this country a responsibility to clear the air on the proposals contained therein. What are we hearing with respect to these proposals?

The proposals, as I understand it, Mr. Speaker, are for the division of the 22 secondary schools in this country into 2 stages of schools. The Stage 1 School will offer basic education. Students will have an automatic right to this basic education at eleven. There will be 13 of these schools. Then there will be the Stage 2 schools comprising 9 secondary schools which would be further sub-divided into 3 categories, the Academic section, the Technical and Vocational Section and the Commercial Section. What is worse is that students will be asked to do an examination at the age of 14 at the Stage 1 Schools to determine whether or not they will enter into the Stage 2 Schools and further to determine which category of schools they will enter. 11.30a.m.

Mr. Speaker, we do not have a system in this country of Junior Secondary and Senior Secondary schools and the problems that are likely to be associated with the proposals will involve complications and serious disruptions which will not redound to the benefit of our educational system. In addition, there is expert evidence to suggest that shifting students at 11 years old and then again at 14 and then asking them to leave

school at 16 - because that is what is happening now - will create serious psychological problems. But, Mr. Speaker, what is the focus? What is the purpose of abolishing an 11+ exam and then introducing a 14+ exam? It does not make sense. If you are going to abolish the 11+ exam, abolish the 11+ exam. But what is the purpose of this 14+ exam we are hearing about? There is good reason to believe that the Minister of Education is in the forefront of this proposal. And* Mr. Speaker, what is the criteria for categorising schools into senior secondary and junior secondary schools? What is the criteria as contained in these proposals for downgrading a school like Coleridge and Parry and Foundation? These schools will become junior secondary schools according to the proposals which I see.

Mr. Speaker, education is too important to our ^ national development for a serious proposal like this to be floating around in this manner. The details of the proposal itself have been widely circulated especially to persons who favour the abolition of the 11+ and who have their own thoughts on radical changes to the educational system. And, Mr. Speaker, it seems as though there are certain persons who are doing the public relations work of the Minister for him.

Mr. Speaker, the proposal is being flatly rejected by teachers, headteachers and educators alike. It has also not found favour with the National Parent Teachers Association. This administration is presently booting children out of school at the age of 16. Mr. Speaker, with the introduction of the junior secondary school my fear; is that they will be booted out at 14 years old. There was a time .when a student left school, and could be given

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a letter by the teacher to be admitted to the Samuel Jackman Prescod Polytechnic. Nowadays, 75% of the children who apply to the Samuel Jackman Prescod Polytechnic are being rejected. What are we going to do with these 14 year olds if this administration is given the opportunity, unceremoniously to boot these children out of school at the age of 14?

I think all of us in here went to an elementary school and we know, even though all of us probably did not remain at school at the age of 14 that those schools were elementary schools. There is a vast difference between an elementary school and a secondary school. A junior secondary school is not a secondary school and I fear that what this proposal will be doing is making schools like Coleridge and Parry and Alexander, note not Harrison College or Queens College, into elementary schools.

Mr. Speaker, I believe that any proposal for change in the educational system should be widely canvassed among the people who will be directly affected. I believe that a special committee should be set up, canvassing the views, especially of the parents and parent teacher organisations around the country together with the National Parent Teachers Association. In addition to that, Mr. Speaker, there must be no prompting from the Minister. It does not make sense the Minister - and I know when he gets up he will probably have his comments to make -saying that any proposal that was made was his personal proposal. The Minister must understand that he, in his position, can influence the thinking, whether it is by intimidation or otherwise and he can be very careful in his selection of people to get the result that he wants.

Mr. Speaker, my fear is not so much with the proposal, the introduction of the 14+ or with the Minister, my fear, Mr. Speaker, taking into consideration that we are in a period of structural adjustment is that these international lending agencies are probably of the opinion that we are spending too much money on education. Mr. Speaker, the amount allocated for education this year is almost SI 17 million, the biggest allocation under the Heads of expenditure in the Estimates, Mr. Speaker. My fear, Mr. Speaker, is that these international lending organisations might be of the opinion that we have no right or that we cannot afford or we should not be sending people to school up to the age of 18 and beyond.

My fear, Mr. Speaker, is that these international lending organisations, as I have said, seeing that we are in a period of structural adjustment, might be of the opinion 14 years is enough for them. Somebody might have hinted to those in authority, I am not saying the Honourable Minister, that they need to look at the restructuring based on this 14+. The Minister, not realising the motives, might have gone ahead with this proposal.

Mr. Speaker, my biggest fear is that if this administration is not vigilant enough to realise that this proposal might be the fore-runner to other proposals aimed at undermining our educational system and devaluing the quality of life to which we are accustomed and which we hold dear in this country.

Mr. Speaker, the World Blink has recently commissioned a study on Erdiston Teachers Training College and one must not take this proposal in isolation from that study and it is interesting to note that one of the persons who has been in the forefront of promoting this 14+ exam is the same person who was commissioned to do the study. The Minister has already received this report and he owes it to this House to let us know the contents of that report. I have my own feelings on the report even though I have not seen it. Because there is only one way that this person can think. Because if a person is in favour of a radical change and they have the opportunity they will structure things according to how they think. But the Minister has a responsibility to this House to let us know the contents of that report.

Erdiston College is an educational institution with a long tradition since 1948. It has trained almost all of the teachers in the system if not all of them. It has served us well. Mr. Speaker, we still feel that there is a role for Erdiston to play. I said already, Mr. Speaker, and it is strange that for the first time there will be no students at Erdiston come September under the system where students do a two-year course. There were no students admitted in September and come June those students who are there will be going home. 11.40a.m. Mr. Speaker, it is not enough for the Minister just to come and say that they have no plans to close Erdiston. We have all been affected by what has taken place at Erdiston in our lives in recent times. I think that the Minister owes it to us to let us know not in one statement that Erdiston will not be closed. We want to know what are the plans of this Administration for Erdiston. Mr. Speaker, I will say no more on that issue.

I would like to use this opportunity at this time to address a few matters relevant to my constituency. Mr. Speaker, as you know, St. Andrew has been a very neglected constituency. I have begged and begged in this House and fought hard with the Members on that side. I have asked a number of Parliamentary Questions relative to the bad services that we are getting in St. Andrew. I want to know from the Honourable Minister of Finance what hope does the Budget have for the people of St. Andrew. Does this Budget mean that there will be no disruption of essential services especially of water in places like White Hill, Orange Hill, Water Hall and Belleplaine?

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Mr. Speaker, in these Proposals, the Honourable Minister stated that "we have been able to provide access to safe drinking water for our people". Mr. Speaker, I believe and I believe that the Members on the other side will agree with me that when the Honourable Minister of Finance made that statement he was referring to the whole of Barbados. Mr. Speaker, this/is not so in St. Andrew. There are areas at times that have been without water for two days. People have got to come to work without a bath. For this reason, Mr. Speaker, I would like the Honourable Minister of Finance to let us know what improvement in our water system in St. Andrew we will get as a result of these measures.

Mr. Speaker, does this Budget mean that the people who are affected by the slippage in areas like White Hill and Isolation Road in St. Andrew will be relocated? Quite recently we have had situations where people who have been affected by slippage, and I hope the Honourable Minister of Housing is listening, are being told that they must pay the cost for relocation.

Sir, St. Andrew is a constituency where the majority of people work in Government agencies like the ADC, National Housing and the Transport Board. You can glean from that that most of those people are now without a job. It is morally wrong to send home workers who do not have money to buy the basics and who have to rely on a piece of land in their backyard for survival. It is morally wrong to ask these people to pay the cost of relocation. I hope the Honourable Minister of Housing will instruct the National Housing Corporation to do what they should do to alleviate the suffering of some of these people. I can think of one case where a house has been removed in Apes Hill and the lady has no money for toilet facilities. This is the Orange Hill Development. She has indicated that, if by the end of the month she gets no help, she will dig the dry pit herself. Well, this is the administration of the dry pit.

I would also like to know from the Honourable Minister of Finance what is the hope for the people of St. Andrew relative to the repairs of the roads. I do not know what I should do to impress the Minister of Transport and Works of the serious problems being encountered by the people in the Springvale area. I really do not know what I should do, Mr. Speaker. I do not know what I should do to convince the Minister of Transport and Works of the serious disruption that is being caused as a result of the failure to repair the Walkers Bridge. I really do not know. We have situations whereby areas like Chalky Mount, St. Simons and the tenantry roads have not been repaired for the last 5 years. Mr. Speaker, it is grossly unfair to ask the people of St. Andrew to pay taxes for the rest of Barbados.

In conclusion, Mr. Speaker, if it is one thing that I would say about the Budget and the presentation by the Honourable Minister of Finance, I would say that it is commendable that whenever he presents his Budgetary Proposals that he makes comparisons from other countries. I find this helpful not only from the point of view of the information on the countries but from the point of view of the information obtained in doing the research. I think that it would be equally commendable if the Honourable Minister follows the example of the Prime Minister of Canada and resign. To use his own words, Sir, "To move forward, there must be trust and confidence". He has lost the confidence not only of the people of this country, Mr. Speaker, but on my last count five Members on that side.

Mr. SPEAKER: The Honourable Member for Christ Church East.

His Honour T. C. ESTWICK: Thank you very much, Mr. Speaker. I seek at this time to join my voice in the debate. I do not know when the Honourable Member who just sat down carried out that survey. I really would like to see the conclusion of it myself, but I would ask the general public of Barbados not to believe that at all. I would not at this time speak in any way to criticise the speech of the Honourable Member, I will leave that to the Minister of Education. Outside of his onslaught on the educational policies of the DLPI can find nothing else in what he says to reply to. It is normal and customary that you reply to what the speaker who spoke before you said, but outside of the little thing on education-, I am sorry there is nothing I can respond to. 11.50a.m.

I will attempt to analyse what has gone on over the past few days and I do this only in the best interest of Barbados. If I step on anybody's toes again, I apologise. At the end of the day we all have to be satisfied in ourselves that we have put forward the best foot and are as intellectually honest as humanly possible. I do not think, unlike the previous member who sat, that anybody on this side, certainly not myself, can be extremely happy or proud of the last 3 years of economic growth or decline, however you want to put it, in Barbados. It is not a source of gladness for any of us. No Minister, no Backbencher and I daresay no Member of the Opposition can be happy with persons • in his constituency being laid off, being unemployed. None of us can be happy that there has been a contraction in the spending power of our constituents. None of us can be happy that there has been a decline in the economy in general. The majority of the productive sectors have taken a beating and there has been a general decline.

Many of us have offered many reasons for this. Some are good reasons, some are based purely within the realm of politics and some are far-fetched. The bottom line of what I am saying is that nobody who loves this country and who respects another person in this country

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can be happy with the fact that we are not blooming, flowering as we used to, and we are really unable to provide the goods and services that this country needs at this point in time. It is not a source of happiness for me. But, we cannot give up. We cannot throw our hands up and say as many have said before, that because our backs are against the wall we have to allow things to happen as the night follows the day. I think that steps and measures must be taken to counteract what is happening and we have already gone over the historical causes of these things so I need not do that.

I run to page 7 of the Budgetary Proposals of the Rt. Honourable Prime Minister in which he sets out basic objectives which we have to pursue and under which we must achieve if this country is to escape from the problems that are now saddling it. The first one is "a high and rising level of real output". We must pursue that goal. The second one is that we must seek to establish and maintain "the greatest level of employment,

and conversely the lowest level of unemployment, that is attainable in our circumstances". I think that is relevant to our resources to our technology and to our labour force.

We must also seek to establish "a stable price level as determined for the most part by the interplay of market forces" which are necessarily impacted upon by our taxation policies; how we as consumers spend and by the level of disposable income we have which is inextricably tied up with "a foreign exchange rate that is stable, and that more or less balances the value of exports and imports."

I start at the top, Mr. Speaker. Nobody in this House of Assembly or outside can say that we in Barbados do not need to raise our level of output. I need not necessarily refer to the Economic Report of the Central Bank or any other report. I think it is well known that one of the fundamental problems facing this country is that our export sectors have not been doing very much. Some may well blame Government for not creating the framework for that, but that is another matter. Those issues that we have, in whatever way we can, we have to seek to improve and expand our output and we must export. Time and time again we hear the adage, Export or Perish, Export or Die. It would appear as if the statement that our backs are against the wall in connection with "Export or Die" is now no longer relevant. It would seem as if the wall has already overtaken our backs and we are inside the wall, which would be relevant to what I will say down the road as regards the looming devaluation. It is not an easy prospect for any government to face. It is not an easy prospect for the country when it seeks to examine its future and the provision of goods and services for its members who are young and yet unborn.

The productivity in this country must necessarily be improved by the education of people or the retraining or retooling of skills as well as getting workers to understand that there must be a general and absolute commitment not only to their workplace but to the country as a whole. I believe in many countries around the world workers and the future of a worker is tied to his workplace and to the performance and the advancement of his country. When he understands that his productive capacity and abilities and real productivity are tied into what goods and services are to be produced and what surplus is to be left for the investment of his children and his children's children that worker is one who cherishes productivity, getting to work early, who abhors absenteeism and shirking the responsibility of work. In terms of employment if we are to tie employment into the factor of real output, quite a lot has to be done.

The Economic Report at page 10 tells us a pretty interesting story for the future of Barbados. I read - it is already a document of the House. We note that women are 52.2% of the total population. That will have serious repercussions in respect of National Insurance provisions of pensions. As I will read later we will find that even though women form the larger percentage of individuals in our population they are not the higher percentage of employed. Approximately 64.5 thousand or 51.7 % of the labour force were male. Again males made up 54.3% of the labour force.

"Approximately 45.6 thousand persons or 47.5 percent of the employed labour force were between the ages of fifteen and thirty-four. The age group between thirty-five and forty-nine accounted for 33.7 thousand persons or 35.1 percent of the working population."

It means that quite a large sector of our population is extremely young. I would not chance to guess at this point in time the importance of keeping the population between 15 to 34, as it would seem from here, employed. That seems to be vital to the maintenance of any welfare net which we can have in this country. As far as these figures go, we seem to have a reasonably young population and, in terms of the providing of social services for the aged population and the population that is not yet able to work, of necessity the Government must do all in its power to make sure that the population that is capable of work, does find work and work which is meaningful.

I will tie that in, Sir, to all that I have to say in a little while. I, for one, am not too happy, but I guess the Prime Minister considered it absolutely necessary, with the fact that the employment of substitutes will be terminated. We know that many young ladies in particular, in relation to what I said earlier, depend immensely on the short time which is given in the Civil Service for their survival. As I said, it may well be absolutely necessary in the circumstances but it is a situation about which

we cannot be happy. I will agree that it is really a short term measure and in truth and in fact, the country ought to be pursuing policies and measures geared up towards finding long term employment. There are many countries in the world going through the same pains that we are going through at this point in time, which have large amounts of migrant labour, which are presently giving pregnant mothers maternity leave extending sometimes to a year and over a year which means substitutes are employed for that period of time. Because of other tax measures which provide relief for the firm it is hoped in the long run that instead of there being a replacement that the 2 persons continue to work as the firm picks up better. But, as I said, that would have to be meshed with other tax measures. 12.00 noon.

Further, Sir, there is no doubt in my mind that, to some extent, the tax regime as it applies to companies and firms that employ people, as well as the National Insurance regime, could, in some instances, be a deterrent for long-term employment of people. It would seem, as other countries are now doing, that if a firm, company or business place, or whatever you have, decides to employ new workers that there could be some arrangement made that for a specified period of time, for example, a year or 6 months, there be a much reduced contribution to the Inland Revenue or the National Insurance but that new worker's employment be guaranteed for a particular period of time. If he is dismissed before that period of time then the firm is penalised. All those things can be worked out. I think we have to look at new ways and means of getting people employed but we cannot do that unless there is a serious regime also to find markets for your products.

It is no point, as I have said before, Sir, saying that things cannot work. We have to be prepared to be innovative and try. We have tried tax holidays in Barbados already. We have to continue to do so but, again, under different auspices because I do not believe that we will ever be in a position to attract people who make undies, bedding and garments. I think those days are over, as I have said, and as other Honourable Members have said before. We have to encourage new businesses to come to Barbados. We have to look seriously at our investment allowances, grants, reinvestment allowances for present and possibly future firms and do an overhaul of our tax benefits to firms and businesses which are seeking to employ persons.

I have read in many instances where low technology jobs are growing readily and rapidly in the South East Asian countries and in many areas of South America. We can understand that because the wage rates are that lower than in Barbados. I do not believe the productivity is necessarily any higher than Barbados but it could also be that the population of those territories are so big that the firms feel safe in going to those territories and having a ready market right there and then for the products which they produce. Our regime can enhance that by giving certain allowances on the re-export front.

We have to look seriously at the manufacture of low-tech goods. In low-tech I mean things like the manufacturing of ignition components and the wiring components for motorcars, *et cetera* for the North American or European market. There is no point in our sitting down here and saying we cannot get into the markets if we do not try. We have tried with garments. Those things are over. We must be ready to go this route or, as I said, we can allow the wall to fall on all of us and I suspect we would all end up somewhere else but certainly not in here. As persons who are seeking to convince Barbadians that we are concerned and interested about the future of this country and their future we intend to do all in our capacity to ensure that output is developed in this country and that there is some surplus for investment. We cannot throw up our hands in despair. We have to redirect many aspects of our resources.

I have said before, Sir, and I will say again, that the Government has been criticised on many fronts, sometimes justifiably so. Nobody can feel happy about the fact that Sherbourne Centre stands unfinished and that many projects in Barbados stand unfinished. It really calls for Government • reorganising its priorities at any one point in time. I do not necessarily jump on the bandwagon of wanton criticism of these projects. But clearly, Government necessarily at all times must be clear in its prioritising as to the source of funding for projects and must pursue projects it knows it can complete within a reasonable time. Those projects must also be of service to the country as a whole.

Redirecting scarce resources, Mr. Speaker, is a policy we have to be exceedingly assured of. A casual walk along many of the beaches in Barbados will show a state of dirtiness which is not really pleasing to the eye of the local or the tourist. Some measure of resources must necessarily be put into the National Conservation Commission to clean these beaches. I was on one recently and I was a bit shocked at the state it was in. If we are talking, as my friend the Honourable Member from St. Michael East spoke earlier about the tourism plant, we must move swiftly to correct that malady.

None of us in here, Sir, or any Barbadian on the outside could be happy with the fact that we have had to enter an arrangement with the IMF; that we have had to suffer through the consequences it has meant for the majority of the people in the country. The Honourable Member for St. George South last night spoke glibly as if the Members of the Government do not understand the basic ' difference between growth and development.

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I believe every Honourable Member on this side fully understands that. I started off by saying that nobody on this side could feel happy about the effect on the human beings in Barbados that the stabilisation programme or the relationship with the IMF has caused on this country.

The development the Honourable Member for St. George South spoke about, includes that the human factor necessarily has to be accounted for. None of us can be happy about unemployment or the fact that there are times when all of us have to end up paying utility bills for members in our constituencies, not that we are against it but the fact that people have to approach us to do it in the first place is something none of us can be happy about. I am one who do not believe in fostering any kind of dependency whatsoever. I believe democracy is something where persons are free to develop their capacities to their fullest and they are free to seek employment to satisfy whatever urges they have as circumscribed by the law. I do not believe that any form of dependency ought to be promoted through a period of time as we are going through or any other time. That is my personal view of the relationship of politician with constituents. I do not believe in generating that kind of dependency.

Mr. Speaker, a stable price level is determined for the most part by the interplay of market forces. As I said before, it is relevant to the spending capacity of the consumer which is relevant to his disposable income. And in the context, Sir, of a small open economy I may well be one of the few voices left in this Honourable House which still believes that Government must maintain an integral role in the development of this society or in any small open economy like this. 12.10 p.m.

I could well be the only one of that opinion. I do not believe so. I am not saying that I do not agree with privatisation of some state entities. I will not say that, nor will I say that I disagree with divestment but as far as generating output, as far, Mr. Speaker, as making sure, not in all the circumstances that we have had before, I have been critical of that. I have previously, Sir, been critical of politicians wantonly and in some cases maliciously staffing statutory corporations with useless, not that the employers themselves are useless, but useless employees who do not go there to work. I completely disagree with that. I have said it before, but I am saying, Mr. Speaker, there are certain aspects of Government's operations that no Government can walk away from and we have to take an exceedingly firm stand on that.

Government in a country like Barbados cannot remove itself totally from the market in matters like housing. There are many goods which are public goods in which we have to maintain a hand. In matters, Mr. Speaker, like telecommunications, in matters like transportation, the Government must be in there even if it is in there merely on a regulatory grounding. Government in my humble and may well be simplistic opinion must maintain a foothold in these avenues. Some persons have even called more widely for Government to get into owning airlines. Well we have seen what that has resulted in the past. But I am quite convinced that it may well happen in my life time that one of these days BWIA may well be the only international airline, if it can be called that, flying to these shores of Barbados and I am not a prophet of gloom or doom because I am not endowed with those capacities that the biblical greats have been endowed with over the years. This is really my assessment of the situation and looking at world trends.

We do not, in Barbados, in our little economy, have any semblance of competition. We have had oligopolistic markets and we have had monopoly markets and if those types of markets are to be regulated, Mr. Speaker, Government must be in there. It cannot walk away and throw its hands up.

In respect of price controls I know not what that will obtain in the future for Barbadians but I daresay and I speak for myself, Government must maintain a foothold in there. And I am speaking, Sir, in practical terms of the fact, in spite of the fact that I might be differing from my friend from Christ Church East Central. I am saying Government must maintain an interest in many aspects of economic development in the light of a trade union movement that is perceived to be weakening in Barbados. I am making that statement. The other principled question that I want to address before my time expires is whether or not in a small economy like Barbados it is also necessary to have a zero fiscal deficit. Again, I speak for myself, Mr. Speaker. I do not believe that is an absolute necessity for a small economy like Barbados. The transition period that a country must go through to achieve that when there is no long term guarantee that it can be achieved and maintained over a prolonged period of time, I think, Mr. Speaker, does more harm than good to the body politic of the country.

It is all right to try to get it within a small time frame and have it for 1993 or 1994 but what about 1999 or the year 2000? If we are to interplay with world market forces and to interplay with international trends and patterns, I do not know, Mr. Speaker, whether that really ought to be a principal issue at this point. I say that for what it is worth.

And, thank God, Sir, we have gone through a bad period for the last year or so and there has not been any stampede towards lawlessness as has been called for by some Members of the Queen's loyal Opposition. I think, Sir, I understand my time is running out and there

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is so much more to say, but I think one of the biggest issues that we are facing today and I have addressed it some time before, is what role will the state play now and continue to play in the future of this country? I believe it should have a continuing one. The continuing one, Mr. Speaker, ought to be the stimulation of our economy. It ought to be, Mr. Speaker, / the strengthening of our democracy and though, really, when I look to the public gallery I believe that the majority of policemen outside in the yard ought to be going into Broad Street to pull people in to listen to their Parliamentary Representatives even though it is carried on national television.

I, too, share the concerns of many parliamentarians as regards lack of work done in their respective constituencies. I have spoken recently to the Minister of Transport and Works of the necessity to get the majority of roads done in the Christ Church East Constituency. I have spoken to him, Sir, in particular about that treacherous corner, King Corner. I have spoken to the Minister about drainage and lighting, especially in the Callender and Lowlands and Fairy Valley areas. I have already spoken to the Minister of Agriculture who has responsibility for the ADC about that and he promises me faithfully, Sir, that he will do something about it in the shortest possible time.

Mr. Speaker, I live in my constituency and whatever my people get, I get. I have been vilified already on a Call-In programme for not fixing a road which is about a quarter of a mile long. I travel on that road loo and when I had to point out to the gentleman who vilified me that the people in Fairy-Valley had no road at all and must wear 2 and 3 pairs of shoes and hide a pair of boots in the grass when it rains, again the gentleman vilified me because he paid more taxes than them and he was a big maguffin and he did not care about people who could well have been unemployed and live in chattel houses. Like the Honourable Member for St. Andrew our responsibility is also to the people in chattel houses. It is to the people who live in Haling Park and Chancery Lane in respect of their water woes, and to the people who live in Wilcox Hill. I have, Sir, to issue a word of warning. Wilcox Hill needs to be repaired in the shortest possible time. As well, Sir, any relocation which has to be done in respect of persons who live in Thyme Bottom and Fairy Valley the people ought to be informed at the soonest possible time so they can plan their lives and plan the relocation.

I know, Sir, the Minister of Housing and Lands will pick me up because I am constantly annoying him about the Parish Land situation in Christ Church and he assures me, Mr. Speaker, that he is working on them. 12.20 p.m.

I wish in closing, Sir, in my last minute or 30 seconds to say that, in spite of the fact that I can objectively analyse the state of the economy and other things in this country, if Members of the Opposition believe that when the divide is called for that I am going to say "no" to the Resolution, they are sadly mistaken. It is not a question of courage, Mr. Speaker. It is a question of understanding that we are operating within a particular framework that certain circumstances are prevailing upon us with limited resources of backward technology and we have a lot of work to do. The Democratic Labour Party is trying its utmost to correct the wrongs and remedy the ills of this country. Thank you.

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

Mr. R. C. EASTMOND: Mr. Speaker, Sir, one would remember the days prior to his becoming Minister of Finance and Prime Minister when the Honourable Member for St. Michael South took great pleasure and pride in classical scholarship. In keeping with the particular pride which the Honourable Member for St. Michael South has taken in classical scholarship on the Ides of March, this Honourable House was treated to a dissertation in which the Honourable Member for St. Michael South mentioned the name of Hobbs, Locke and Adam Smith and I dare say, Mr. Speaker, failed to mention the most appropriate jurispudent and philosopher, John Stuart Mill.

During the course of my contribution, I shall address a number of issues which will point to the omission of the Honourable Member for St. Michael South and will point how the philosophies and theories of John Stuart Mill should have fitted the presentation which he made to this Honourable House on the Ides of March, Sir. In terms of an objective overview of what the Honourable Member for St. Michael South and Prime Minister mentioned, my misgivings about his presentation point to these issues. First of all, the Honourable Prime Minister should have asked himself the question: Should I tax? Then having answered that question to himself, he should have asked himself: What taxes? He should have gone on to ask himself: What affect would these taxes have? The Honourable Prime Minister should have gone on to ask himself: On whom will the burden of these taxes lie? The Honourable Prime Minister, if he were going to perform consistently with the requirements of sovereign Barbados, should have asked himself: What stimuli am I offering to the productive sectors of sovereign Barbados?

Bearing these questions in mind, Mr. Speaker, I want to point out to this Honourable Chamber that when one considers the presentation in the name and by the member for St. Michael South, one is left with the conclusion which is inescapable that the primary, economic and social issues facing Barbados have been left unaddresscd. Today at this moment, Sir, Barbados is faced with these problems. The list of problems that I am outlining is by no means exhaustive, Sir. Barbados is faced with a problem

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of inadequate housing. Barbados is faced with a problem of a declining manufacturing sector. Barbados is faced with a problem of a declining construction sector. Barbados is faced with a problem of Government's weakness and inability to address the problems confronting sugar. Barbados, Mr. Speaker, Sir, is faced with a problem of economic dualism.

Sir, I want to begin by looking at the question of economic dualism. Honourable Members on this side like the Honourable Members for St. Thomas, St. Andrew, St. Joseph and St. George South will tell you that in large respect as a result of the Prime Minister's delivery to this Honourable House two days ago that rural Barbados has been left as neglected today as it was sometime ago. I well recall, Sir, in this country when that dignified, noble and distinguished member, the Honourable Member for Christ Church West spoke of two "Barbadoses". This Honourable Member who is sitting beside me and in whom I repose the utmost

confidence and whose presence beside me is a source of inspiration, Sir, was the first member of this Honourable House to speak of the problem of two "Barbadoses" in the same way this same Honourable Member for Christ Church West was the first person to speak to the issue of economic enfranchisement and economic emancipation. When we address the problem of economic dualism on the floor of this Honourable House and when we come to the stock reality that rural Barbados from Windsor in St. George to North Thumbcrland in St. Lucy and embracing all between has been neglected by this House, I want, like the Honourable Member for St. James North to mention a number of factors in this thing of dualism which impacts directly on the constituents who give me the honour to represent them, Sir.

In St. James North, Sir, we have seen no proper and clear post project evaluation of Highway 2A. To this day, Sir, a family on Highway 2A whose house was to be moved a mere few feet to make room for Highway 2A is without a house because of the type of bureaucratic bungling which this Government has practised. The house of the Rochester's is not in the position that it should be. It is "not located where it should be. It is not fixed and repaired and the Rochester's today need to get to their house as soon as possible on Highway 2A,

In addition to that, Sir, a number of old persons whose tents were removed to make way for Highway 2A are still crying out to the Ministry of Transport and Works for something to be done to relieve the inconvenience to which they have been put. Indeed, Sir, on the same Highway 2A in the area between the junction of West Moreland Road and St. Silas and Lancaster, there exists a few peasant farmers who grow sugar cane. They have been so badly inconvenienced by the Highway 2A Project as to be unable to get their sugar cane out of the ground onto the highway to be transported to Portvale Factory. If that were not enough, Sir, we have the stock reality of Crickhill Road running from Weston to West Moreland that is in dire need of drastic repair. It is in these circumstances where this Government in its wisdom has decided to repair the roads surrounding the Golf Club Project. Now we are not against the roads close to the Golf Club Project at West Moreland being fixed. But I am asking that the road at Crickhill be fixed. I am also asking that that road from Bagatelle running down through Hoytes Village be fixed. I am asking that the Honourable Prime Minister and his Ministers bear in mind that if they are going to rebuke our arguments that they have been practising economic dualism that they should fix the road from Mullins to Upper Bakers so that all those in the region who are affected can have comfort, Sir. I want to mention the fact that last night in the presence of this Honourable House that my friend, the Honourable Member for St. Michael West Central, mentioned something to the effect that some day perhaps those in tourism will get their act together. 12.30 p.m.

I want him to know that Sunset Crest and its roads cry out for urgent and immediate attention. Every road in Sunset Crest is in a state of disrepair. Every road - Cherry Avenue, Cemetery Road. The reason why I am mentioning it, is that Sunset Crest has over the years attracted a number of Barbadians and, in recent years, a number of ordinary Barbadians. In addition to that, Sunset Crest is viewed on the West Coast as prime location for tourist development. I am asking that the Honourable Minister of Tourism use his good offices to persuade his colleague, the Minister of Public Works, Communications and Transportation, to go and visit the state of abject disrepair of the roads in Sunset Crest and let us on the west coast be reassured after such a visit that these roads will be fixed.

Sir, as I speak to the question of the repair of roads my mind is also directed to page 4 of the Central Bank Report and we who sit in this Honourable House in Opposition are never unmindful of the fact that there are a number of sources that point either to economic prosperity or economic decay. If you will permit me, Sir I am quoting from the 1992 Annual Report of the Central Bank of Barbados which I believe was laid. If it was not laid before you I have no reluctance in making it a document of this Honourable House. In respect of construction activity at page 4 we read from the Central Bank Report as follows: "Construction activity is estimated to have declined (for the third consecutive year) by 17.1%, compared to a fall of 7.4% in 1991."

Now, Sir, the great legendary Tom Adams used to say not only on the Floor of this Honourable House, but all through Barbados that the level of construction activity is often an adequate pointer to the level of economic prosperity in the country. I am saying that in circumstances where the level of construction activity has declined, this Budget that was presented here on the Ides of March has said nothing to the issue of construction and has been totally oblivious to the fact that in construction many a carpenter, many a labourer, many a mason, many a tiler, many a steel bender, many a painter has been thrown out of the mainstream of economic activity without little hope of feeding himself and family. My mind is particularly aware of the fact that there have been construction workers in this country 45, 50 or 55 years old who for the first time in their lives were thrown out of work with a family of 6 or 7 with no realistic hope of being compensated for the years they were employed, no realistic expectation that the future of the economy of Barbados under this Democratic Labour Party can give them the type of hope that they need to be assured that once again they can take part in the economic affairs of this country.

The reason why I single out construction workers is that I originate from among their number. I still faithfully adhere to their cause. I see myself, despite the honour that was bestowed upon me of being brought to this House to represent St. James North, as being very much human like them. Their suffering is my suffering. When I say so, I am reminded of the excellent contributions of the Member for St. George South and the Member for St. Michael South East who spoke to the issue of suffering. Generally speaking, Sir, there can be no gainsaying the fact that nothing in this Budget of 1993 has done anything to address the problem of suffering which has been inflicted on Barbados since 1991 by this misguided and unenlightened administration.

Sir, even as you permit me, in your leniency and your tolerance to address you, I want to address the question of sugar. We heard on the Floor of this Honourable House, 2 days ago, that there will be imposed on the importation of sugar a tax for the benefit of the Government. For the first time in the history of sovereign independent Barbados we have heard that there will be an imposition of a tax on sugar imports. Even if there are people in the shipping business who can gain profit from the importation of sugar, even if the importers themselves, whether BMC or not, can gain from the importation of sugar, even if those involved in the freighting and hauling of sugar can point to the fact that importation of sugar can bring them some gain, we in the Barbados Labour Party want to say that Barbadians do not want to hear anything of importing sugar, especially since our experience with the Guatemala sugar.

What Barbadians want is for Barbados to be able to return to a position where Barbados can produce enough sugar for local consumption and then the surplus can go in export to earn foreign exchange. As I came to this House of Assembly women and children met me on the street and said if ever there was one thing remarkable about Government's psychological damage to Barbados in relation to the importation of Guatemala sugar, it is that for the first time in years the demand for strainers increased.

I believe that I should not exhaust my address of this issue because I believe my colleague and friend the Honourable Member for the City of Bridgetown will speak directly to this issue later this afternoon. But the thought remains that Barbadians do not want to hear of any imposition of a tax on sugar imports when Barbados' sugar culture is such that over the years Barbados has been able not only to produce sugar but to produce sugar to the extent that Barbadians would be happy with.

With your leave, Sir, I want to turn to page 3 of the Central Bank Report to which I adverted earlier: "Sugar output fell sharply for the second consecutive year with output in 1992 recorded at 53,958 tonnes, 17.8% lower than in 1991."

I am saying that if ever Government has the responsibility for providing the type of economic environment in which production and output should properly occur... It is an eternal shame on this. Democratic Labour Party Government to admit that sugar output fell so dramatically.

If you would permit me, Mr. Speaker, I would want to compare Barbados' position in sugar with the position of other countries abroad. On this occasion I am reading from page 14 of the 1992 Central Bank Report. Under the Head of Agriculture on page 14: "Guyana, Jamaica, Trinidad and Tobago and St. Kitts-Nevis all reported increases in sugar production."

No argument that the international recession has so impacted on our productive sectors as to bring about a reduction in output is acceptable in a situation where our closest, neighbours and allies are recording upward increases in production.

As I raise these issues, with your indulgence, Sir, I would want to address an issue which has been dealt with in a small way on the Floor of this Honourable House. I said that the first human entity in this country that I heard speak of the issue of economic enfranchisement was the noble distinguished learned and conscientious member for Christ Church West. According to that member, the question of economic emancipation should be so geared as to give the average working class citizen of Barbados an opportunity to fulfil economic and financial ends and to take a greater stake in the economy of Barbados.

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Bearing in mind the fact that our Leader has raised this, I want to base our objections in this Barbados Labour Parly to the fact that privatisation as pursued by this Government is ill conceived, ill advised and will go nowhere and will certainly not redound to the economic enfranchisement of Barbadians. 12.40 p.m. In the issue of privatisation most of what Government has indicated to us to date is concentrated on selling out enterprises which are now state control to interests that are not Barbadian. We also have the spectre of a situation where Government itself is unsure of exactly how this issue of privatisation will take place and of the fact that we are fully appreciative of the fact that Government's primary reason for privatisation is to raise revenue which is not ever the object of any well thought-out privatisation programme. If you would permit me, Mr. Speaker, I want to return to the Central Bank Report from which I have been quoting extensive to date. I want to address the issue of Government's management of manufacturing in the last financial year. At page 4 of the Central Bank Report we read under the heading "Manufacturing": "Output in the manufacturing sector fell by 9.5% in 1992, after declining by 4.7% in 1991." Again, Sir, this is an admission that nothing we would have been told by the Honourable Member for St. Michael South has worked in terms of stimulating the productive sectors in the last financial year.

We have seen, in addition to the fact that Government has done little or nothing to foster the interest of manufacturers in this country, a situation where, against the background of the fact that a number of poor ordinary Barbadians work in manufacturing, we have heard Government proposed an incomes and wages policy. Without, in any great way addressing the question of an incomes and wages policy I just want to caution Government, its advisers and cohorts that if ever Government proposes any wage freeze or incomes policies, bear in mind the plight of those girls on the Harbour Road, those girls in Newton and Grazettes who clearly, at this point in time, eat out of subsistence wages. I cannot support for the life of me any policy designed to put a girl who works for \$140 per week in a situation where she will find that her expenses are so much greater than her income that she will either be put to starvation wages or be made to seek undesirable or alternative ways of supporting herself.

Sir, even as I address this issue, I am aware of the fact that in his Financial Statement and Budgetary Proposals the Honourable Prime Minister seemed to take great delight in the fact that the deficit of Barbados has been reduced almost to zero. I want to address this issue because it is true that in 1991 when the Government first embraced the IMF that the Government deficit was at an all sustainable high level, about \$300 million. At the same time the productive sectors were not performing and there was no indication that the economy of 1991 could have got out of the type of crisis that faced it then and which I daresay such crisis still faces it.

Sir, if ever Government is aware of the fact that in a small under-developed economy Government must, of necessity, embark on a number of capital projects both for the purpose of enhancing our infrastructure and at the same time promote development, I am aware that to reduce the deficit from a high to a low amount in circumstances where the Government just feels that clear reduction is sufficient, is something that we on this side cannot support. I am asking, therefore, that the Honourable Prime Minister turn his mind to the fact that there is nothing wrong with having a small deficit which is workable. In situations where such a deficit is workable, he can explore his contacts with financial institutions outside of Government to assist him in bringing about a measure of development in the economy. I am therefore saying that in relation to

the fact that Government seem to have as its main thrust in this debate the fact of a substantial reduction in the deficit, it should take care to note that it cannot reduce the deficit to zero or close to zero in a situation where Barbados still has not yet evolved into becoming a fully developed country.

One of the final points I would like to raise, Sir, is this notion of structural adjustment. We on this side understand the term to mean certain accommodations made to the economy in which the productive sectors of the economy will not only play a greater role in economic growth and development, but in a situation where adjustment should be genuine and where we on the floor of this House on this side would want structural adjustment to be well informed and be a policy where we can see direct and tangible programmes for its introduction.

As far back as 1991 the Right Honourable Prime Minister indicated that by March 31, 1993 the stabilisation programme would be over and that structural adjustment would take place 18 months after the stabilisation programme was over. In this Budget which comes on the eve of the anticipated date for structural adjustment to occur we see nothing in the Budget, and this is a genuine source of worry, to assure us that this Government would be undertaking any genuine structural adjustment. Yet we hear that this Government will still be submitting itself to IMF surveillance. If a child reaches adult age, 18, 19, or 20, if a child has been educated, well cared for and can think for itself, one must ask to what extent would such a child have to engage its parent to supervise its activities, manoeuvres, programmes and policies. I am saying, Sir, that in a situation where the Government of Barbados is going to engage the IMF

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for surveillance purposes, that is an admission that it has no confidence in itself, does not trust itself, is not seized with the policies and information to pursue growth and, therefore, is conceding that it has to turn and look askance to an alien enterprise to put it right. My learned friend, the Honourable Member for Christ Church West would tell you that in law there is something called a protective trust, alias in America a spend-thrift trust, where if a child is wayward, undisciplined and naughty it has to put its property into an arrangement by which somebody higher, mightier and more enlightened than itself can manage its affairs for him. This is the position which, by his own admission, that great classical scholar and member for St. Michael South has decided to put sovereign, independent Barbados into. I almost feel tempted to say that as a St. James man like myself, I am disappointed to such a degree in him that I would want to discredit him. There is no way, Sir, that if you are of adult age, a sound mind and able to govern your affairs you would submit to some alien external force to govern and carry you.

I conclude now, Sir, by saying that the Prime Minister quoted from Hobbes, Leviathan and Locke's works and the Holy Bible, that sacred book of Christian people, but he omitted to mention the philosophy of George Stuart Mill who said that the policy for a pragmatically oriented Government is a policy of utilitarianism, the greatest happiness for the greatest number. The Honourable Member for St. Michael South East has indicated that there is no happiness in this but suffering. The Honourable Member for the City later on will tell you that there is nothing utilitarian about this Budget. Indeed, Sir, it is a total disappointment and a total let down.

Somewhere in the Honourable Member's speech, Mr. Speaker, he says that he will submit to the guidance of the social partners and take direction from them. I am not quoting from him directly. What the Honourable Member for St. Michael South should do is to submit to the wishes of the electorate who had enough of him and who are now saying, let us go to the polls so we can get a Government able and well equipped to run the affairs of this sovereign country and free us not only from all external influences but from those forces that have held back the clock of progress. I am grateful to you, Mr. Speaker. 12.50 p.m.

Mr. Speaker, Sir, in rising to support this Resolution I had intended first of all, since I am speaking halfway through the whole debate, to reorient the debate back to the financial proposals and budgetary proposals. However, Sir, I think if I were to follow my intended plan whereby I would make comments on the various speeches both by the Minister of Finance, the Opposition spokesman on Finance and other Members, and then deal specifically with areas

which relate to the Ministry to which I have responsibility, if I were to follow that, Sir, I probably would not have the time to do it. In view of the fact that in the contributions to the debate one Honourable Member continued to make statements which are not the true statements that they should have been. Before I deal with that let me say, the last speaker, did say on several occasions and I took notes, since the first speaker after him, the Honourable Member for St. James North was saying that he was not sure whether or not the Central Bank Report was laid... I am sure that it was laid, Sir, and indeed it was the first time that the Central Bank Report was laid in this Honourable House before Budget day was in 1988.

Mr. Speaker, let me turn and give some facts up front based upon the comments made by the Honourable Member for St. Andrew. A week ago, Sir, I took time out to give the Honourable Member the proper information based upon supposition, guess work and all sorts of things that he decided he was going to ask about in this Honourable House. Mr. Speaker, the facts first. It is common knowledge in this country, Mr. Speaker, indeed in the document of the Barbados Labour Party, dealing with the question of the common entrance examination * and I quote from the Manifesto of the Barbados Labour Party of 1986, not even the Democratic Labour Party, which says that they proposed to review the common entrance examination and consideration be given to the introduction at an early date of an aptitude test for all primary school children. This is in that document. But that is beside the point. I think, first of all, he should be aware what was written.

Secondly, Mr. Speaker, the reform reference by the Honourable Member started as far back as 1990. Mr. Speaker, the reform that we are looking at meant that some one had to take the decision to do some work and the reform referred to by the Honourable Member for St. Andrew where he said that he has not seen the document but he is relying on information. He has not seen the document, Mr. Speaker, but yet he proceeds to quote from the document and to make accusations about things within the document.

Mr. R. C. EASTMOND: I did not quote from any

Hon. C. V. WALKER: Mr. Speaker, there he goes again. I did not say he quoted from a document. I said he proceeded to supposedly quote from the document when he had not seen the document. Mr. Speaker, as I said a week before today, when I first thought that I would give to this Honourable House the information pertaining to what is being planned and what is being done in the area of education, I gave this Honourable House, and I treated Members on that

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side with the same equality as the Members on this side because no other Member on this side at that point had seen the document or had had any detail because it is in its embryonic and discussion stage. Indeed, Mr. Speaker, on Tuesday April 27, at St. James Secondary School, on Wednesday April 28 at Deighton Griffith Secondary School, on Friday April 30, in the Steel Shed, both primary and secondary teachers, parents and students, all are invited to come and give their input on the document which is not yet in circulation.

Mr. Speaker, I also said that the document in circulation has been revised 3 times based upon input. I will also say this, Mr. Speaker, no one in the system wants to commit themselves to do this detailed work because I believe there are several people who like to speak up but they do not like to put anything in writing for fear that they be charged with the responsibility for their own words. I believe, Sir, when we come to such an important point as the reform in the education system that there must be discussion but someone must take the lead. I have taken it upon myself. I have said in this Honourable House that I am aware that I have a few years on the other members so I can take any chance at this time in my life. Let me slate another fact. Last Wednesday, Mr. Speaker, when the Honourable Member was asking questions about Erdiston, I told this Honourable House that a document had just come into my hands with the dale pertaining to the Report on Erdiston. I said so then and it is one week later and we all have been spending our time in this Honourable Chamber. Already I have put in train, Sir, for a meeting on March 22 to discuss the same Report with the Chairman of the Board of the same organisation. Again, I do not understand the Honourable Member for St. Andrew. The Honourable Member for St. Andrew is the only person in Barbados that I have heard saying that you should not name a school after Gordon Gretnidge, a

living man because he may get too poor.

Mr. G. W. PAYNE: On a point of order. I did not say that you should not name a school after Gordon Greenidge. I never said that. What I did say was that when schools were being named that proper consultations with certain relevant persons should take place.

Hon. C. V. WALKER: Mr. Speaker, I happen to know that he said it. I came and said where he said it. I happen to know. I never said where.

Mr. Speaker, now let me get to some of the other things that he raised. Now he calls me a liar. He is the only person in here who has ever questioned my honesty and he continues to do so.

Mr. SPEAKER: Now, let me get this right. I have heard comments made of which the Honourable Member for St. Andrew spoke in this Chamber and I have not recollected any comment made to that extent. If the Honourable Member is making a statement other than what he said in here then I have very little to say about that but the Honourable Member ought not to be accused of something that appears as though he made that statement in his speech. So I would rather the Honourable Member stays clear of that.

Hon. C. V. WALKER: I would not dwell on that because any statements subsequent do not need any comment. 1.00p.m.

Mr. Speaker, again the Honourable Member earlier on a point of order said that he did not quote from a document and he said that he did not see the document. But the Honourable Member made some suggestions in his suggestions which he must realise that I will have to answer where he said the document being circulated is unpopular. Mr. Speaker, I would like to know who can determine any analysis or popularity or unpopularity about something which is thrown out there for discussion. We have not yet reached that point and indeed, Mr. Speaker, as I said to the Honourable Member in this Chamber last week, we in this Honourable House are aware that a committee called NACE was appointed with representation from the secondary schools, primary schools, Parent-Teacher Association, workers union, teachers union and private individuals. All of these individuals, Mr. Speaker, were the first to receive the suggested document and were asked for their comments. Subsequent to that, Mr. Speaker, and because of the curiosity of the Barbadian public, there were those who asked members of the Committee if they would solicit a copy from me because they wanted to read it. As I said, it is now in its third revision. I had the intention of even showing him one after last week. I thought that I had broaden the person's understanding, but he still proceeds.

Mr. Speaker, he spoke about the position of the Barbados Labour Party on the 11-Plus and his position that we should eliminate the 11-Plus and have nothing else. Now he has an opportunity at any public hearing or anyone who may be giving him advice. Come and give your views. Do not try from this august Chamber to give the impression that that is the policy...

Mr. G. W. PAYNE: On a point of order, Sir. I do not want to continue to interrupt the Honourable Member, but I did not say that we should eliminate the 11-Plus Exam.

Mr. SPEAKER: Just one minute. I want the Honourable Member to understand. That Standing Order for Interruptions On A Point Of Order has not been suspended. So you can interrupt a member as long as you want to do so.

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Hon. C. V. WALKER: Mr. Speaker, the first criticism was that it will impact upon the number of school children within the school system. Now one of the immediate positive benefits as seen by all of those who would have seen it, except the Honourable Member who said he did not see it, is that it will automatically make more places available at the higher level of the educational system than we now have, whereby we do not have the battle for those places. He was trying to give that impression to the public of Barbados via the media at this time and it is not going to change the facts of the situation.

Mr. Speaker, how convenient for the Honourable Member who represents the parish of St. Andrew to use examples of Coleridge and Parry and Foundation to say that they will be downgraded. But he never mentioned anything about what will happen to the school in St. Andrew. That was the gravamen of his contribution. It is rather interesting that the reverse of what he said applies to the school in St. Andrew. We were hearing convenient political talk. Sir, I think that I have dealt with the points raised by the Honourable Member for St. Andrew and I will now come back because I thought that I would have utilised most of my time in responding to him.

In the Financial Statement and Budgetary Proposals presented by the Minister of Finance, I would like to make reference to about six or 7 points within the presentation which I think should be borne in mind as we consider the ramifications of the proposals and as we consider the future of our nation Barbados. When we consider in Barbados the level of our income, it must be considered not necessarily only in terms at Budget time but in terms as we relate what our position is within the world. As pointed out clearly, we do have a per capita income in the area of U.S.\$6 370 and we know that it is the fourth highest in the Americas. We are behind the United States, Canada and the Bahamas.

Mr. Speaker, another point when we look at page 8 of the document, I think it is a point that must be stressed because we have to get back to the discussion about the relevant document of Monday. When we look at the economy, the real domestic product slowed by 4 per cent in 1992. At a time when we were going through the stabilisation and all of the other negatives, and yet they are negatives in terms of the growth of the economy, there was a decline of 4.2 per cent in the previous year. On the following page, it was presented to us in the area of production that while the major foreign exchange earning sectors contracted again in 1992 that non-sugar agriculture increased by 12.2 per cent in 1992.

Mr. Speaker, what I am saying in this presentation under the comments referenced on the various pages is that we have to in our lives concentrate on some of the positives and not deal at all times with negatives. If we allow ourselves to be caught up in dealing with only the negatives, we will become totally negative to the point that we will not be aware whether or not we are coming or going. 1.10 p.m.

On page 29 again, the question of devaluation, which has been haunting us and countries throughout the world for any number of years. Those of us who have traversed the continents and have lived among people know what considerations people come up with when they hear the word "devaluation". It says here: "The vast majority of Barbadians at home and abroad have indicated that they do not want the present fixed exchange rate parity of Bds.\$2.00 to US\$1.00 to be changed."

That is a given, Mr. Speaker. We do not need to prove anything from that. No theoretical proof is necessary. Two more, Mr. Speaker. On page 34, investment One of the things we have been learning in Barbados is that no matter the size of the country it is essential that we get into an investment mode. That is where all Barbadians are urged, again on this page, to invest in the several issues of government bonds, treasury bills and other government paper which will shortly appear. There are members on this side who have been engaged in discussions with me and in groups trying to point out the advantages of Barbadians investing in bonds, using the savings bonds approach, looking more and more to the retirement savings plan approach, so that in their later years and before they will have created a nest egg. Notwithstanding whatever conditions may be thrust upon the country, either externally or internally, the Barbadians would have had a nest egg on which they can rely.

The last one, Mr. Speaker, on page 65. Here we are dealing with the question of employment. The activities of the last 2 days will signal that all of the money which will be coming into the country - and we hope it could be a lot more - will be for training projects, the coastal conservation project, the south coast project and other projects, including projects within the educational system. What we need is investment, activity in the productive and in the capital expenditure sector. This and only this will create employment, and as a result of that employment we have the natural spinoff in terms of what we call the snowballing effect. It will ricochet through the whole community to enhance the opportunities for better earnings by the people of Barbados. That is why I say, Mr. Speaker, we have to dwell on more of the positives, because if we get ourselves ingrained in all negatives we will not find ourselves thinking about how we can advance this beautiful nation of ours.

Mr. Speaker, in the 3 minutes or so I have left, I have to make a few comments about the contribution made by the Honourable Member for St. Peter. With regard to the discussion on the wage freeze, we have to be realistic and understand that any given point - base point, starting point, what have you - whatever is the net effect or the purchasing power of the particular dollar within the pay packet, that is a value. If we have to freeze, that may still be the value.

There were also comments coming from the other side dealing with the removal of price controls. We are not talking about any great numbers. The Honourable Member for St. John in his contribution yesterday made the point that there are only now 11 items on price control, so we are not looking at the kinds of things we looked at in 1974-75, but we have to realise that if we raise the pay we know that as an indirect result of that raise will come a raise in the cost of goods and services. Therefore, we will have to ask ourselves where will we be, because plus 5 at one end and plus 5 at the other end does not in any way help your purchasing power.

Devaluation changes nothing in your pay cheque when you get it. What it changes, however, is what happens when you go to spend it. What can it buy? I say to this Honourable House, Mr. Speaker, that as a Government we have to look at all the arrangements we are involved in. There are comments, plus and minus, for the GET. There are comments that there are adjustments and new calculations within the GET. There are also the realities, Mr. Speaker, that there have been new agreements within the CARICOM region about the GET.

I have to move along fast to select a few other comments. The Honourable Member for St. Peter said he takes pride in talking about the statements made by Errol Barrow in 1967, but I say we are now in 1993. We have to realise that the statement pertained to the situation then, which may very well be similar at this point, but however I think we now have to look at what statements you, as a member of this Honourable House, charged with a specific responsibility, make and what statements are made on this side, especially in front here, as they pertain to the movement and the growth of this country.

Mr. Speaker, I will close by saying this. I was rather interested yesterday in the comments made - unfortunately I do not see the Honourable Member in his scat today - by an Honourable Member whom I knew probably before any other Member in this Honourable House, the Member for Christ Church South. It was strange to my ears when I heard the reference to Grantley Adams, Tom Adams and Errol Barrow, in that order, and no reference at all to the Honourable Member for Christ Church South. I wonder if that is why he is not in here today.

Mr. Speaker, thank you and I am much obliged to you, Sir.

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, I beg to move that this sitting be suspended until 20 minutes past 2.00 p.m.

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly. 1.20 p.m.

RESUMPTION Mr. SPEAKER: This sitting is resumed.

Mr. L. L. BRATHWAITE: Mr. Speaker, I join this debate because I have a vested interest on behalf of the people of St. Michael North East to support all and any measures which are designed to improve the quality of life for those members of that constituency and for the people of Barbados. I rise therefore to support this Resolution which is to note Government's achievement during 1992-93 and to support Government's efforts to improve the performance of the economy and the standard of living of the country.

In order to do this, Mr. Speaker, having listened to the Honourable Members on the other side, it appeared to me that the history of Barbados and certainly the history of the problems which we are articulating during the course of this debate began in 1991 or 1992. I shall have, in the course of my contribution, to go further back and let us see where the problems really began and certainly the point at which we must give credit to the Minister of Finance for the effort he is making to restructure the economy of Barbados. In 1986 - I do not think anyone can truly forget - there was a high level of unemployment facing this country high levels of taxation and there were pending losses of jobs in the manufacturing sector in addition to what had gone by during the 1985-86 period. Tourism itself had been failing to return the expected yields. Certainly we witness a number of hotel closures because of circumstances which would not allow them to maintain the levels of returns that they needed. This kind of situation prompted the new Government of the Democratic Labour Party in 1986 to affect measures which were at that stage termed as give-aways, and indeed, the comment was attributed to the Honourable Member for Christ Church South who was then the outgoing Prime Minister, now in Parliament, that the measures of those proposals brought by the Democratic Labour Party were backraising the proposals that he had given during his earlier budgetary proposals.

I say all that to say that it appears to me that while there was some effort made between 1983 and 1986 to stabilise the economy which also included a visit to the International Monetary Fund, that by the end of 1986 when the Democratic Labour Party had taken over the reins of Government that there were still severe problems in the economy of Barbados.

I would like to get out of the way the notion that the problems which we face today and no one wants to deny, no one can deny that there are problems we face. But, I do not think that given all that was done or was not done in the period of reconstruction between 1983 and 1986 one can say that much was achieved. And so, coming out of that election period and the coming into office of the Democratic Labour Party and the efforts that were made in 1986 by the Democratic Labour Party to try to bring some sense of activity in the Barbados economy one must also reflect and say in all honesty that those proposals had not yielded the kind of results that were anticipated. In desperate situations you have sometimes to make decisions that you are not absolutely sure what the results will be and, therefore, you will have to readjust as you go on your programme for reconstruction.

I want to come now to the period 1988-92 which has been bandied about in this country by the Members of the Opposition as being the worst years Barbados has seen. Having gone back where I have been, I want to say, with that experience no one can lay the blame fairly and squarely on this Administration for having to find at this stage the kind of problems that we have to overcome. Yes, as managers of the economy, Government will have to take some share of the responsibility for carrying the country forward and there can be dividing ideas as to the methods that will take us forward, but very surely, Sir, it seems to me that our present state does not require the casting of blame one side or the other but as the Honourable Prime Minister sought to have put in place, a unified stand towards making this country a better place for all of us to live.

Having said that, the period between 1988 and now has been characterised by considerable amounts of concessions, leeway, was given by the present Minister of Finance to the sectors which should be earning foreign currency for our country. One seems to feel that those sectors have been so bludgeoned between 1980 and 1986 that there was little scope apparently for them to take what could have been given in the context of our financial ability to pick up and go. That is not to say that the forces external to Barbados whether in the CARICOM region or the extra CARICOM region, have not had their impact on the economy of Barbados and the ability of Barbados to pull itself up in a short enough time so that we could get back to a path of growth.

I have a concern that all too often because of the nature of our political activity there are persons who should know better who, in my view, because of their mouthings, tend to give scope for growth in such an enterprise as creating many of the problems which we find in our society today. 2.30 p.m.

One only has to recognise, Sir, that every time you present your Estimates and you have to debate areas of funding the Government is accused of excess spending. The Government is accused of spending money as though it is going out of fashion. The Government is accused of not having any care and concern for the

people of the country who have to pay taxes. Yet, almost in the same breath, those same people who have been castigating the Government, those same Honourable Members in this Chamber- who have taken opposing positions to the Government, keep talking about the ability to spend more and more to do the things which they think are absolutely necessary.

As I say very often, Sir, life in general is like a bank account. You cannot take more out of that bank account than you have in it unless you find yourself going into a negative position that sometimes can lead to trouble you may not be able to come back from. Having said all that, I have to reflect on the effort of the Honourable Member for St. Peter who read an excerpt from a speech made by the late Mr. Errol Barrow some time in 1967 setting out Mr. Barrow's policy on Government's borrowings. I believe it is instructive for us to recognise that when the Democratic Labour Party left office in 1976 the total debt of Barbados was somewhere like \$258.8 million. When we returned to office in 1986 it was in excess of \$1 266.5 million.

I want to say, therefore, Mr. Speaker, that what has happened over that period, and I have tried time and time again to look and see what level of development had taken place in this country for which we and generations to come would have to meet that bill and could look at it and determine that was what they were paying for. I am yet to see the embrace of that expenditure. However, that does not say that one could not realise that a country can only exist by having resources at its disposal. Certainly you must come to the conclusion also that if you have to find the wherewithal to return that funding to the sources from which you got it, then all cylinders of your economy must be firing correctly otherwise you are going to find that you are going to be unable to meet those demands without going further and further and borrowing more and more. That, I do not think, takes any great economist to recognise those are the circumstances this country has gone through.

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I want to say, therefore, Mr. Speaker, that we must, as leaders, whether political, business or church leaders, recognise that we must make every effort as often as we can, and whenever we can, to guide our people and guide them aright because, in the final analysis, all we have to depend on is the level of productivity those people can generate to make our country a place worthy of living in. If you beat them in the head and if you bludgeon them with bad news and negative positions, my guess is they are going to feel so bludgeoned and beaten that they are going to be unable to raise the level of productivity to the point where we can be proud of the Qontribution they make to our livelihood.

Indeed, Sir, there are some concerns which I would like to address not necessarily yet within my own constituency because I recognise that at this stage Government's ability to do all the things that are needed is not quite there. But I am confident that with the astute handling we have been experiencing under the hands of our present Minister of Finance and Economic Affairs that the time will come, and surely come, when we should be able to achieve the goals we have set.

I want, Sir, to look firstly at the matter of tourism and to say that in spite of the very gallant efforts we are making, in spite of the successes we are having, I want to think there are still areas in which we can find some measure of improvement in bringing services of a better quality to our visitors as they come to our shores. In this regard I want to look at the services to the cruise ship passengers. I want to look at the location of the Handicraft Centre and also at what is being done to make it visible to the people who are coming out of the Port. I think a lot needs to be done in that regard.

I would ask the Government to look at ways and means of improving that visibility of the Handicraft Centre. Not only do I want the visibility improved but, certainly, I believe the people we are retraining, who we are spending some effort on to get them to equip themselves to take their place in the building effort of Barbados, must have a chanCe in which they can truthfully develop. I do not want to see a situation where the people come out of the Port in whatever form of transportation there is and they by-pass the Handicraft Centre and go all over Barbados. When they get back to the area then it is only time to go back on board the ship. I believe a sizeable enough number of persons are coming to this country by way of the cruise ships and a greater effort should be made to coordinate the business of the small handicraft

people with the kind of development that is coming out of the cruise ship business. In addition to that, Sir, I believe the time has come. When, although we realise they are spending a short period of time during the day, because it is only a couple of hours in the day they come for, some effort ought to be made so that our cultural activity and entertainment may be made available to them during the course of their short stay in whatever way we can. I believe that exposure would, to some extent, enhance their effort to come back for longer visits in the future.

As I said, Sir, I am applauding the Government and especially the Ministry of Tourism and Sports for the effort that is being made to upgrade the tourist plant and certainly to hold our heads as high as we can in these very difficult times. The Minister himself has alluded to the number of difficulties we would have encountered but I think we can say we are marching with them, and that we are, to some extent, riding the storm. The time will come when we will be able to show positive results for the efforts we are putting in now. 2.40 p.m.

You will remember that I piloted a Resolution in this Honourable Chamber seeking the inspection of the insurance industry, to have some kind of investigation which could come up with the answers as to why insurers are facing the kind of problems that we face at the hands of the people in the insurance field. Suffice it to say, Sir, that I am happy that the Honourable Minister of Finance is taking a look at that industry and I hope that something can be done in the not too distant future which can inure to the benefit of the people in this country.

Certainly as a group of indigenous companies we must be able - and this is not only in Barbados but across the region - to find ways and means of producing the type of programme which would help us to see after ourselves as a region and try to keep the cost of insurance at a minimum. Already it is looking as though a number of Barbadians are unable to meet the demands of insurance premiums as they increase almost twice a year and that kind of thing. I don't believe, Sir, that is the kind of situation that we should allow to continue and to develop.

Mr. Speaker, I have a concern also that at the lower rung of the economic ladder there are people who are making a very strong contribution to the beautification of the country and I think they ought not to remain in the position where they are casual enough to be able to go at a moment's notice.

Now, one recognises quite strongly that the Government can only be in a position to maintain high levels of employment in the public sector if the funds that come to Government are adequate and enough so to do. Therefore I believe that an organisation like the National Conservation Commission could be looked at and there could be a level of improvement in the status of workers working at the National Conservation Commission, given the fact that they have now developed a skill that this country can be proud of. I think that some

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kind of encouragement, maybe by way, Mr. Speaker, of going along the lines of a co-operative society where they can band themselves as a group of those special workers who can from Government, get the kind of assistance by way of contracts.

Even some of the equipment that Government will no longer be using if they are not carrying the full programme of the National Conservation Commission one would feel that they can become some of the small business entrepreneurs in our country and I would like to see some move in that direction where that group of people can grow and help to cushion some of the shocks of unemployment that we are facing today. I believe that, while it would still be in my view the responsibility of National Conservation Commission to maintain a nursery which can provide the plants that are needed for the beautification of the country, the time has come when an organisation or a group like that would be in a position, given assistance from Government again, either by way of lease of land and that kind of thing, to get into the business of producing flowers for the local and export market. I believe that kind of thing is forward looking enough to help many of our people in that strata of society to improve as entrepreneurs. I think, Sir, that a lot can be done to help our country and not just a situation where everybody will sit and

wait on somebody else to do something. A lot has to be done by way of influence, by way of having an interest in training our people. Now in that regard, Sir, I would like to look at what are today-, the successful efforts of the Barbados Youth Service but I feel, Sir, that that can also grow and I would like to see a situation, Mr. Speaker, where all school leavers up to the age of 18 would be accommodated in a form of youth service that helps to prepare them for responsible altitudes in our country.

Mr. Speaker, that does not necessarily take care of those who would be outside of that net because there are those who would go on from the secondary system into the university system, the polytechnic, the Community College, University of the West Indies. What I would like to see about that particular sector is that they be asked, on the completion of their studies, to take some voluntary service in their field of study and help to train some of those who would not have been able to go through that system. They should spend some time in equipping themselves that they can give this country back some of what the country has given them.

If I should at this very moment, Sir, get to matters of my constituency I would like to say that we have a number of concerns as I had mentioned earlier but they all take money. I am to compliment the Government through the Ministry of Works for the programme that is now being shown for the improvement of the Canewood Road. I believe it is some 25 to 30 years that as a person within the organisation of the Democratic Labour Party I have been asking for some improvement on that particular road but especially since we have had the development of the Portvale Factory where a number of very heavy vehicles now have to traverse from the St. George area through to Portvale it has become almost a death trap for a number of children, young people going to work in the morning and it is really heartening for me to recognise the Government will now be doing something in the very near future for that road. I am however very concerned that I cannot see the evidence of any improvement in the transport system as it relates to the top end of the constituency - Bibby Lane, Lears, Jackson. I have made numerous requests for some improvement in that area. I am very concerned that even at this stage where decisions are being taken with the Transport Board that I can see no definitive plan for improvement of transportation in these areas and I can only ask the Government to look very seriously at providing very much improved service in that area.

The matter of high rents in Barbados still provides me with some headaches because they impact on those people who are less able to meet the burden of high rents, who if they cannot meet them are then put on the road. 2.50 p.m.

Since Government is unable to provide the kind of housing stock which will accommodate the large number of people who require housing, I think that some effort should be made to have a system of control for rents. To that end, Mr. Speaker, you will recall that I do have a Parliamentary Question which deals with that particular matter asking for Government to look into a system to control rents.

I am still very concerned, Sir, that the pupils using the St. Matthews School have to endure very undesirable conditions. I am still hoping that again the Parliamentary Question which I have dealing with the improvement of conditions at that school would meet with very early approval. With those remarks, Sir, I would wish to compliment the Honourable Prime Minister for the effort that he is making and to support the Government on this Resolution.

Mr. SPEAKER: The Honourable Member for St. James South.

Hon. N. K. SIMMONS: Thank you, Mr. Speaker. I enter this debate to lend support to the Minister of Finance, the Right Honourable Prime Minister, who I thought did a good job in the presentation of the Financial Statement and Budgetary Proposals for 1993-94. In so doing, to my mind he was at pains to show what had happened with the Barbados economy over the past year. He also

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indicated what was happening to the economies in the region and, indeed, he also explained what was happening to the economies in the world, especially the industrialised countries in the Western World.

I believe that from that global picture, so to speak, Barbadians were able to see and understand that all countries in the Western World are experiencing some very difficult times. I believe that most Barbadians are aware of this. I also believe that Barbadians can appreciate what we are trying to do in our stabilisation and adjustment programmes.

In his presentation, the Honourable Minister of Finance indicated that countries such as Canada which a couple of years ago had to rely heavily on offshore labour was now experiencing unemployment of 15 per cent. Those of us who were listening to the news over the last few days from America would realise that the cuts in the Armed Forces will more or less devastate many cities in California. I believe in one news cast it said that there will be 50 per cent unemployment.

Sir, I had the opportunity last year to be in England and Canada on Government's business. I had not gone to England for two years and I was absolutely appalled to see the state in which England had found itself. In some streets, every house was for sale. There were literally thousands of people living in the streets. In Canada, the shopping malls were about to close. Nobody was shopping. People were getting a day's notice of retrenchment. Sometimes they were getting in their pay-packets 20 per cent cuts without any notice at all. This is the situation in which we are finding ourselves. My reading of this particular situation, Mr. Speaker, is that most if not all of the countries in the Western World are going through some form of structural adjustment.

I was listening some weeks ago to a speech by a former Deputy Governor of the Central Bank of Trinidad. I think his name is Dr. Farrell. I am subject to correction. He talked about the transitions of the world. He talked of Jamaica with its bauxite and, when the demand for bauxite was no longer there, Jamaica had to go into structural adjustment. He said that the OECS countries will soon be going into structural adjustment because it was obvious to him that sooner or later the demand for bananas on the European Market will not be as great as before or might not be there at all and they, too, may have to enter into some form of adjustment. We know the situation with our sugar. The sugar industry has not been as productive as it was before and we have found ourselves in some difficulty. Mr. Speaker, these changing times, hard as they are, will bring difficulties to a number of people. What might not appear obvious to the Opposition is that, with all countries having difficulties, our particular situation will be aggravated because every country has to look after itself now. So help is not easily available. What has surprised me about the comments coming from the Opposition, Mr. Speaker, is that on the one hand and over the years they have been asking Government to cut its expenditure. On the other hand, they are asking for improved services. When we look at our Government's expenditure realising that 40 per cent or more is in salaries and wages, one in trying to stabilise the economy can only think in terms of lay-offs. When we legislated the 8 per cent cut, the Opposition was opposed to it. We have reinstated the 8 per cent but they are opposed to the collection of taxes. I am not an economist but I would like any Member of the Opposition to tell me how you are going to reinstate the 8 per cent and not raise money to do it. I guess they have the answer. I do not. My only understanding of it is that you have to raise money to pay out money. If you are going to add on to what your expenditure was last year, then you have to raise money. If you do not raise it by direct taxation, you must raise it by indirect taxation. I am told that personal incomes are overtaxed at the moment. The only other alternative as far as I can see, therefore, is indirect taxation. The method of collecting that indirect taxation is left to the Minister of Finance. As far as I am concerned, there is no magic to it. Some of us might try to couch it in different language, but the facts are clear for all to see.

Sir, before leaving this topic and possibly going on to things pertaining more so to my Ministry, I would like to express publicly my appreciation to all civil servants for making the sacrifice for their country. It was hard but sacrifice in whatever form is never easy. It usually means giving up something that v*?, want in order to achieve another object or goal. 3.00 p.m.

As far as my own Ministry is concerned, the staff has continued to work hard. Some have worked beyond the call of duty and, in particular, the security services have worked extra hours. The police

sometimes work 12 hours a day probably over a 3 or 4 month period, and to all of them I want to express my thanks and appreciation for their commitment, dedication and love of country.

Mr. Speaker, I want now to look more specifically at the working of my Ministry, because this has been in public focus over the past few years. Law and order are topics for discussion among most Bajans at this time. Listening to any group, be it housewives, teachers, children, young adults, I have concluded that the problems facing Barbados at this time in respect of law and order have to do with indiscipline, lawlessness and crime. Next to crime I would like to bracket drugs and guns, because that is very important.

The indiscipline about which I speak can be seen daily as our children go to and from schools.

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There are boys with their shirt tails out, some of them not even bothering to wear their epaulettes, others with hats not matching their uniform, young ladies wearing the tightest skirts and short as ever. The indiscipline about which I speak can possibly be seen when we go to public functions and the National Anthem is being played and some people do not bother to stand.

The lawlessness about which I talk is evident by the way our ZR vans use our roads, having no regard whatsoever for other road users. The lawlessness can be seen by the way in which people dispose of their garbage, they litter the streets.

We are all aware of the rapid increase in crime and the proliferation of drugs, especially hard drugs, which to my mind is the main cause of most of our violent crimes. The pushers get guns to protect their territories and the users rob to support a habit. The question, Mr. Speaker, is what are the solutions to these problems? I would like to spend a little time in looking at the solutions. I believe we can put them in 3 categories, short term, medium term and long term.

For the short term I would think we want to control and halt the escalating deviancy, or deviant behaviour. In the medium term I believe we would want to reduce it and in the long term, as far as possible, eradicate it. We know that is not possible, that there will always be crime, but we have to aim for the skies in order to get the clouds.

I have been in this Ministry now for 2 years and I believe I have been able over that period to have discussions with enough persons to analyse the situation and to come up with some strategies. I would want to spend most of the time allotted to me on the short term and therefore I will go quickly to the long term, the medium term and then come back to the short term strategies.

The indiscipline which we see stems from a lack of values in our society. There was a time when most of the schools were run by the churches, if not all, and so the heavy emphasis on the teaching of religious knowledge, which gave us the sort of rules and regulations by which we should conduct our lives. Many schools today do not have that. I believe that, with the assistance of the various religious organisations, be they Muslim, Hindu, Jehovah Witnesses, Adventists, Catholic or Protestant, in conjunction with the professionals in the various areas, social workers, the National PTA, come up with a programme which would be able to teach young people throughout the school system, primary, secondary and tertiary, something about human development and growth, self-esteem and self-worth, communications, interpersonal relationships, human sexuality, family in all its aspects, responsibility as a citizen. This is important, because a lot of us talk about our rights but somehow we never seem to understand that with every right comes a responsibility. You have to teach them about morals, ethics and spirituality. I call that values education and if we can reinforce this at all levels of the school system, at the end of a 5-year period we will see a drastic change in the society.

Of course it will start now. With this we have to look at family counselling, because one of the problems in our society is that many young people do not have the support of a family to assist them in their development, and so alongside any values education programme or any programme, whether it be short

term, medium term or long term, we will have to have a heavy emphasis on family counselling. I want to look briefly at the medium term strategy, Sir, because this too is important. This is to reduce the incidence of deviancy. During this period, for example, we could look at laws in other countries, not only the western countries, relating to drugs and see how successful they have been in dealing with their drug problem. Then we can adopt a strategy which we consider to be best suited to us, but for sure when it comes to drugs we have to do something and do it rather quickly.

In the medium term, we could upgrade our other laws. We need to look for the best way to treat or rehabilitate our drug addicts. This is important, because if you go on Baxters Road any night you will see the number of "paros" who really need some attention. 3.10 p.m.
I have looked at the long term strategy with regard to a values education. I have looked at the medium term strategy with regard to the laws of other countries and seeing how they handle the situation, especially as it relates to the menace of drugs.

I want to come to what I call some of the short term^k solutions. This is, in essence, what we can do to control the escalating crime and the indiscipline and lawlessness in our society. Of course with this, I believe that the Royal Barbados Police Force will have to play a great part. I am happy to see that after 6 years the Opposition has come around to the view that they should no longer criticise the police as they have been doing but that the deployment of the police forces was not as they thought. Instead, as I have been saying, the Police Force needs more men. If the Police Force is to control and halt the increase in crime, then it is necessary for the Island to have greater coverage. The only way they can do it is by an increase in the manpower, better equipment. I would like to say that this Government has started to provide the extra manpower. You" will recall that in November of last year we provided the Royal Barbados Police Force with 60 special constables and the Cabinet has agreed to give them 100. I believe in

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April or thereabouts they will get an extra 40. I think that in terms of equipment, we need to have the Police Force computerised and there is a document before the Ministry of Finance setting out the proposals for financing the computerisation of the Police Force. It is sincerely hoped that the computerisation of the Police Force will soon be approved. The Royal Barbados Police Force has used its initiatives and I must compliment the Commissioner of Police and the members of the Force for not sitting back but using their initiative to see how best they can use the manpower they already have to control what is happening in this country.

I just want to mention 4 of the programmes which they have on stream and I guess most Barbadians must have heard of them by now.

(1) The Community Police Posts. Two years ago in June, the Police targeted 4 areas which they thought were problematic and they put in a community police post in each area. It has been extremely successful. One is in the constituency represented by the Member for the City, one is in Deacons Farm in your constituency, one is in Gall Hill, Silver Hill, and one is in Haynesville, the constituency of St. James South which I represent. In all 4 areas the programme has been extremely successful.

(2) The Juvenile Liaison Scheme where the police are attempting to prevent youngsters from becoming involved in crime. All these programmes I am talking about are pro-active policing. They constitute pro-active policing, not "after the event" when somebody commits an offence and you go and grab him. They try to prevent the youngsters from becoming involved. This is a very laudable approach by the police. Many people believe the police are only there to catch criminals, but they are also there to prevent people from becoming involved in criminal activity.

(3) The School Liaison System. The police now go into schools and try to explain to youngsters what drugs can do to them, how they must conduct themselves.

(4) There is the Neighbourhood Watch.

One can recall the criticism the Commissioner of Police received from members of the public for assisting the truant officers of the Ministry of Education in ensuring that when youngsters go into the bus stands on mornings that they catch the buses and go to school. We must be grateful to our policemen who at the height of criminal activity in this country worked 18 hours a month extra for \$200 in extra pay because they were committed to this country.

I am shocked sometimes when I hear people talking about the morale of the police. If the morale were low, would they have done that? I can only give examples of what I see and then allow the public to determine whether or not with that type of spirit the morale could be low. If the morale is low, they sick out. They excuse themselves from work. They do not volunteer extra, work for little or no pay. The morale has to be high.

I mentioned that the Police Force needs more manpower. I believe that they could do with 200 more officers over the next 2 years. I agree with the Honorable Member for St. Thomas. More importantly, as far as I am concerned, all Government security services should fall under the Commissioner of Police. I am satisfied in my mind, after examining the situation for 2 years, that the problems facing the security services in this country is that they are not properly screened. Because of the members in the various agencies, they are not properly trained. They are not properly supervised and therefore they cannot do the work which is intended. The only way of getting around that is to have everybody under the jurisdiction of the Commissioner of Police.

The members of those agencies would have the motivation in the sense that they know they are belonging to a bigger force and the chances of promotion are much better. My view is that there is no need for a Government security service, no need for an NCC ranger, no need for an airport police force nor a seaport police. They should all come under the Commissioner of Police where they go and get proper training. Instead of the police having to go the Hospital if there is a dispute up there although they have security guards, they would be there already. You will find the work of the police officer will be better taken care of and the security of this country will be better taken care of.

I am not saying that we have to fire the existing Government security guards or the NCC rangers, but what I am saying is that if they come over I am sure better training can be done.

I just want to spend 2 seconds on 2^things we need to do immediately to bring about the discipline I talked about. The ZR vans. We cannot tolerate the situation as it exists with ZR vans. The drivers must have special licences to operate those vans. They have to have training to operate them. The vans themselves must have a colour coding to the routes they have and they must be in uniform and they must run on schedule. I am convinced that they can run on schedule. They must be made to go into the stands provided for them in Bridgetown.

I believe we have to look seriously at street vending. I cannot go into details now because I have a minute or 2 left. All of them should be placed in the market. It is causing severe problems for the policing of Bridgetown.

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Finally, Mr. Speaker, we must enforce our laws and not only by the police of this country. There are other agencies to enforce the laws of this country. That is the only way we can bring back the high standard of law and order to which we are accustomed in this country.
3.20 p.m.

Mr. Speaker, time has run out on me and I want to support the Resolution and compliment the Minister of Finance and Economic Affairs for a good job done in very difficult times.

I thank you.

Dr. R. L. CHELTENHAM: Mr. Speaker, I must take issue with the attitude informing the early part of the speech of the last Honourable Member who spoke, all the more so because the attitude was typical, of spokesmen for the Government on the economy. The Honourable Member and indeed Government's spokesmen on the whole, remind me in talking about the economy of the schoolboy who is performing poorly in class and, when spoken to by his father about his unsatisfactory performance, he says "Dad, why are you so hard on me? Timothy came third last, Andrew second last and Terry last." Why all of a sudden are we setting such low sights for ourselves? Why are we taking such comfort and satisfaction in those who are doing worse than we are doing? Why are we not summoning pride and finding competitive envy in the performance of those who are doing better? Why are they not pointing to the performance of the Pacific countries that are all showing growth?'

Why are they not even coming nearer home, as they have been reminded by the Economic Report, 1992 at page 6 where St. Vincent recorded 3.6% growth in 1992 and where St. Lucia continued to grow as a result of expansion in tourism and a strong growth in bananas. St. Kitts/Nevis slowed down to a growth point of 4%. Even Montserrat was estimated to have grown by 2.4%. They are all small open economies extremely vulnerable to external influences, set in the same Caribbean sea and we are finding excuses and comfort in the performance of countries that did much worse than we are doing.

As individuals and as a nation we cannot set low sights for ourselves and we must condemn our Government that is leading us to look down when we should be looking up. We should not settle for the mediocrity which they are indicating we should settle for and that is my concern about the tone and attitude that informed the speech of the last Honourable Member, a tone which is typical of Government's spokesmen on the economy as a whole.

I want to turn, Sir, to the presentation of the Honourable Minister of Finance and Economic Affairs, the Right Honourable Prime Minister on Monday last. It was long, repetitive and disjointed and lasted almost 3 hours. It succeeded in exhausting the attention span of all of those who heard it in this House and of all Barbadians who were listening. To the extent that the speech indicated no new way of sacrifice, a worsening of the unemployment situation and continual hardship, it has served to deepen despair across this country.

It has done more, Sir. It has failed to tell Barbadians where precisely we are in terms of the crisis facing us, how long is that crisis likely to last and precisely the nature and extent of the sacrifice which Barbadians have to bear for the future. In my submission, there is need for clarity in the definition of the problems which we face. We need clarity too in the articulation in the path which we have to follow in order to extricate ourselves from those difficulties. In that respect the Right Honourable Prime Minister has failed and the Government too has consistently failed.

I submit, Mr. Speaker, that the problem in Barbados, to a large extent, results from mis-diagnosis of our difficulties and from mis-prescription. We are much like the patient who is being treated with a massive dose of antibiotics on the assumption that he has a fever when in truth and in fact he has no fever. The result is that the patient is worse and that is the situation with the Barbados economy. We are getting remedies that bear no relevance to the nature of our problems.

What exactly is the nature of the problems which we are experiencing? In my view, the fiscal imbalance which we experienced in 1989-90 and which reached crisis proportions after the Elections in 1991, was a manifestation of our difficulties and the occasion of the overall crisis. But it was not the cause of the crisis. In fact, those fiscal imbalances were deliberately induced by the Democratic Labour Party that was concerned to create an illusion of prosperity and well-being in the country by over-manning the National Conservation Commission, the Ministry of Public Works, Communications and Transportation and all the unestablished categories across the Public Service.

The real problem, Mr. Speaker, has to do with the fact that our capacity to produce has fallen dramatically. It has to do with the fact that there is a sharp decline in our exports. It has to do with the fact that we have lost the ability to attract foreign capital and in so far as local capital is available for investment it has gone in the wrong channels. It has not been directed to the productive sectors. Rather it has gone in malls, real estate, gas stations, and in areas that do not really strengthen our productive base. In order to "appreciate

fully the point I am making, we have only to step back a little in time and contrast our performance yesterday with what is happening today.

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You will recall, Mr. Speaker, 20 years ago we were reproducing 200 000 tonnes of sugar in this country. We were producing all our molasses, the foundation of the rum industry. By 1986 that had fallen to 11 000 tonnes and we were still able to produce our molasses to support the rum industry. Today the projections are for 45 000 to 50 000 tonnes of sugar this crop. We are importing molasses and the most depressing aspect of the story is that for the first time in our history we are importing sugar of the worst quality in order to satisfy domestic consumption. That has served by itself not only to depress those in the industry but to depress the entire population, the fact that Barbados has practised a sugar culture successfully for 300 years finds itself importing sugar of the worst quality for domestic consumption.

But the story continues across the board, Mr. Speaker. Fifteen years ago it was a joy and pride to see our young men and women go to work across the industrial estates, Grazettes, the Harbour, Wildey, Newton and Grantley Adams, to work in furniture, the stitching industry generally, garments, gloves, to work in electronics assembly. The manufacturing sector was then employing 12 000 to 15 000 and that we were exporting then some \$500 million or half a billion dollars. 3.30 p.m.

If we contrast the situation. Now, we have lost Playtex and Edmonds that were the big names in the stitching sector. We have lost INTEL. In fact, we have lost a large range of the electronic assembly operations. The sector has contracted to the point that there are no more than 6 000 people working in manufacturing today in Barbados. There was a time too when consistently we attracted something like \$20 million in foreign capital in that sector and there was a short time in the late 1970s and the early 1980s when the domestic effort of investment in manufacturing actually matched the in-flows of foreign capital. The figures are no longer available, they have not been kept in a way in which I could speak with certainty about what we are doing now in that sector. Relying on the anecdotal evidence and looking around us, it is clear that the manufacturing sector has for a long time failed to attract either significant foreign capital or domestic capital. But nowhere, Mr. Speaker, is our failure to attract capital in the productive sectors more graphically illustrated than in tourism, our most important sector. It is the one that earns for us the most foreign exchange, has the greatest capacity to jump start and turn around the economy and is at present employing the greatest number of people directly and indirectly.

But since 1983 there has been an annual decline of 3% in bed capacity in tourism. That means, Mr. Speaker, that tourism has not been attracting any new investment. Investors do not see the tourism sector as one that offers a reasonable return on their capital. Contrast and compare it with what is happening with our neighbours.

We learned only this week, on the radio, that Union Island in the Southern Grenadines had attracted a new investment of US\$100 million. We know that in the Dominican Republic there is a modern tourism plant as a result of the inflow of new investment over the last 7 years. We know that in St. Lucia new facilities are going up on an annual basis. We know that the same thing is happening in Mexico but we cannot point to a new chain in Barbados in the last 10 years. We cannot point to any new investment in the tourism sector in the last 10 years and that graphically illustrates the extent to which we are not attracting new capital. We are not investing in the productive sectors in Barbados.

I go further, Mr. Speaker, and summarise the basic problem as a failure to attract investment in our productive sectors and a failure to maintain our exports. The problem in the tourism sector if I may return to it quickly has been compounded by the suffocating taxation and indirect taxes of the Government. The sector has been called upon to provide too much revenue to the Barbadian economy and the Government has succeeded in sucking the tourism sector dry.

I am advised, Mr. Speaker, that the indirect taxes or the imposts used on a day to day basis in the tourism sector range from 50% to 100% and that has contributed in large measure to the unprofitability of the sector. That is not to say that there are not one or two plants that do well and realise a profit but, generally

speaking, the sector is unprofitable and continues to witness a contraction. Its viability is being eroded and undermined by the misguided taxation policy of the Democratic Labour Party Government. The urgent need in tourism, if it is to play its part in leading this economy out of its difficulties is to have a low taxation regime of which the Honourable Member for St. Peter spoke so eloquently about yesterday. It means too, Mr. Speaker, that we are going to have to be able to access long term capital financing for 25 to 30 years at reasonable interest rates in order to modernise our plant and refurbish it, a plant that is for the most part an average of 20 years old and is looking tired and exhausted.

We need too, as a matter of urgency, a new fiscal incentive regime, not concessions on toiletries and building materials on the tinkering basis which the Government is providing it. We need a radically new fiscal incentive regime that will assist us in modernising the existing plant and attracting new capital.

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The problems of beach harassment and of violence against visitors, important though they are, pale in significance in the face of the major structural requirements of the industry. I think it is a valid criticism of the Prime Minister's Budget that having indicated that he is looking to tourism to lead the way forward he has not unshackled it, he has not freed it from the suffocating influence of his indirect taxation over the years. In fact he has added to the taxation burden and unless he comes back to this House shortly, Mr. Speaker, in the course of this year - he cannot wait in my view, until the next Budget - to present us with a new formula along the route indicated earlier for tourism, tourism will fail in so far as we are looking to it to jump start the economy and lead to recovery.

I want to turn to a related problem which is affecting the Barbados economy. Arising from these problems that I have identified, reduction in our capacity to produce, a decline in our exports and our failure to attract external capital and to direct local capital in productive channels, we have a related problem of our competitive capacity and the Government is seeking to address that problem by calling for a wages freeze. In my view, Mr. Speaker, the problem of our competitive position which in turn affects our exchange rate has to do, not only with wages, which is only one component of our overall costs but it has to do with the quality of management in the country, the quality of technology and the efficiency of our plants among other things. So that when the Government presents the matter this way, that the workers will either agree to a wage freeze across the board or there will be a devaluation, that is to mis-state the issue. 3.40 p.m. It is to present us with a false equation. I want to pause here to say that this is, not the first time that we have been presented with a false equation. Because the civil servants were told in a circular that came out before they were asked to vote in relation to the 8 per cent that, if they did not vote for the 8 per cent wage cut, there would have been a devaluation. It was always a false equation. In fact, that particular policy was fundamentally flawed. The 8 per cent wage cut might have helped the Government to restore fiscal balance, to get our revenue in harmony with our income. But as far as restoring or assisting the competitive position of the country was concerned, it never had any chance of realising that objective because it only affected 20 per cent of the workers. The 80 per cent of workers in the private sector who were concerned with tradable were not affected. To that extent, it could have had little or no impact in terms of the competitive position of the country.

The workers have got to be very careful in this country that they do not sacrifice in vain. I am very serious about that. It is worth repeating, Mr. Speaker. The workers have got to be very careful in Barbados that they are asked to undergo painful sacrifices over a long period and all in vain. I do not understand the contradiction in the Government's position in asking for a wage freeze while at the same time increasing taxes and adding to cost. I do not understand that, Mr. Speaker. That seems to be a contradiction. I do not understand the Government's position in asking for a wage freeze while at the same time collapsing price control in this country. Who will protect the poor and the marginal? Who will ensure that there are basic food stuffs available to them within the range of their pockets? Who will ensure that the merchants do not make super-profits through exploitation of the cost of basic food stuffs? What are we going to do about rents in this country? The trade union leaders must be very careful that, if they do not determine clearly in their minds which constituency they serve, whether the political party to which they belong or the interest of the workers, within their lifetime they may very well preside over the closures of the unions as we know them.

Sir, I want to turn for a moment, if I may, to the sugar sector of agriculture. I listened with great interest to the Honourable Minister in his presentation this morning. I am still not satisfied, Mr. Speaker, that there is a clear policy with respect to sugar and its future in Barbados. He has told the House that there will be a new land use policy. I want to hear from the Minister and from the Government that the incestuous relationship that has existed between the Democratic Labour Party and the land speculators in this country is at an end. I want to know, Mr. Speaker, that there will be no more cutting up of land in the heart of the sugar belt in this country like at Cottage in St. George and prime agricultural land in St. John and elsewhere. I want to know, Mr. Speaker, that hereafter agricultural land will be sacrosanct and that the grading of agricultural land for other purposes which has gone on under every Democratic Labour Party's Administration will come to an end. I want to know that. I want to know which parts of the Booker Tate Study, that is the most recent study relating to the sugar industry, will be accepted by the Government and which factories will operate in the future.

Mr. Speaker, you will recall that there was a recommendation by Booker Tate, for example, that all sugar grinding activities be concentrated at Andrews. There was talk of closing Portvale. I want to know which factories will operate in the future and where are they likely to be located. I want to know, too, what precisely is going to be our target of production, whether 75 000 or 90 000 tonnes. That is a big difference. What is going to be the role of the small farmer in agriculture with respect to the future? They are unanswered questions with respect to the future of sugar which I think the Minister of Agriculture and the Government, if they are to promote confidence in the country need to answer.

While I am dealing with sugar, that too is an area that demonstrates the need for modernisation and efficient plant. There are two boilers at Buckley Factory. I am sure you have heard this before. It is worth repeating. One dates back to the turn of the century and the other dates back to 1937. You cannot hope to be efficient, modern and to be as productive as you ought to be when your plant is as old-fashioned as that. You have signalled to me, Mr. Speaker, that I have two minutes more. I want to conclude by posing this question. Does the Government really have the moral authority to recommend and enforce a national wages freeze? Can a Government that has made so many false analyses about the economy, a Government that has been guilty of so many broken promises and has caused so many dashed hopes and fractured expectations, a Government that has disappointed so outrightly the people of Barbados, a Government that has not been able to define the problems facing the country with clarity and to point the way forward with any conviction and certainty be expected to recommend and enforce an incomes policy? I think not, Mr. Speaker. It seems to me that the Government has really come to the end of the road and that we in this country are going to be facing acute political problems resulting from the economic crisis. I really think that the Prime Minister and his Government ought to follow the precedence around us, particularly the Mulrooney precedence, and give way. He has demonstrated a clear inability to take this country forward.

Mr. SPEAKER: The Honourable Member for St. Philip South.

Mr. H. A. BLACKMAN: Mr. Speaker, before I get to my main speech, it is being said in here this afternoon and yesterday about the failure of economies around the world. The Honourable Member who just spoke mentioned a few of the economies in order to refute that statement. But I would like to go a bit further for the benefit of all. 3.50 p.m.

The statement was read in this Honourable House by the spokesmen for the Opposition on Finance and I want to reiterate it. I am reading from the Economic Report put out by the Government of Barbados for the year 1992. Of all the OECD countries, the only one that did not grow last year was the United Kingdom. That is Fact No. 1. In the Eastern Caribbean, every single country for which figures have been received, with the exception of Barbados, grew last year. In Latin America, Mr. Speaker, I cannot read all of it, but Chile grew by 9.5%, Venezuela by 8%, Argentina by 6%, Mexico by 3%, Colombia by 2.5%, Brazil grew, the Peruvian economy grew, every single economy grew last year.

Mr. Speaker, in this region of the Caribbean there were only 3 countries that did not grow last year - Haiti, Cuba and Barbados. All of us in this Honourable House know why Haiti did not grow. I believe all of us should know why Cuba could not have grown, because the Soviet Union, from which it got all its preferential treatment, collapsed. Barbados is in a singularly peculiar position, if you take out those 2

countries, as being the only countries that did not grow in 1992.

Mr. Speaker, let me make one other point here before I get to the main argument in my speech. The excuse is being made also that because President Clinton had to go back on some of his promises, and because Mr. Patrick Manning of Trinidad had to go back on some of his promises, that those 2 events can be used as an explanation for the situation in Barbados. I am putting it to all Honourable Members of this Chamber that neither President Clinton nor Mr. Patrick Manning was governing his country from 1986. The Democratic Party of the United States of America was out of office for 12 years, so Mr. Clinton, as he was then, could have promised anything. Mr. Patrick Manning was not governing the country from 1986, but the Democratic Labour Party, of which I am a member, was running this country from 1986 and should have known in 1991 what the position was. We should have, we could have and we have to take the blame, but do not use excuses of Patrick Manning or President Clinton to explain what has been happening to the Barbados economy. I thought I would put that up front first.

Mr. Speaker, I am faced with a peculiar position this afternoon, because having listened to a budgetary presentation for 3-hours, I wondered how does one respond within half hour? I then realised that about 70% of what was said during the 3-hour proposals I had heard on about 2 or 3 previous occasions. After the budgetary proposals I was handed a Resolution, which I will read to this Honourable House, as follows: "WHEREAS, despite the difficulties which are being experienced in the international economic environment, the Government through its various policies has been able to bring stability to the Barbados economy:

AND WHEREAS the fiscal deficit has been substantially reduced and the slide in foreign reserves has been halted:

AND WHEREAS the Government has been able to implement a number of measures designed to lead to the rehabilitation of the productive sectors and to the resumption of growth in the economy:

BE IT RESOLVED THAT this House note Government's achievements during the year 1992/93 and give its full support to Government's efforts

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to improve the performance of the economy and the standard of living of the country."

Mr. Speaker, those of us in this Honourable House find ourselves in an extremely peculiar situation, in that we have to respond to a budget, but then we have to vote according to this Resolution. This does not seem to have fallen on a lot of people. We have to debate the budget and then vote either for or against, or abstain, on this Resolution.

I want to deal with each one of these points in order for you, Mr. Speaker, and this Honourable House to tell me if I am right or wrong in the way I read the economy, because I have to state the facts as I see them. I am not saying I am right, neither am I saying I am wrong. What are the facts? We have to ask ourselves, has the economy really been stabilised? To discover where we have come from - and I would like most of the analysts, those people who sit down and analyse budgetary proposals, to realise that especially in a situation like today, when we are in an economic crisis, that you cannot sit down and analyse a 1993 budget without looking back at the 1992 budget, and even going back to the 1991 supplementary proposals, to see if they performed and did what they were supposed to do.

Mr. Speaker, I propose to go that line this afternoon. On 17th September, 1991 the Minister of Finance mentioned certain reasons why he would have to go to the International Monetary Fund. On page 4 of the document - Financial Statement, Supplementary Budgetary Proposals, September 17, 1991 - the Honourable Minister of Finance was moved to say the following:

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

"The decline in the agricultural sector has been particularly problematic with the performance of the sugar crop falling far below expectation." 4.00 p.m.

The Honourable Minister of Finance continues:

"No improvement is forecast for the manufacturing sector which will be adversely affected by the compression in domestic demand and its continual inability to penetrate overseas markets. Declines in wholesale and retail activity and in construction can be anticipated as well and the overall fall in output in 1991 is now expected to be of the order of 3%."

Those were some of the things - I mentioned the other two which were foreign exchange position and domestic liquidity in the system - that the Honourable Minister of Finance said were falling and which caused him to go to the IMF in the first place. I ask you, what is the position today with those very same things I mentioned? If you set out to stabilise the economy because your major foreign exchange sectors of agriculture, manufacturing and tourism were performing poorly in 1991, and you are telling me today in 1993 that you have stabilised the economy in a situation where tourism is still falling, agriculture is still falling and manufacturing is lying on its back? Am I to believe that the economy has been stabilised? Mr. Speaker, that is not all. If you read pages 8,9 and 10 of the Financial Statement and Budgetary Proposals -I will get to those shortly. I was going to quote by how much these particular things have fallen in 1992 more than they have fallen in 1991. In fact, it was stated in the Central Bank Report and in the Economic Report that the only thing that saved tourism from falling even more was the last quarter of 1992. What I am trying to say is, if you are talking about stabilising, how can you be stabilised if these things which caused you to go to the IMF in the first place are still falling?

Mr. Speaker, let me go on to ask. Does anyone in Barbados still believe that this economy has stabilised. If this economy has stabilised, how come the Minister of Finance cannot come out categorically and allay the fears of those thousands of public servants who live daily in fear of losing their jobs? Every day there are public servants calling me to ask if it is true that all the temporary officers in this department or that department are going to be laid off. Mr. Speaker, I believe that if the economy had been stabilised the Honourable Minister of Finance would have been in a position to allay the fears of those public servants. I am going to move on, now. Let us go on to the fiscal deficit because that formed part of the Resolution. At page 4 of that Supplemental Budget in 1991, the Minister of Finance was moved to say the following: "If we reduce the size of the fiscal deficit we will not have to borrow as much money and the ways and means will be brought under control and thus the private sector would not be crowded out." In reinforcing that statement in the Budgetary Proposals of March 31, 1991, the Minister of Finance reiterated the point in this manner:

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"Government should not have to borrow from banks and financial institutions as in fiscal year 1991-92. The private sector should therefore have access to the full amount of deposit growth and funds accumulated with financial institutions."

Those were the statements by the Honourable Minister of Finance.

Mr. Speaker, what is the true position of Government's finances today? Would you believe that although the Minister of Finance and the Government were able to cut the deficit down to 0.9% of GDP from 2.4% in 1991, in a situation where the Minister of Finance said that if he could cut the deficit he would not have to borrow from banks and financial institutions as he had done the year before, the deficit was cut down to .9% instead of 2.4%.

What was the turnout? The Minister of Finance borrowed \$110.4 million from the commercial banks in 1992 compared to \$14.6 million in 1991. This is in a year when the Minister of Finance said he would not have had to borrow. He borrowed nearly \$100 million more from the banking system. That was not all. The Minister of Finance borrowed \$29.5 million from the Central Bank. He borrowed \$39.1 million more from the National Insurance Scheme. That is \$39.1 million more. These figures can be found in the Central Bank Annual Report for 1992. By picking them up and quoting, I will lose time, but I took the opportunity to copy them. Mr. Speaker, what this means is that in a year

when the Minister of Finance said that all the deposit growth and the money with banks would be made available for the private sector the Minister of Finance in that year borrowed \$95.8 million plus \$39.1 million in excess plus \$29.5 million, \$164.4 million more this year than he did the year before. Mr. Speaker, what I want to ask this Honourable House in the face of all of this evidence is, can any single member in this Honourable Chamber tell me that the Minister of Finance performed in the manner of other Ministers of Finance we knew in this country? Can any single member in this House say to me that the performance of this Minister of Finance is comparable to when the late E.W. Barrow was running this country or when Tom Adams was running this country? It never happened when Mr. Bernard St. John was running this country either.

Mr. Speaker, let me say this now that if the Rt. Honourable Prime Minister of this country... 4.10 p.m.

Mr. SPEAKER: I think for the record's sake, the Honourable Member was speaking about a Member who is an Honourable Member of Parliament?

Mr. H. A. BLACKMAN: Sorry, Mr. Speaker. The Honourable Member. There is no problem with that.

Mr. Speaker, if the Honourable Prime Minister of this country was not Minister of Finance and Economic Affairs, I am asking a simple question. Do you believe that if any one of us here were Minister of Finance over the past 3 years and the Honourable Prime Minister was only Prime Minister, that any one of us could have remained as Minister of Finance and Economic Affairs and handled the economy as he handled it last year, and the year before? Do you believe that? He would have been shifted since 1991. But the Honourable Prime Minister has found himself in a position where he cannot fire himself. He cannot remove himself from Minister of Finance and Economic Affairs because if he moves himself from Minister of Finance and Economic Affairs he has to move from Prime Minister as well. If he removes himself from Minister of Finance and Economic Affairs he is telling the public that he has no confidence in himself. That is the position he has found himself in. Barbados finds itself in a position today where unless people decide to think about this country and think by extension of the Democratic Labour Party, we are in serious trouble. Stop thinking about yourself.

Mr. Speaker, I am going to move forward because the time is going very fast. I now turn to manufacturing. The history of the removal of the concessions to the manufacturers is this. In the Financial Statement and Budgetary Proposals of September 17, 1991, at page 11 the Minister of Finance and Economic Affairs was moved to say the following:-
"There is need for removal of some of the present concessions to the manufacturers because of a heavy anti-export bias. This matter has been identified by the World Bank and the IADB as one that needs rectifying."

So the Prime Minister was justifying the removal of those concessions despite protestations by almost everyone to the contrary. From October 1, 1991 the concessions were removed either in whole or in part, and I have deliberately put that in. The Minister of Finance and Economic Affairs then said that the removal of these concessions is expected to result in additional revenue of \$6 million in import duty and \$10 million in stamp duty. What actually happened, Mr. Speaker? The figures given for 1991 showed that there was a \$27.8 million drop on taxes on international trade. Stamp duties fell by \$14.1 million. Now, remember that the Prime Minister removed the concessions and said he would get \$6 million but already you have seen how much he has lost. Armed with this information of that loss compared with what he thought he would have gained by removing the concessions, one would have thought that the Minister of Finance and Economic Affairs would have seen the error of his ways and would have restored the concessions long ago. It was not because the imposition of the concessions was wrong, not because it was destroying the manufacturing sector, but because the removal of those concessions was decimating the revenues of Government.

Listen, Sir, to what happened in 1992. Stamp duties fell by another \$14 million. Import duties fell by a further \$31 million. Is not this a case of throwing out the baby with the bath water? Is this not a case of being penny-wise and pound foolish? Everyone pointed out that the removal of those concessions would have brought the manufacturing sector to its knees. It did. But 2 months ago the Minister of Finance and Economic Affairs restored some of those concessions. When he restored them in a Press Conference he said it should now lead to generation of employment.

Mr. Speaker, honestly, if you were a manufacturer and you were being taken to the cleaners for nearly a year and a half and then some of the concessions to you were eased, would you wake up the next morning and start to employ people or start to move into activity especially when you realise that within 2 months a budget would have been coming? Any businessman will tell you that you just do not wake up one morning and make decisions like that. First thing after the Financial Statement and Budgetary Proposals now the manufacturers in Barbados have taken another beating, so they are going to take at least another 6 or 8 months before they understand what to do anyhow.

Mr. Speaker, the time is running fast and I do not want to miss out some of the important things. Let me just get to the incomes policy.

Mr. SPEAKER: Two minutes.

Mr. H. A. BLACKMAN: Mr. Speaker, I find it strange that the wage freeze in the Letter of Intent spoke about 1991-92. In the Prime Minister's Financial Statement and Budgetary Proposals of 1992 it spoke about 1991 and 1992. Now in this Financial Statement and Budgetary Proposals this year we are hearing that he will recommend and legislate a wages and incomes freeze for 2 years.

Now, I want someone to tell me how many public servants got increases in 1991 how many got in 1992, if any? What is happening is if this continues there will be a wage freeze for the entire 5 years that the Democratic Labour Party is running this country. You understand it? If they got no increase in 1991, none in 1992 because there was the 8% cut so they did not get any increase, 1993 they are not going to get any and now you are saying you are looking at legislating for a 2-year agreement, it means for the entire 5 years that the Democratic Labour Party is in office there will be no increase.

Mr. Speaker, I w&nt to say this now. I have not touched on half of what I wanted to speak about and it bothers me because I wanted to say a quick word about agriculture. I believe this Government had a chance, if it believed in growth and employment, it could have removed the impositions on the feed for the animals, especially the sheep. Since last year it was supposed to be removing them and in this one. Not only that. The money the Government saved by no longer allowing the concessions to those persons to buy agricultural vehicles could have been used to plough up the land of the poor farmers in this country who are willing to plant but the lands are now in bush because they have no money. Why could not the Government use the money it saved by no longer allowing those concessions to give to those small farmers to plough up their land and let them get into agriculture because they are willing.

I am going to say this, Mr. Speaker, because time is running out. I personally believe that Barbados deserves a lot better. I have no personal animosity against any person. My grouse is with how the finances of this country are being managed. I want the entire country to understand this. I do not believe they are being managed properly. Any person in this country who has analysed what has happened in this country over the past 2 years will find that we are right back where we were in September 1991. If you look at all the falling in all of these things you will see that we are right back to stage 1. 4.20 p.m.

All the pretty language in this document that came out on Monday depends on the Government accessing funds from the lending institutions. But the Minister of Finance himself says there are fundamental differences between himself and those institutions. He did not get any money last year. There are still fundamental differences between this Minister of Finance and those lending institutions. What brings this Minister of Finance to believe that he is going to get the money this year? It is time that Barbadians wake up, Mr. Speaker. It is time that we in this Honourable Chamber wake up and realise that this country demands every single one of us to save this country. Thank you, Mr. Speaker.

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

Hon. E. E. GREAVES: Mr. Speaker, sitting here and listening to the Honourable Member for St. Philip South who has just concluded his address one is reminded of a similar speech or indeed similar speeches which were delivered on matters of an economic nature that have been discussed in this Honourable Chamber ever since he left the Cabinet. When one compares that with speeches which were delivered immediately preceding his leaving

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the Cabinet and indeed when he was in the Ministry of Finance and Economic Affairs one would get a completely different situation. But that is the nature, I suppose, of politics in Barbados. I would not want to dwell on the comments which he has made because really, we have heard that speech on so many occasions and as some Honourable Members are apt to describe the speech, it is the same cold soup warmed over and over.

Now let me move on to the Honourable Member for St. Joseph who in his presentation indicated and stated quite categorically that there has been no new investment in tourism in Barbados within recent years. I think the Honourable Member ought to know when he is making such comments that he should be in possession of the facts relating to the true position.

Now, let me just say that as far as I am aware there has been new investment in tourism and in tourism related activities in a number of areas in Barbados. I am sure the Honourable Member would recognise that Paradise Beach Hotel was bought by a company, Sandals, which is investing and in terms of extending and expanding that particular facility.

I could not avoid mentioning the investment which the Honourable Member for Christ Church South has done in recent years in his tourism plant in Silver Sands. I could go on, Sir, to indicate that right in Fitts Village, next to where the Honourable Member for the City lives, there is an extension to a hotel which is being carried on. That is new investment.

Further, Sir, I ought to remind Honourable Members that the Honourable Member said there is no new investment in tourism activities in Barbados. The Honourable Member must be aware of the fact that the Royal Pavilion Group of companies within recent months has started a new investment in a tourism related project in Westmoreland. It is a massive project. It is a golf course development. That is a tourism related project and I dare say that there is another one which will hopefully be coming on stream in the not too distant future. The Government has taken as a policy decision and recognising that there have been requests for additional activities for tourists in Barbados, that one of the areas in which we want to see expansion would be in the whole question of golf course development. The Government has therefore taken a decision to permit this development within certain parameters which have been laid down. As I said, we have the Westmoreland project, we have an expansion in the Sandy Lane Golf Course, that is new investment and also hopefully, in the not too distant future, the Kingsland Golf Course Project will be coming on stream. The fact of the matter is, Sir, that this demonstrates very clearly that there is new investment in tourism and tourism related areas but the Honourable Member for St. Joseph says that there has not been any.

Also, Sir, I would say that there has been investment in expansion and refurbishment of a number of hotels across Barbados including Sandy Lane.

Now, Sir, let me, while I am here at this point say, the Honourable Member for St Joseph indicated that he wanted to hear a clear and definitive position on the land use policy. The Honourable Member for St. Michael South Central who is the Minister for Agriculture stated very clearly that the Cabinet of Barbados had taken a decision, after consultations with the Ministry of Agriculture, the Ministry of Housing and Lands and other interested agencies in Barbados, to develop a policy framework in relation to the use of land in Barbados and basically what the Cabinet has decided is that we would

make available, very soon, a land use policy Paper. But basically the policy seeks to identify about 30 000 acres of land for the sugar cane production system. Included in this crop system will be the production of a number of items such as sweet potatoes, yams, onions *et cetera* and he has also identified a considerable acreage of land for cotton.

In addition to that, another 5 000 acres in the medium size 10 to 25 acres will be in farms for the production of fruits, flowers, vegetables for export in the irrigatable parts of the island. Indeed this should be an area of priority. A further 5 000 acres for the production of livestock foraging and improved pastures, 2 000 acres for aloe, peanuts and sorghum production would also be provided. The fact of the matter is, it has been identified that there are about 53 000 acres of land remaining in farming in Barbados. The agricultural sector policy proposes to retain about 45 000 acres for long term farm use and this will leave about 8 000 acres which could be made available for new developments of various types. I should point out that it is only within the last 3 or 4 years that golf courses development became an issue. Indeed when the Physical Development Plan of Barbados was drawn up the question of golf courses did not feature as a concern for the planners. 4.30 p.m.

I think it is safe to say that a number of tourist destinations around the world have been in a situation where a number of persons and companies interested in the development of golfing facilities have been moving into them and looking for areas of investment. If we are saying, as all Honourable Members would want the public to believe and understand, that tourism must be seen as the engine of growth and then we have to pay attention in Barbados to developing a plant and facility in Barbados which caters as wide as possible to the needs of the tourists who come to our shores. As I said, the Government has taken a conscious decision based on the consultations with the Ministry of Tourism on the number of golf courses which we would want to have in this country and we

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are going to be moving in that particular direction, bearing in mind that we have identified the acreage which we would want to retain for agriculture. Of course, all of this would be further development in this particular area and would be contingent on the availability of water and the satisfaction of other environmental requirements which are, generally speaking, laid down *as a rule of thumb in the policy position which the Government has taken for the development of golf courses, for the general environmental development, and for the use of land in Barbados.

I hope, Sir, in the process of time and certainly in the not too distant future that we will be able, after certain refinements which have to be made to this particular policy position to make this available to the people of Barbados.

I think, Sir, that it is important when one looks at this Budget that one has to recognise that there are a number of things which had to be done in terms of, as the Prime Minister indicated, the whole question of stabilising the economy, restructuring it and trying to place it in a position where growth can take place. As the Honourable Member for Christ Church East has pointed out, we recognise that over the last 3 years or so all of us in this country have gone through some very difficult times. We have made a number of sacrifices. But I believe that in the final analysis these sacrifices will do all of us in this country some good. I think that the Government ought to be credited with the attempts which it is making to really put the position right and to do things in terms of trying to get the productive sectors in a situation where they can play the kind of role in the development of this country which we all believe it should play. On the other hand, the Members of the Opposition would have us believe that nothing is being done.

I suppose, Sir, that that is the role of the Opposition in Barbados. Indeed, the Honourable Member for St. George South yesterday said and I quote, "The Government has not done anything useful in the last few years." Let me just remind this Honourable Chamber and, indeed, the Honourable Member that the Minister of Agriculture indicated this morning in very clear terms the whole approach which

the Government is adopting towards agriculture in ensuring that it remains an integral part of our whole developmental process. We are in the process of putting in place a number of measures to restructure the sugar industry. He indicated and I have further expanded the whole area of the land use policy which the Government is putting in place.

In tourism, another productive area, the Estimates provide for an additional \$9 million to be spent in that particular area. A new Tourism Authority has been established and I have indicated the way in which additional investments have been made in the tourism sector in Barbados which I am sure, Sir, must be worthy of note.

In the manufacturing sector, we have taken the decision to restructure the agencies which are involved in the promotion and the whole encouragement of manufacturing in terms of the Export Promotion Corporation and IDC into a new⁷ Authority which will provide a new focus for manufacturing, services and exports.

In the area of financial services, we have been as a Government constantly improving the environment for the offshore sector to ensure that it operates on a competitive basis. As you have heard, Sir, the Government has set up a new unit within the Ministry of Finance to deal specifically with this.

I want to say that this Administration within the last year as a result of the problems which overcame the BCCI Bank around the world has taken a positive approach to this particular matter. I think that the Ministry of Finance, Central Bank and the National Insurance Board must be commended in finding a solution to the BCCI issue which has protected the interest of depositors and which promotes the integrity of the financial system. Indeed, Sir, Barbados is the first and only country in the world where we have been able to find a solution to this particular problem up to this time. I think that all of these are things which are noteworthy and demonstrates very clearly that the Government is really doing a number of things in order to put the economy right. But the Opposition would have us believe that nothing is being done.

The Honourable Member for St. George South in the course of his address yesterday stated that the Government has produced economic plans but it has not produced any social reform programme. I think that the Honourable Member ought to be told and I would want to assure this Honourable Chamber and, indeed, assure the public of Barbados that the Government has not neglected this area. Indeed, Sir, I should point out that an internal committee has been set up to prepare a position paper which will look at restructuring this particular area and I anticipate that this paper will be ready shortly. The social partners will be consulted on the implementation of the social reform programme in Barbados. But I do not think that this debate should end or be allowed to go without some Honourable Member from this side indicating to the public at large the position of the Government of Barbados. I suppose there is a history of this in terms of Governmental approaches in this country of ours. The Government of Barbados provides its citizens with many services of a social nature. I would venture to say, Sir, that there is no other country in the Caribbean, Latin America, Africa or indeed in some parts of Asia* which provides for its citizens in the way that we provide for ours here in Barbados. I say that without any fear of contradiction.

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Indeed, Sir, name me a country where education is basically free from pre-primary to university, where there is free medical services in a well developed and functioning health service, welfare services which are provided in such areas as legal aid under the Community Legal Aid Scheme, National Assistance in the form of welfare grants and assistance in kind, water installations and the payment of water bills and electricity bills in spite of what the Honourable Member has said. I have the evidence here which suggests very clearly that this is still going on. Indeed, Sir, the evidence

which I have here suggests that. As an example, the evidence that we have for the payment of water bills in June 1991, because they are done on a quarterly basis, comes to over 3 000 in water bills. 4.40 p.m.

The evidence which we have shows that we paid 3 120 water bills in September of 1991 and 3 172 in December, 1991. As far as electricity bills are concerned, the records are here. In June 1991, 777, September 1991, 801.

Sir, what the Honourable Members must understand is that we may not be able to provide the services in the increasing numbers that Honourable Members would expect, because as the representatives of constituencies some Honourable Members would expect that all persons who want to have water bills paid must get their water bills paid. All persons who want to have electricity bills paid must get their electricity bills paid. All persons who want assistance in kind must get assistance in kind. The fact of the matter is that the Government has never been able to do this and will never be able to do this, but we try, within the limited resources which we have, to provide these kinds of services for our people. In truth and in fact one must try to understand that our social services have not been neglected and we are seeking to carry out some reform to ensure that the persons who are most in need benefit from this. Sir, I should also mention the very well organised programme under the National Assistance Board for the senior citizens and persons in need who qualify for that programme. It is very clear that this Government has been doing a lot of work in that particular area, but we are limited by the funds and resources which we have.

Yesterday reference was made to what was perceived as the aimlessness among young people, especially those who are sitting at the street corners and being trapped in the culture of unemployment. We in this Administration recognise that this is a problem, it has been a problem for some time, and we are devising a number of strategies to deal with it. It is for this reason that the Barbados Youth Service was introduced, to inculcate certain values, disciplines and skills in our young people. We are seeking to bring those persons who have basically, as it were, dropped out of the system back into the system, teaching them survival skills, personal development skills, exposing them to cultural activities, allowing them to provide community service, preparing them for entry into the job market, giving them an orientation in agriculture, getting them to assist in counselling at summer camps and, of course, tapping into the Skills Training Programme under the Ministry of Labour. We are hoping we will be able to get even more of our young people from the Youth Service to go into this programme.

I should also point out that the Division of Community Development and Youth Affairs under my Ministry has a programme which is being run in conjunction with the Organisation of American States called the Youth in Business Programme. We are in the process of establishing a satellite unit in the Bush Hall Community Centre. This is a pilot scheme which, hopefully, when we have put it through the system, tested all its weaknesses and developed it into a well co-ordinated and functional unit, we will be able to expand it into other areas in the north, the south and the central areas of Barbados. It is a co-ordinated approach which we are using to get our young people and other members of the community galvanised into activities which would be of assistance to themselves while at the same time orienting ourselves towards a new approach to this question of development and involvement in the community.

I believe that this is an area which is very sadly lacking in this country. I must say that the Government is really working in this particular area and I would hope, now that the Community Development Division has been moved into new offices in the Pine, they will be able to move with greater alacrity and energy into the various communities across Barbados and organise programmes of a very important nature, bearing in mind that there are a number of non-governmental organisations which are also involved in this particular effort.

I would like to thank those members of the public who so far have participated in these programmes, at the level of the Barbados Youth Service, the Youth in Business Programme or in other programmes organised by the Community Development Division, or indeed in the summer camps, for their assistance. I wish to appeal for further assistance, because I think it is very important that people understand clearly what is needed to ensure that our young people are prepared for the challenges which they have to face in these difficult times.

I am looking at pursuing a policy of getting persons who are good role models to participate in community development programmes. Hopefully, in the not too distant future we will hear more about that.

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In the course of all this, Sir, it would be important to refer to page 65 of the Budget Speech which was delivered on Monday by the Right Honourable Prime Minister. He said the following, and I quote: "What we are aiming for during the 1993/94 financial year is to have additional financial opportunities, that is, windows where those with entrepreneurial skills may obtain loans for the commencement of small enterprises. These loans they will repay when the businesses begin to show profits."

I think this is a clear indication from this Government, and indeed from the Minister of Finance, of a commitment to encourage development of the small business sector. Having provided our young people and other people in the community with the kind of skills which are useful *for* entrepreneurial activities to provide them with financial backing so that they can get a start in the establishment of small businesses. I am confident that there will be access to these funds and that they will be available to many of the people who participate in the programmes which I have outlined. 4.50 p.m.

It is important for me to mention that the Budget is one, as all of us in this country should recognise, which attempts to deal with the problems which confront us. Indeed, our problems will not go away overnight. The world is going through a kind of economic experience which it has probably never experienced before. Countries are still trying to feel their way through these difficult problems and I think the Budget is a genuine attempt to resolve some of the difficulties which we have. I am sure that Honourable Members in their quieter moments will recognise the positive attempts which are being made by this Administration to resolve some of these difficulties.

One sad thing which I would want to end on relates to the Honourable Member for St. George South. I know he is an Honourable Member of some experience and seniority in Parliament and, indeed, in his party. So much so, that the Honourable Member is now flexing his muscles and political skill within the Barbados Labour Party to rise to the top to become the Leader of that Party. There is nothing wrong with that. As a matter of fact, judging from the support which he is reportedly getting from his colleagues, he is well poised to replace the Honourable Member for Christ Church West.

It therefore does not do his cause any good when he resorts to an area where admittedly he had some considerable skills, the use of flowery melodramatic language. Yesterday, Sir, and I quote him.

Asides.

Hon. E. E. GREAVES: I think I should really like to give the Honourable Member a word of caution and advice when he said, and I quote: "the dustbins of fast food outlets have now become the larders of many people in Barbados." I am saying that this is an exaggeration, which, in my view, is an insult to Barbadians and the Honourable Member should apologise to the nation for his indiscretion. It would do his cause to become Leader of the Barbados Labour Party no good if he does not apologise. I think he is on a good track and I wish him well.

I would like to commend this Budget to all Honourable Members. I thank you.

Miss B. A. MILLER: Mr. Speaker, let me say from the outset that I cannot support this Resolution. The Resolution speaks of the Government having been able to implement another measure designed to lead to the rehabilitation of the productive sectors and to the resumption of growth in the economy. Nobody on this side believes it to be true. People in Barbados know it not to be true. There is no way that I can support it. The Prime Minister 2 afternoons ago treated us to a long and boring speech, larded with platitudes and quotations and parables and generalities. I have listened in the interim to a lot of rhetoric. The time has come for the people of this country to be told the truth. The facts have to be laid before people and that is what we have been trying to do from these Benches and I intend to continue along that line.

The Minister of Finance, the Rt. Honourable Prime Minister by his own admission, told us last year that he was deep in a tunnel without any match, or what the old people would call "any friction", looking for a light. There is no truth in that, Sir. What the Honourable Prime Minister is having is a horrible nightmare into which he has dragged the whole of Barbados. The reality is that we are not deep in any tunnel. We are out there in the broad daylight for everybody to see the ship of state is on the rocks where he has taken it and cannot get it off. Not even with the Gantry crane. That is where we are at today.

Mr. Speaker, speeches coming from the Government Benches have only confirmed my view that the utter confusion which I began to see when I listened to the Prime Minister's speech permeates both the Front and the Back Bench over there. There is no clear policy coming from the Government on anything. The Prime Minister himself tells us he is at odds with the IMF and with the World Bank and apparently even with his own Front Bench. He is blaming the private sector. They are blaming the workers. Everybody is wrong except the Rt. Honourable Prime Minister and Minister of Finance.

The reality is that all sectors in Barbados continue to be in decline when, as we have heard, and they do

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not have to believe the Opposition - Read the Economic Report, read the Central Bank Report - all sectors are in decline. Tourism, on which we depend so heavily, the largest among them. I heard the Honourable Minister for Tourism last night declaiming all over the place, standing like a Pharisee and a scribe at the side of the road beating his breast. I tabled a parliamentary question over a year ago and the point I was making was that the tourism industry in Barbados has been in decline for 4 years and still declining and I wanted to know what the Government was going to do about it.

The Minister of Tourism constantly refuted that statement, contradicted me, but I have the Economic Report 1992 prepared by the Ministry of Finance and Economic Affairs in Barbados which tells us that tourism has been in decline. It tells us also in the Annual Report of the Central Bank of Barbados and I will quote from that at page 3 that:

"Value added in tourism in 1992 fell by 2%, the third decline in as many years."
Further down it tells us that:

"Arrivals from the US continued the downward trend which started in 1988, falling by 7% in 1992."
If my arithmetic is correct, between 1988 and 1992 is 4 years and we are now in 1993 and we continue to fall. I have the latest figures in my hand, Sir.

January 1993, tourist arrivals in Barbados fell by 2.3%, February will be worse because in February hoteliers have been offering summer rates. Aircraft flying half empty. Tourist arrival figures in 1992 showed a decline of 1.1%. Listen to what other people in this part of the world show. Antigua showed an increase of 7%, Jamaica - 6.2%, St. Lucia next door to us - 7.9%, little St. Vincent 99 miles away - 2.5% and Trinidad & Tobago which is not into tourism the way we have been for the last 50 years showed 4.7% increase and we are declining 1.1%. Perhaps the Minister would like to explain to us where these improvement and achievements are.

It is not only tourism, I will speak to what is happening in agriculture as well but before I get to that there is a point I want to make most particularly having heard the last speaker. This IMF led Government is damaging people. I do not know how it can lie in anybody's mouth or understanding to suggest that this Budget has done nothing to hurt people at the personal level. Who are these people? Where do they live? I

can speak to the people who live in the City of Bridgetown, the people whom I represent. They are hurting. Now this Budget is designed to hurt them even further. This Budget is prescribing for them, those of them who have jobs, wage freeze. This Budget is prescribing for them price increases.

I do not understand how it lies in the mouth of the Honourable Minister for Finance to be appealing to the private sector to hold the line on prices and 5 minutes later last Monday evening in his speech, he jacks up consumption taxes and other measures which can only guarantee an increase in prices. This is what the Budget is offering to the people in the City of Bridgetown and I have to be pre-occupied with them - wage freeze, price increases and lay-offs. When in a sentence the Prime Minister can say that substitutes will be no more, I do not think that people who have never had a job as a substitute can begin to understand what devastation that means. For some people that is all the employment they depend upon. Sometimes it may be 3 or 6 months in a year and that is all. That means further lay-offs. That is in excess of 1 000 jobs gone in a sentence. 5.00 p.m.

I hear the Honourable Member for St. Lucy making the point about water bills. The Honourable Member knows he is not speaking the truth. The figures he quoted had to do with arrears. The Government is the worst debtor of the Barbados Water Authority. Those were arrears. The welfare vote was busted a long time ago. For the last 8 months there are old age pensioners who have been going to sleep at night to call me the next morning to say "Miss Miller, any minute now the water is going to get cut off. I cannot afford the increased water rates. The Welfare Department cannot help us. If you call the Welfare Department they will embarrass us. It is not their fault."

When the Honourable Member for St. Lucy is telling you that the Government paid the Barbados Water Authority in July, September and December last year those are arrears. It has not been current for years. The truth is that old age pensioners are suffering. People are hurting. It is wrong. It is dishonest to get up in this House and give the impression that these are current water rates being paid by the Government.

Hon. B. M. TAITT: Mr. Speaker, on a point of order. The Honourable Member is not in his Chair and the Honourable Member...

Miss B. A. MILLER: He cannot elucidate what somebody else said.

Hon. B. M. TAITT: I am not elucidating.

Mr. SPEAKER: The Rule is when an Honourable Member rises on a point of order....

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member said and I heard her to say that the Honourable Member had presented information to the House. She then said it is dishonest to give the impression that they are current figures.

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Asides.

Hon. B. M. TAITT: Yes, she said that. I am submitting, Sir, that to indicate that the figures which the Honourable Member gave to the House were given as current figures and is therefore dishonest is uncalled for and improper. I think the Honourable Member could at least rephrase that. I cannot speak for the Honourable Member who is not in his Chair but she is imputing dishonesty to an Honourable Member and I do not think that is proper.

Mr. SPEAKER: I do not think I agree that she is imputing it to a Member. I think we have to differentiate between the way a statement is made and when you say something about a person. I think the dividing line there is that one cannot be certain that she is referring to the Honourable Member. I would still plead with the Honourable Member...

Miss B. A. MILLER: I understand what you are saying, Mr. Speaker. The Honourable Member for St. Lucy, was careful not to distinguish and I have. Unless somebody can put me in the wrong that is the position.

I thank you, Sir.

Mr. Speaker, I want to state just a little more about tourism. At page 8 of the Financial Statement and Budgetary Proposals, the Prime Minister delivered himself of the gross understatement "Tourism registered a slight decline of 2%". I have already quoted the figures so you know what the overall decline over the past 4 years is.

The private sector, we have just heard from the Honourable Member for St. Lucy again giving an impression. We are not blind people in Barbados. We know that the private sector is doing everything it can to support the tourist industry because the man in the street understands the critical and importance of it to our economy. It is hard that year after year, particularly in the Budget debate, the Minister of Finance and Economic Affairs sees fit to frustrate people's efforts. The Government constantly frustrates all the private sector initiatives particularly a lack of a proper marketing policy.

We have a Minister of Tourism and Sports who is flying from one cricket match to the other instead of buckling down to business and going to the markets where we can reasonably expect tourists to come from and put Barbados forward. I can only tell you that in my opinion, and I believe it is an opinion shared in the tourist industry, and by right thinking people in Barbados, that it is time for the Minister to be replaced. Now, Sir, there is another matter that causes me much concern. That has to do with something that, again, the Prime Minister referred to. He described this nightmare he is having as a misadventure, another understatement. He has called for a spirit of sacrifice to changing wrong into right. These are his words. He then told us how all of our people are entitled to free basic health care including specialised services at our country's main hospital. I am concerned about a growing trend, very disturbing, where it would appear that people are putting their own personal interest, and this applies too to policy-makers as well, this is why it is so disturbing, before the interest of Barbados.

The Prime Minister listed off at page 5 of his speech a number of attributes. HQ talked about respect for human rights, the rule of law, democratic institutions, fair and free elections, accountability and transparency but he never used the word "integrity". That is what appears to be lacking. There are examples to be found in recent Estimates of the Government's expenditure which are really the taxpayers' money, which call for explanation.

Now last week in the Estimates debate, Sir, I raised what I and the Barbados Labour Party considered a most important matter. The media, radio, print and TV* for reasons best known to themselves failed to report me. I take this opportunity to speak so that the people will know. One of the questions I asked particularly goes to this point made by the Prime Minister, that all of our people are entitled to basic, free health care, including specialised services at our main hospital, meaning the Queen Elizabeth Hospital. I raised the concern of the St. Joseph Hospital, Sir. I asked the question and I will ask it again here now. How does the Government of Barbados at this time particularly justify spending \$26 million because that is what the taxpayers have invested in the St. Joseph Hospital? Six million dollars to buy it, \$20 million and rising to refurbish it. How is that justified at this time? We are duplicating what turns out to be another general hospital.

In the Estimates this is how the St. Joseph Hospital's function has been described: "To provide for the operation of the St. Joseph Hospital in the areas of obstetrics and gynecology, general surgery, medicine and drug rehabilitation." These services are all available at other hospitals in Barbados. How do we rationalise duplication of services to the tune of \$26 million. This year in the Estimates only last week we voted for the coming financial year 1993-94, \$3.5 million for operations at the St. Joseph Hospital. Now, let me tell you, Sir, about the St. Joseph Hospital. The Minister admitted that the St. Joseph Hospital's 100 or so beds, 70% of them will be private and 30% public. Now that is another particular in which the people of this country have been betrayed. We were led to believe that this was going to be a hospital for the north and it was for the people. Now we are hearing that 70% of the beds are private - this comes from

The Minister's mouth - and 30% are public. The Government has to make up its mind. This is all part and parcel of the confusion and the lack of clear policy. We are told that the Government is putting an end to subsidies. 5.10 p.m.

The Transport Board which is 100% used by the public of Barbados has had its subsidy slashed to nothing. We have heard it is going to be privatised.

We have heard that the Barbados National Oil Company, one of the star performers, is going to be privatised. No subsidy for the Transport Board, no subsidy for even CBC. They do not deserve to get one anyhow. But how is it now, in the 1993/94 that we are getting a \$3.5 million subsidy for the St Joseph Hospital, because that is what it is? If 70% of the beds are private it means that the taxpayers in Barbados have invested in a virtually private hospital at this time. Why does not the Government put this up to be privatised as well? They have refurbished it and it has cost us \$26 million. This year they are putting in \$3.5 million. Not a word about what it is going to cost us next year and what the current expenditure is going to be over the years. We could not hear from the Government last week on what revenue we are going to expect from it because this is essentially a private hospital. Where is the rationale?

The Queen Elizabeth Hospital, according to the Chief Medical Officer's Report cannot beat an occupancy rate of 75%. The other two private hospitals in Barbados - Bayview 69%, Woodside 70%. The St. Joseph Hospital itself, when it was a totally private hospital run by Sisters of the Sorrowful Mother never beat 45% occupancy. I have made that point in here year after year. Why does the Government believe that having pushed \$26 million into it and now subsidising it by another \$3.5 million in this coming financial year that it is going to beat a 40% occupancy? All we have heard about this hospital so far is that it has produced one baby - the most expensive baby in the whole of Barbados. \$26 million that has produced one baby at the St. Joseph Hospital. We do not know if that baby was produced in a private bed or a public bed but at least we know that much. How does the Government justify all of this? Is it any wonder, Sir, that the Public Accounts Committee really has to do a detailed and deep investigation of what went on at the St. Joseph Hospital? How can you explain what you are doing to the Transport Board? Old age pensioners cannot now get a ride on a bus. Where are the priorities? What is important and what is not important? What is to the people's benefit and what is not? How does the Barbados National Oil Company rack up next to the St. Joseph Hospital. It is my recommendation, Sir, that it should be put up for sale to the private sector at the earliest opportunity to take the load off our backs. It is not providing a service that is not already provided for in Barbados. I am not at all sure that even when it says it will provide those services that you are still not going to have to fall back on the Queen Elizabeth Hospital for support services.

Do you know what is the cruelest blow, Sir? The cruelest blow is that when they are still pumping money, \$3.5 million in the coming financial year, in the St. Joseph Hospital they are cutting the vote at the Queen Elizabeth Hospital. That is the cruelest cut of all. Cutting at the Queen Elizabeth Hospital and in essential services at that hospital - operating expenses, supplies and materials. Not cut by any few hundred dollars, hundreds of thousands of dollars cut Last week in the debate on the Estimates the question was raised and we go back to last year's Budget debate, Sir, when the Government was warned from this side by myself, in my budget reply. I made the point too that the introduction of user fees - last year was the debate on user fees, Sir - the Government was not going to realise the revenue that it was pretending to itself that it was going to realise because people just would not be able to afford the increased fees. Not at a time when you were taking 8% out of their salaries and hurting them in 100 other different ways that were outlined at the time. They did not listen.

In the Estimates we had the disgraceful and humiliating spectacle with the Minister of Health in here last week, Sir, as you will recall, where we showed that \$930 000 estimated... I remember he was almost boastful last year, Sir, we were going to have 4% and 5% and 10% increases in user fees estimated to bring revenue of \$930 000 and this year we see now an estimate of \$25 000 and when he was asked to explain that magnificent gap, having fumbled and bumbled in here, came back to tell us that it was a typographical en-or and it was not true. It was not a typographical error. That is not to mention fees expected to be raised from the Queen Elizabeth Hospital -\$6 million and suddenly it dwindled down to \$2.2 million. It could not be explained. These people do not know what they are doing. The mismanagement is incredible. The Prime Minister describes it as a misadventure. It is mismanagement of the worst kind. Mistaken estimates. The other "mis" is that they need to be dismissed. There are other areas too, Sir, which give great cause for concern and one of those has to do with sugar. Again, Sir, if people do not want to believe the Members of the Opposition, all they have to do is to look at the Economic Report for 1992 and the Central Bank Report for 1992 and they will see. It is there written large for everybody to read.

This is the Economic Report 1992 at page 6 - "Sugar output increased in all, but one, of the major producing countries." You know which that one was, Sir? Barbados.

I refer you to page 8: "In 1992 regional sugar production recovered from its 1991 weak performance

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with increased production in all the major producers, except Barbados."

I refer you to page 12 of the said Report, Sir: "... sugar registered a decline of 17.8 per cent".

The point has been made, Sir, and it is here in the Central Bank Report at page 3: "Sugar output fell sharply for the second consecutive year with output in 1992, 17.8 per cent lower than in 1991." The two reports agree on that.

Mr. Speaker, Sir, another matter which I raised and I raised it twice before in this House. This is the third time I am going to raise it. The Press has not seen fit to report it. They have seen fit to report what the Minister of Agriculture has said in answer to me but they have been careful not to report what I said to him and it has to do with this question of the importation of Guatemalan sugar.

The point has been made on this side already this afternoon, Sir, that it is a disgrace. The Honourable Member for St. Joseph made it, that it is a disgrace that in 1993 after 300 and more years of sugar production and the kind of sugar expertise that exists in the industry in Barbados that we should be in a situation where in 1992 and 1993 we cannot produce enough sugar for our own domestic consumption, but to add insult to injury that the Government should see fit to import sugar from outside of CARICOM. Now we know there is an agreement in place which requires CARICOM Governments to look first to CARICOM partners in that kind of situation before they go extra regional. Not so the Barbados Government, and by that hangs a tale, Sir, and answers are required. What was so attractive about Guatemalan sugar?

Hon. D. W. BOWEN: On a point of order. I will make it abundantly clear that on several occasions, not least in my parliamentary statement and during the debate on the Estimates last week, that the Barbados Government attempted to source sugar from Trinidad and Guyana last year and they were unable to provide the sugar. I am sure, Mr. Speaker, you have heard me say that in this House. 5.20 p.m.

Miss B. A. MILLER: I do not know what kind of point that is. The point that I am making is this, Sir. I go back to it. He cannot avoid it. I know that they do not want me to say it, but it has to be said because I am going to ask the Honourable Minister for an enquiry into this matter. What was so attractive about the Guatemalan sugar? How does the Government of Barbados find itself doing business with self-confessed criminals? That is the question. Barbados is the laughing stock of the London Sugar Market and the New York Sugar Market. Barbados finds itself doing business with a company called P.S. International. I am prepared to make this a document of the House, Sir. I hold in my hand a 'copy of an indictment for interstate transportation of property taken by fraud. The camera can see it. This is in the United States of

America. The company involved is called Process Supply Company Inc., P.S. for short, out of Indianapolis, Indiana which was a commodity wholesaler of sugar and other food commodities.

Sir, listen to what this company did in 1989."This is a company that was not found guilty of fraud in the Louisiana District Court. This is a company that pleaded guilty to fraud, not found guilty but pleaded guilty to fraud. This is a company that the Barbados Government is doing business with. I know that the Minister has taken steps. He has taken some fright too and he is now saying that he is no longer going to be importing sugar from Guatemala. He does not care where it comes from but not Guatemala, but he must enquire into it. People who watched Barbados all the years on the international sugar market cannot understand why we would have chosen to do business with a self-confessed fraudulent operation like this. Now there is a company called Overseas Trading and Shipping Limited, Sir. This is an inactive shipping company in Tortola, British Virgin Islands and there is another company called Overseas Shipping Company Puerto Rico, Inc. which is a shipping company in San Juan, Puerto Rico that acted as a shipping agent for the Tortola company. Now both the United States Customs Service and the Department of Agriculture were authorised by law to regulate the importation of raw sugar and the subsequent exportation of the refined product. The world market price of sugar at that time was \$12 to \$15 per 100 pound bag...

Mr. SPEAKER: Is the Honourable Member reading verbatim? I take it that you were using that as notes.

Miss B. A. MILLER: No, I am quoting from it. Mr. SPEAKER: You are quoting directly from it.

Miss B. A. MILLER: Oh, yes! I am making this a document of the House. Sufficient to say that there were certain arrangements, but a scheme was in place whereby P.S. Inc. unlawfully and willfully and knowingly devised a scheme to defraud and to obtain property from a certain company by means of fraudulent pretences, representations and promises. The object of the scheme, Sir, was Process Supply to purchase export sugar from a company known as Colonial at the low world market price and then to covertly sell this export sugar on the United States Domestic Market for a gross profit of approximately \$3 million. These are the people that the Government of Barbados wants to be in bed with. These are the people that the Government of Barbados wants to be doing business with. I want

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to know where else in the Barbadian economy are we doing business with P.S. Inc. It is not enough for the Minister to say that he is finished doing business with Guatemala.

Mr. SPEAKER: I hope you are not accusing the Minister...

Miss B. A. Miller: No, he is not protesting. Mr. SPEAKER: I hope you are not. '

Miss B. A. MILLER: He is not protesting. I gave him credit. He is a little green fellow and new in the job. He is a scapegoat. He does not know what went on before. I spoke with him privately.

Mr. Speaker, Sir, I give him credit for coming out openly today in saying that there will be no more sugar coming from Guatemala when this particular contract comes to an end. But he is duty bound, in my submission, to look back and investigate what went on before. Millions of dollars are not accounted for. Do you know what is hurtful in all of this, Sir? At a time of rising prices, salary cuts and lay-offs, the people of Barbados have to subsidise the Guatemalan sugar workers. We were subsidising them and also all of the middle men who were making money out of this Guatemalan deal. That is what is painful, Sir. These are the questions that have to be answered. I am prepared to make this a document of the House, Sir.

Mr. SPEAKER: I did use the word "document". But in some instances it is just a question of making it available to Members of the House rather than a document of the House.

Miss B. A. MILLER: I cannot hear you, Sir.

Mr. SPEAKER: I am saying that in some cases they cannot be referred to as documents as such. But probably you can use them and make them available to Members of the House.

Miss B. A. MILLER: Available, Sir! Available, Sir! I am reliably informed that the said company has now been declared bankrupt. I hope that that has not been the influencing factor. I hope that the influencing factor for the Minister of Agriculture has to do with the criminality attached. We really have to wonder about these things. Time and time again when the Democratic Labour Party Administration is in power there is always a spectre of corruption somewhere and whisperings about strange doings. While the Minister is doing that, Sir, if he could carry along CARSICOT in the bargain, the public of Barbados would be much relieved.

I see that you have given me a signal, Sir. Have you, Sir?

Mr. SPEAKER: I will just give you time to wind up.

Miss B. A. MILLER: What I am going to say really in the end is that in my opinion these Budgetary Proposals are a sham and a show. It is just window-dressing. Last year the Barbados Labour Party warned the Government and Barbadians about the impact of the IMF inspired Budget that was brought before us. This is the second year that we have been faced with this. Something has got to be wrong, Sir. Something has got to be wrong in our community when the Government is doing its business in such a way that those who are the least able to defend themselves, those who are the most disadvantaged, children and the elderly, must be the first to feel the pinch, pain and suffering.

Mr. Speaker, Sir, other Members before me have suggested that the best thing that the Minister of Finance can do at this time, to use a good old Barbadian phrase, is to "throw in his hand". They like to point the finger from over there to over here to say that we, too, went to the IMF. We went and came back. That does not happen often. The Jamaicans went and they have been there for 18 years. The Guyanese have been there so long that we have lost count of the years. We went and came back. The Barbados Labour Party stands ready, willing, able and competent to rescue this economy and to put Barbados back to a place where it can be respected in the market places of the world, where Barbadians in their own country can eat their own sugar, where old people can go to sleep at night secure in the knowledge that their water bills will be paid and where people will not find themselves in a situation where they are living from week to week and month to month in fear that one morning they will wake or one evening they will listen and hear that the Minister of Finance has cut yet again. I said it last year at this time in this House and I say it again. This Budget really is a sham. It really is a lot of window-dressing. You can write down numbers but in the end the facts will tell. Last year I made the point that the Minister of Finance was bound to come back time and time again to us. He did not have the courtesy to come back to us, Sir, in the form of a Budget. He did his own thing in July and he did his own thing in January again.

Mr. SPEAKER: I did not expect the Honourable Member to be so long.

Miss B. A. MILLER: I will take my seat, Sir. I am much obliged to you, Sir.

SUSPENSION

Hon. B. M. TAITT: Mr. Speaker, Sir, I beg to move that this sitting be now suspended until 5:50 p.m.

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Hon. W. O. FRANKLIN: I beg to second that, Sir.

The question that this sitting be now suspended until 5:50 p.m. was put and resolved in the affirmative without division. 5.30 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Mr. C. LeR. TROTMAN: Mr. Speaker, Mr. Willie Brandt, that great democratic socialist, died recently. The western world buried with his bones the last remains of the instruments to make the North-South dialogue a living reality.

I would wish to go further to say that within the last 40 years or so the newly emergent nation states of the world enjoyed some minimal support because of the overriding struggle being pursued. However, the removal of certain central planks within that geo-political environment has resulted in the dropping of those vestiges of support which might have been given from time to time to developing countries. Part of that assistance, Mr. Speaker, used to lie in the general support for the efforts of developing countries, and particularly the elements of support for the labour movement as it sought to accomplish social justice. Social justice, Mr. Speaker, has to do with the setting of certain labour standards, addressing issues like the hours of work, the conditions of work, the levels of pay and the sharing of the wealth within a community. Social justice treats these issues from the platform of the need to ensure that all persons within a given community should have the opportunity to provide for their families by having for them certain basic minimal living standards.

Such a position demands that the Government of the day, indeed that that Government, with support from other Governments, should monitor and should sometimes guide the machinery of the labour market, thereby ensuring that those persons and groups least able to help themselves would have their interests protected.

Mr. Speaker, the dismantling of the walls of Europe between East and West, as well as the embracing by some central European countries of what is called democracy, have resulted in the open and untrammelled embrace by the North of the law of the market with a credo of that law which deifies the globalisation of trade, the liberalisation of trade, the removal of protection for trade, the reduction of labour market standards, and of course privatisation.

Within this situation, Sir, a country like Barbados, even in the most normal of times, would have difficulty. In this environment a country like Barbados, within the present economic crisis, is like a stricken ship before the vicious gales of a tropical storm. Such a vessel has to limp into some safe economic harbour where it can be re-outfitted before re-embarking on the voyage towards development.

It is within this framework and against this background that I would wish to look at the statements made by the Honourable Prime Minister and to make the point that I have some difficulties in the repair measures this ship is being offered by him.

I am committed ideologically, Sir, and professionally to several basic tenets. Among those are - and I am reading from the Rules and Regulations of the Barbados Workers' Union -

- (1) To obtain and maintain just wages, reasonable working hours, holidays and other conditions of employment, and generally to protect the interests of its members.
 - (2) To secure legislation which will safeguard and improve the economic security and social welfare of workers, protect and extend our democratic institutions and civil rights and liberties.
 - (3) To stimulate support for the principle that our country's natural resources and means of production be developed primarily for the satisfaction of human needs rather than for private profit.
- Those ideals, which I support, Sir, have led me to indicate to the CARICOM Heads of Governments last June that I was and still am opposed to the effort then being made by Jamaica to reduce, if not to remove completely, the Common External Tariff. I understood then that Barbados was in the vanguard of a struggle to keep the protective barriers in favour of Caribbean producers, especially since those chief persons calling for the removal of those barriers are themselves the greatest providers of protection.

The ideals I have spoken of, Mr. Speaker, have led me to speak from my office as President of the International Confederation of Free Trade Unions to the issue of the law of the market and to submit that the law of the market can easily become the law of the jungle if we are not careful to put and keep in place a set of protective measures that will protect those who are least able to help themselves.

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They have led me to oppose efforts which are being made in international fora to remove basic standards, like minimum wages, and of course efforts which are being made to private everything under the sun. I have conveyed my personal position in these matters in a letter to the Prime Minister and I am sure that will be addressed in due course. But I do wish, Mr. Speaker, to address some other matters, among which are the matters of agriculture, transport and, as you would expect, the concept of a social contract. In the matter of agriculture, Mr. Speaker, I have before this time called for a comprehensive land use policy and I am very pleased to see that efforts are being made to formulate such a policy. I wish to suggest the following things which may assist in the success of such a policy. The land use policy must be based on the appreciation that our land is our chief expression of the commanding heights of our economy and as such must be developed for the welfare of the country as a whole, rather than for the private profiteering of the few. I believe that would be a position which the major political parties in Barbados would accept in much the same way as I believe that not only should the Democratic Labour Party support those tenets which I read for you from my organisation a few moments ago, but since the framing of those ideals was done by the same framers who framed the philosophical construct for the Barbados Labour Party, I would think that they would start from the same basic principle - both parties - of wanting to work for the general welfare particularly of the masses of the people of our country.

In the matter of land I think we have to be particularly careful, Sir, not to allow outsiders, as we have seen evidence as outsiders wish to do, to pressure us into a position where we allow our land to have such a flexible land use policy that even our prime sugar and agricultural lands should be available for sale at the whims and fancies of whoever may wish to make a profit. Land should be set aside for agriculture and that land should not be taken out of agriculture unless a broad based land use commission has publicly heard and I emphasise publicly cogent reasons for the request for the change of use. 6.00 p.m.

I think that land is too vital for there to be any private in camera discussion and decision on this matter that relates to such a scarce resource. That is a position that we hold as one within the Barbados Workers' Union. When non-arable land is being divided and is being sold we are of the position that we must not allow ourselves to fall into the trap of allowing market forces to apply in all cases regardless of the circumstances.

We need to make that point because it is part of the new credo that befalls us. The appropriate legislation that relates to tenancies should be invoked where applicable and where land is zoned for housing it should also make allowance for pasture land either in common or as part of individual lots to ensure that livestock rearing will remain part of the opportunities for economic activity, especially for those persons who have contributed so well over so many years to the development of agriculture and therefore to the development of our society.

The ownership of land for those who are not citizens of this country should only be possible after a residency qualification and I suggest 10 years as that period. I suggest further that there should be a more comprehensive programme built around those initial activities of the Barbados Agricultural Society to provide guidance, advice and general assistance, particularly to pooling resources, to make the production of agriculture more efficient and profitable.

In that regard, the old agricultural stations would be of some assistance to be brought into use. I wish in that area to suggest that in the overall programme for securing the lands of our country for the people of Barbados that in the matter of the ownership, management and control that those who have given of their lives over the years to agriculture should be part of whatever management protocol there is for ensuring that the land remains the property of the people of Barbados and not least among these must be the youth whom we have to try to attract back into agriculture.

In the matter of transport, my colleague, the Member for Christ Church East Central, has made the point very well and I do not need to reemphasise everything he has said but maybe to add some new ideas. This is that it is not too large even now for there to be a review of the pivotal role that public transport has to play in any developing country and particularly one like Barbados which will rely on the speed with which we are able to get people back to work to be able to make it successful in this voyage that we spoke about towards redevelopment.

We are of the view, Mr. Speaker, that if we do not have a significant public transport system which the Government owns and controls as the Transport Board which can in fact be run at the present size, then we run the risk of not being able to get the engines of growth that we are hoping for to function especially given the fact that we have not been able to show the capacity up to now to bring out of the chaos, in what is public transport the sort of management and efficiency that is required in these circumstances. I still regret that following the presentation of the Prime Minister's Budget last April the workers, through their representatives, have not been given the opportunity to set up a cooperative where we would have

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seen a demonstration of what the Government calls that effort at economic enfranchisement, which would have allowed the workers of the Transport Board to show that people working together even in an area such as transport could make a success of that venture.

One of the things I find particularly sad is that even though we had asked the Registry of Cooperatives since April last year to give us some assistance in having the kind of by-laws that were required to assist us in making our appeals outside of Barbados, even though we had been advised that they needed about 2 weeks in April this April is around the corner with 2 weeks to go and we are still waiting for those by-laws to come. Up to now, we cannot understand why such an opportunity has been passed but we are still of the view that in this very critical area public transport must be given every opportunity to be managed in such a way that we get the most efficient use of those buses which there are.

I think in areas where buses have been cannibalised in such a way that they cannot no longer be useful that those bodies, in fact, can be examined by the appropriate Ministry and made available to those small business persons who may wish to establish businesses and who may be able to use them for the establishment of offices or for some other comparable use.

Mr. Speaker, 30 minutes goes fairly quickly and I would not wish 30 minutes to go unless I spoke to the matter of the social contract. Again my colleague spoke to this matter and we have been very careful to note that a matter such as this one can never be right. There are more experts in labour management relations than there are in any other field of endeavour and for that reason everybody else can do it better. Notwithstanding that, I think I need to make the point that long before the Budget was presented workers in Barbados recognised that whatever their views are about leadership, whatever their views are about the Ministry of Finance and the Minister of Finance that there was one important thing for everybody to recognise, and that was the paramountcy that must attach to the future of Barbados.

I was not surprised but still very pleased to note that there were certain basic conditions which we were able to put forward without any pressure from any sources. One of those considerations was that the 8% which, in our view, was taken away unconstitutionally, had to be returned. I go beyond that to say that we are pleased with the news that it is being returned but we serve notice that the return is not the end of the issue. There still has to be the constitutional question answered. That will still be pursued. I think eventually there will have to be answered by this House at some time in the future regarding the need to remove the possibility for any further misunderstanding, or misinterpretation, or reinterpretation, whichever word is the better one, of the appropriate part of the Constitution so that there can be no repeat of any suggestion by anybody that a contract of service is anything other than a contract of service complete with all of its protection, conditions and standards. 6.10 p.m.

There is a body of feeling around the world that says that people are so concerned with employment today, and they are and they must be, that what we can do if we are employers is to reduce the standards under

which they were previously employed and give them conditions of employment less favourably than those they enjoyed previously. It is a position the labour movement has to fight around the world. It is a position that all men and women with a social conscience have to fight. Therefore, starting here where all Honourable Members are persons with social consciences, we have to make it abundantly clear that there should be no possibility for that question ever to be indulged again. That was tenet No. 1 of our condition. We were also of the view that although there would be the suggestion for a general national sacrifice, it ought not to be one centered only on public servants but it ought to be one in which all people y/ere able and willing to make a sacrifice. In that regard we got general support provided it was accepted and understood that any sacrifice which was made would be a sacrifice reduced to terms which were manageable but which were monitored and controlled, not by any one person, Minister, Permanent Secretary or otherwise, but by a tripartite organisation and that the aim of that sacrifice was specifically the aim of providing employment for more people in this country.

I was very pleased to have the members who are working to a man and to a woman indicate a preparedness to sacrifice so that those brothers and sisters who do not have work can find employment. I am willing to enter into dialogue and I am sure my colleagues in the movement are willing to enter into dialogue with anybody particularly if the aim of that dialogue is to help provide employment for those thousands of people who are out there and need some employment. I know there is quite a lot of talk, Mr. Speaker, about there being the need for that employment only to be of a certain kind and for that employment to be substantial and long-lasting only. I feel in the current circumstances of Barbados that there will be the need for us to find some jobs which might not have the long-term economic development in the way that international lending agencies might be concerned with, but that there are jobs specifically intended to assist people over tremendous hardships they are now suffering and jobs which will help to alleviate the general conditions we are all experiencing at this time. I do not only speak for my constituents in St. Michael Central but I speak for the entire Barbados in that particular regard. Whether the people will work for the Parks and Beaches Commission or they will work in any other general work around town, I am sure there could be some provision of employment of a casual nature at the same time that we try to work at employment to assist in sustainable development.

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Now, Sir, against that kind of construct, I want to address page 30 of the Financial Statement and Budgetary Proposals. Page 30 says that Government is interested in an incomes policy and that the incomes policy seeks to restrain the rate of wage increases in order* to keep down prices, make Barbadian goods and services more competitive abroad, earn more foreign exchange to pay for our imports as well as service foreign debt, *et cetera*. I have no problem with that except that I need to turn as well to page 34. That also talks about an incomes policy. At page 34 the incomes policy has the following feature: "A general wages and salaries freeze in both public and private sectors including statutory corporations for a period of two years." Then at the bottom of page 35, Sir, at paragraph 6 it says that "the incomes policy will buttress the existing practices and conventions of collective bargaining and voluntarism which are integral parts of labour market relations in Barbados". I think I understand what is intended here. It would seem to me that we are talking about a set of proposals because a social contract can only emerge from comprehensive discussion among the social partners. This would have to be what is desirable but cannot be a position that is put here intending to be a given position. If there are proposals, any set of proposals are negotiated. One of the things that will need to be clarified is exactly what it is the Government is looking for.

On Friday,. I believe a meeting has been set for discussions over such an arrangement. I believe we would be able, in good faith, and with proper management of our time, to try to look for an arrangement which should be able to satisfy the objective of employment and which should be able to look at whatever is desired by the various members of the social partnership. Within that social partnership labour will be looking for some very important things. Labour would need to be very careful not only to look after the position of people who have jobs, we have given that already, but at the same time we must not fool ourselves into believing that merely by sitting at a table will bring us to a position where the kinds of decisions we want would be arrived at by all parties within that social partnership. I think you have heard us often enough saying that we would need to be satisfied that there is a proper sharing of information. We for our part would need to have it clearly understood that the talk of a freeze

cannot properly make its way into our discussions unless we are able to understand the context within which we are looking at that. We have always been governed, in any event, by a restraint consideration that looks at the ability of persons to pay, at the national economic environment and at the possibility that lies in our assisting national development by having increases.

I could not promise you, Sir, that from this distance and without proper discussion either with my principals or generally, I would be able to say I agree with any blanket arrangement for anything except one thing that we are anxious, as all Barbadians are, to ensure that Barbados does not find itself in a position where because we failed to exercise discretion and because we failed to enter into dialogue we made a tragic error which would otherwise have been corrected.

I am quite prepared, Sir, to recognise that there have been countries which have entered into discussions for social contracts and though they may not have lasted for all times, those social contracts having been discussed and entered into, have served the specific objectives of the parties concerned. I am satisfied that if other people can do it, we are not less resilient. But I would be of the view that the Government will need to make its position very clear and exactly what it is spelling out for the trade unions and employers of Barbados because no doubt the employers are going to be having an agenda of their own and they are going to have concerns of their own which they will make known.

In the same way we have assisted the position which the employers took when we spoke against the Common External Tariff, in like way we have to make sure that we find the employers by our discussions in a position where if they are going like ourselves to be looking at a package down the road, out of it there must not be just any old take but there must be a very clear picture out of which we will find our chief objective resulting. That chief objective is the provision of jobs. 6.20 p.m.

I think, Mr. Speaker, that we have it on all sides within the labor movement. We have it, I believe, from the discussions we have seen up to now with employers and I would like to think that Government has through its very agencies, the capacity to bring people together who have enough good ideas. What we have to be very sure of when we do this, is that there are identifiable areas in which we might be able to find jobs and find them in the short term.

I wish in the minute or so left to me, Sir, to make one final point and that is, given the concerns which we have about the pressures which are being brought to bear on the ship of state, that our concern has to be with what the Government does from here on in. The fears I have, Sir, are tremendous fears about additional kinds of difficulties which the workers might be challenged

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with. I realise that outside of this country there are many attempts being made at introducing worker unfriendly tactics and schemes - schemes opposed to the masses of people. I have seen documents which already suggest that employers internationally and some Governments, Sir, are working together to bring the masses of people to such a position that the conditions which we now have will be less than we had before. And the Government of Barbados will need to be careful to note that I cannot and will not be in a position, if that is the direction we go in, to be able to have any worker unfriendly measures that I would be able to support. Thank you, Sir.

Mr. SPEAKER: The Honourable Member for Christ Church South.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, as I rise to speak in this debate. I am very conscious of the fact that in Barbados today there is a state of hopelessness and certainly there is a feeling among young people in particular and among unemployed people that they can no longer stand the deprivation which they are suffering.

From the very inception of this Government's programme with the International Monetary Fund, we in the Barbados Labour Party were at pains to conduct ourselves in the manner of a responsible opposition party, and frankly, openly and truthfully give to the Government the benefit of our experience during the period of time when we were in a programme with the International Monetary Fund.

I mention this because both in the Budget speech and in the speech of the Prime Minister and in the speech of the Honourable Member for St. John, the Minister of State, and in the speech of the Member for St. Michael North East the impression was unquestionably given that during our programme with the IMF we failed to take measures which would prevent the Government of Barbados going back to the IMF indicating no doubt to the public that it was their view that the programme which the Barbados Labour Party had with the IMF was unsuccessful. That is totally untrue, Sir, and the evidence of that untruth can be gleaned from the following matters.

At the end of our programme there was never any question of Barbados and its economy being* under continuous surveillance by the International Monetary Fund. At the end of our programme our relationship with the Inter-American Development Bank and the World Bank was such that we were in receipt of loans. In addition to that, Sir, there was growth in the years 1983, 1984, 1985 and 1986 when we demitted office. As a matter of fact when we left office in 1986 it was estimated then, in May, that the economy was growing at a fast clip of 5% per year. Some say 4, some say 5.

At that period 'of time, Sir, we did not have to slaughter civil servants salaries like this Government has had to do. Unemployment was certainly not to the levels that it is today, some 25%. What is more, between the last quarter of 1985 and early 1986 over 5 000 jobs were created. In other words we were on a growth path upwards. Our reserves increased from \$231.4 million in 1983, \$243.9 million in 1984 and \$328 million in 1985.

There cannot be any comparison at all between the impact of the International Monetary Fund's programme under the Barbados Labour Party and the programme under the Democratic Labour Party. An essential reason is, Sir, that we were able to persuade the multilateral institutions that parallel with the measures that are being taken to correct your fiscal deficit problems and your balance of payments problems there must be a programme to ensure that the productive sectors continued to grow, that they must not be starved of credit, that they must not be overtaxed. We were able to persuade them that, in a period such as we were going through, it was a period for selective spending on the productive sectors. This, the Prime Minister has been unable to do and we are therefore suffering today from the consequences of his failure to achieve that. It was predictable to us.

Last year in the Estimates, Sir, and in the Budget debate nearly all of our spokesmen emphasised that the productive sectors were being deprived of credit, and were being left to the mercies of international competition and competition from CARICOM and that, unless a better deal was given to them, unemployment would rise. Our predictions have come true. It is, therefore, in that light that we look at this Budget, Sir. We are disappointed and we cannot support this Budget which does not in our view seek to correct in a meaningful way these fundamental problems which have arisen to a large extent from the policies pursued by the Democratic Labour Party and by the Minister of Finance and Prime Minister in particular. I want to concentrate a bit, Sir, on the question of the impact x)f the indirect taxes on the productive sectors. I want to do this in particular because, Sir, I have lived to see the wrong headed policies of the Democratic Labour Party in relation to taxation land Barbados in the position today in which everyone has to concede that we are heavily over-taxed. The consumption taxes in this Budget were again increased and it is significant 'hat whenever the Prime Minister and Minister of Finance increases the consumption tax he does not tell the nation the real percentage increase in relation to the previous rate of the consumption tax. But in 1987, Sir, the basic rate of consumption tax was 5 per cent and it was moved to 6 per cent. In 1988, the basic *ad valorem* rate on all other items except motor vehicles was increased by 50 per cent from 6 to 9 per cent. In 1989, the existing 9 per cent consumption tax rate was increased to 10 per cent. All other consumption tax rates except on motor vehicles were increased by 3 per cent. In 1991, the basic

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consumption tax increased from 10 per cent to 12 per cent. All other *ad valorem* rates increased by 1 per cent. In September 1991 again, Sir, *ad valorem* rates increased by 3 percentage points and now, Sir, that took it to 17 per cent. Now in 1993, all *ad valorem* rates increased by 4 percentage points. 6.30 p.m. Sir, here it is that we have a consumption tax rate moving from 5 per cent in 1987 to 21 per cent in 1993.

At least this is a 300 per cent increase. That is to a large extent responsible for the uncompetitive position of the tourist industry, agriculture and industry in Barbados. This is compounded by the other element of irresponsible taxation reform, namely that decision in 1991 of the Minister of Finance to revoke the duty-free entry privileges that were enjoyed hitherto by manufacturers and other producers in Barbados under authority of the CARICOM arrangements, Sir.

I well recall when that decision was taken and everyone with any experience in industry or in trade tried to persuade the Minister of Finance that it was an error. All our attempts fell on deaf ears. Even the attempt to reverse part of it now in the form of removing stamp duties and consumption taxes from some of the inputs will not, in our opinion on this side, cure the problem until the Prime Minister goes further and remove also the import duty on the inputs.

We pointed out, Sir, that in other countries who were part of CARICOM and who were under structural adjustment programmes and had an agreement with the International Monetary Fund that their manufacturers were not exposed to that treatment. We argued and we tried to beseech the Minister of Finance that in the absence of a common regime right through the CARICOM member countries that the Barbadian manufacturers would be placed at a disadvantage. The Prime Minister did not or could not understand the efficacy of the point that we were making. It is the Democratic Labour Party that is responsible for the 3, 4 or 6 thousand jobs that have been lost in the manufacturing industry in the last year. It has absolutely nothing to do with this side. It has absolutely nothing to do with the world conditions. It has absolutely nothing to do with anything else but the sheer indifference and incompetence of the Democratic Labour Party and of this Minister of Finance.

Sir, I must concur in the statement made today by the Honourable Member for St. Philip South. The Prime Minister should fire himself as Minister of Finance. That is a devastating mistake. Now, Sir, we must go further because much has been said about the negative attitude. The Opposition has been criticised for having a negative attitude for not wanting to encourage Barbadians into the view that there is hope that progress is being made. We find it difficult to understand such an attitude. Because the more we look at all of the economic indicators, the more we see that far from there being progress that it is the opposite that is taking place. What is more hurtful is that I am convinced now that all of the progress that I have seen in my 19 years in politics in which greater opportunities are provided in education, greater opportunities and more diversified opportunities were provided in employment in which better health systems were introduced in Barbados, Sir, I am very concerned that I am seeing a drastic reduction in these things. I am seeing that, Sir. 6.40p.m.

The Government says the progress it has made is in the form of restructuring the productive sectors and the Minister of State in particular speaks of the great progress made in the restructuring of the sugar industry and in institutional reform. Let us analyse for a couple of minutes what has taken place. I will deal with institutional reform first.

One of the planks of the programme was that we had too many institutions in Barbados. We had an IDC and an Export Promotion Corporation. We have a BMC and an ADC. That our Tourist Board needed restructuring. All of this, in our opinion, and in my opinion in particular -because I have had responsibility for all of those institutions except the ones related to agriculture - there was no institutional inhibition to the implementation of any Government policy. If you do not have a policy, you blame the institutions. If you have a policy, you let the institutions get along with their business and execute your policy. That, in my opinion, is nothing but sheer window dressing. What is more, in typical DLP style, they are implementing it with that level of inefficiency that characterises their actions. Up to now these major pieces of institutional reform cannot be carried to conclusion, because they have not yet nominated a Chief Executive Officer for either of these bodies to execute the work, which in my opinion only illustrates the point that we are constantly making, that in truth and in fact the Government does not want these institutions to run this area of activity, they want to run it from Bay Street. They want to put puppets in the offices and on the boards, appoint their yardfowls to the jobs and run it themselves. It is a very serious thing. It is really an indictment on how they do business.

The reforms in the sugar industry, Sir. I well recall in 1985 proposals were made to the National Bank for the need to restructure those estates or productive units in Barbados which have failed to pay their loans to the Bank and specific suggestions were made to the Bank for the restructuring of the management. It was felt at that time, as it is felt now, that we in Barbados had for the purpose of sugar growing too small units of production and that it was necessary for mechanisation to take place in field operations in Barbados and the modernisation of the sugar factories.

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We demitted office in 1986. From then until now this so-called restructuring exercise has not taken place. There is no person, no individual who can be blamed for that other than those who direct policy in Barbados. It was the failure of the Democratic Labour Party to carry into effect the policies and programmes which were envisaged and outlined in very clear terms as long ago as 1985. We also have today the Honourable Minister for Housing, Lands, Community Development and Culture coming before us and congratulating the Government on its restructuring programme because it has introduced, according to him, a novel programme in relation to youth training, and he sets out the objectives of that. As long ago as 1985, Sir, page 2469 of Hansard in a Budget Speech I said this, Sir: "Having considered all the views the Government has decided on the establishment of a National Integrated Youth Training Scheme underwritten and controlled by the National Training Board. This effort, co-ordinated by the National Training Board, will utilise all the existing specialist skills and equipment available in Barbados both in the institutional and non-institutional agencies, and the Barbados Defence Force will be contracted to provide specialist support in areas where they have considerable experience, such as in navigational skills."

I do not have to read on, Sir, because the essence of the Budget in 1985 was to concentrate on the need to improve training in all its facets in Barbados.

We received nothing but obstruction. Of course at that time the Honourable Minister of Housing was acting in another sphere, a sphere of activities whose main purpose was to obstruct and discredit the Government, never mind what the Government was proposing for the good of Barbados. The fact that now nearly 10 years after we do not have a large number of young people out there trained is because of the attitude of the Democratic Labour Party and people like the Honourable Member for St Lucy. He ought to hang his head in shame whenever he passes street corners and see people doing nothing. Whenever he goes to Bridgetown and he sees the limers, he should hang his head in shame and say: "Oh, what a terrible mistake I have made!"

I do not exempt the Honourable Member for St. Michael Central from that either, Sir. The Honourable Member for St. Michael Central at that time was also a participant in that exercise. I have lived long enough to see all of these well devised programmes, which were an essential part of our restructuring exercise, now being adopted by the Democratic Labour Party. When the Honourable Member for St. John, therefore, in all his innocence, derived from inexperience and unfamiliarity with these matters, gets up in here and says it was the Democratic Labour Party that had to go through all of these problems of restructuring, they are lucky. They do not receive obstruction from this side. We try our best to help them forward, we try our best to suggest to them, as the Honourable Member for St. Peter has repeatedly done, and as is done in this Budget, others have repeated it - and I am going to repeat it, too - we will try our best to let them understand that in this country of Barbados it is essential that Government plays a part in priming the economy. No man can tell me that the only role of Government in a place like Barbados is to look after law and order. 6.50 p.m.

In this country of Barbados, much of the progress that has taken place has been as a result of a deliberate decision of Government to undertake a risk which nobody else in Barbados, private sector or others, were willing to undertake. If they were willing, they would have built the Deep Water Harbour, they would have built the Airport, they would have built the ABC Highway. They would have built many other things - the Hilton Hotel. They would have built Heywoods. They would have built the Arawak Cement Plant and the industrial estates. They would not have bought the St. Joseph Hospital though, Sir, because the private sector having analysed that as well as the Government came to the conclusion that if the nuns who were

running it and who received no money could not make it pay how could you possibly make it pay, if you had to hire labour and pay wages. That is the position.

Now, Sir, we are also told that the restructuring programme in agriculture will bring great benefits to the industry and make it profitable. I want to say that I have read the Booker Tate reports on more than one occasion and I have discussed it with a multiplicity of people who have experience in that area. The confirmed opinion is that Booker Tate has not been successful in the running of a sugar industry such as ours in any other part of the world where the industry was not operated in conditions of which there was a great devaluation.

I believe Sir, that the more you study the Booker Tate Report the more you would come to the conclusion that the restructuring exercise that is recommended is a good thing. The improvements arising from the utilisation of machinery for field operations, in particular the enlargement of the units of management and some of the factory reforms because we do not accept all of them will bring about some reduction in cost. But I want to say, Sir, that I see nothing in the Booker Tate Report which suggests to me

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that Booker Tate is telling the Government with any degree of confidence that the reforms recommended will result in a profitable industry. They are not saying that. They are saying it will be profitable if there is a change in the exchange rate. That is what they are saying.

We have to decide. The Barbados Labour Party has always kept in its mind that the price of keeping the sugar industry and the cost of the foreign exchange it earns, if you are not having a devaluation which we never advocated, was that you have to subsidise it. I have said repeatedly in here that that was the position. I do not believe that it is right, fair or true for anyone to suggest to anybody that any restructuring programme in the sugar industry will mean that it will be profitable in the sense that it will pay a reasonable return on the capital employed. That is one of the reasons why the Government has not yet been able to convince the lending institutions that the reform exercise will result in an entity which will be profitable enough to repay any money loaned. The stalling or the lack of progress in the restructuring exercise that has taken place - and there cannot be any doubt about it. When I look back at the debates last year in here we were promised that the restructuring exercise would have taken place during the course of 1992. It has not occurred yet. That is the reason for the hesitancy and you cannot convince your lenders that it would be profitable once you do not have a devaluation.

You must make up your mind. Having decided that devaluation is not on, you must make up in your mind that you will reduce all possible wastage; you must try and bring the maximum efficiency to the industry. In the end, you may well have to decide that it will still demand an element of subsidy. When I look at the environment of Barbados I have no difficulty with that. We on this side have absolutely no difficulty with the fact that it may be necessary for us to do that in order to retain the employment, retain the foreign exchange and retain the environmental benefits.

I am told that I only have 2 minutes so I will now deal with an important area of tax reforms. Again, Sir, I want to stress that we are in our difficulty today with the confusion in taxation because of an attempt by the Democratic Labour Party to politicise an important and complex area of public finance in 1986. To compensate for the revenue losses in direct taxation they went overboard in the introduction of indirect taxation.

It is significant that the area of tax reform that has not been jettisoned by the Democratic Labour Party, namely the allowances such as market research allowances and foreign currency allowances and capital investment allowance have been retained. They were a pillar of our policies in 1985-86 to encourage foreign exchange earnings and the promotion of exports. So we are one in that. As we have pointed out, in Barbados any taxation reform must take place against a background of a reduction in your imposts on inputs for the productive sector.

They say that the Value Added Tax will do that. We have studied the Trinidad and the Jamaica Value Added Taxes and I have no doubt that Value Added Taxes will bring some benefit; but the basic position is that what we are exceedingly concerned about is the fact that the Government does not appear to have any sense of urgency with respect to this matter. While they are dithering, the manufacturers and others are suffering. Also we have the position that in the reform of the direct taxation the Government has chosen a model of direct taxation which had its origin with President Reagan followed by Lady Thatcher when she was Prime Minister. Now that model has been jettisoned in the United States of America by President Clinton and in the United Kingdom, the latest Budget Speech, you will see that they are talking about the reintroduction of allowances for mortgages for capital investment so as to make their industries productive. Our model is that you do away with the mortgage allowance. 7.00 p.m.

I think I have proved, Sir, quite amply, that a large part of our problem lies in the fact that we are governed by the Democratic Labour Party and that we have the Minister of Finance and Economic Affairs whom we have.

Hon. W. O. FRANKLIN: Mr. Speaker, let me start by saying that I am supporting the Resolution. Let me also state that like everybody else who has the welfare of all Barbadians that I am not a happy man at the state of the economy of Barbados today. Before I go on, I just want 2 things on the record. During the speech of the Honourable Member for the City, she alluded to the fact that the payments being made for electricity and water bills were old payments but the Minister has advised me and I read that "the expenditure on utilities at the end of February 1993 are as follows: Money paid for electricity \$160 766.99, expenditure paid for water \$387 660."

Miss B. A. MILLER: On a point of order, Mr. Speaker. One does not like to interrupt but I think everybody in Barbados knows that the water bills come a quarter in arrears. We are only hearing about what they have paid. We are not hearing about what they have not paid.

Mr. SPEAKER: That is no point of order.

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Hon. W. O. FRANKLIN: Mr. Speaker, before I get into my speech let me also take this opportunity to announce that the Board of the Barbados Investment and Development Corporation has recommended to the Minister and he has accepted the nomination of Dr. Lawson Nurse as the Chief Executive Officer from April 1, 1993. Dr. Nurse is presently the Manager of the Board in New York. Let me also say for those who are not aware that I was very careful in selecting the Board for this organisation. I will call the names of the members because I want you to understand that this Minister's intention is, having analysed and assessed the situation within industry and trade in Barbados, and having arrived at the conclusion that we need to push it further, that the best people available would be put in place.\

The Board of the Barbados Investment and Development Corporation is as follows: Mr. Rawle Brancker, Chairman; Mr. Trevor Clarke, Chief Executive Officer, BARTEL, Deputy Chairman; Mr. Randolph Sandiford, a young man who runs an electronic organisation is a Member, Mr. Dpwrich Miller, Senior Vice-President, Finance, of the Mutual Organisation -Member, Dr. Judy Whitehead from the University of the West Indies and Mrs. Veronica Griffith from the Barbados Workers' Union. I would like this House to believe that I took my time in selecting a Board I believe would advance the situation in Barbados. Mr. Speaker, as I said, I have always practised an open door policy in any Ministry I have been responsible for. I am having regular meetings with the manufacturers in Barbados. I want this House to believe that I am just as acquainted with the problems of the manufacturers as anybody at the moment because it is my responsibility to be familiar with their problems and to seek collectively with the manufacturers of this country a solution to their problems.

What is happening, Mr. Speaker, is that we had talked about structural adjustment *et cetera*. In my view the Barbados' economy is going through a transition. In the 1960s and 1970s the transition was from sugar into food processing and the assembled industries. We now have a different transition going on in which it is from the food processing, tourism and assembled industries to one of high quality tourism, specialised

tourism product, knowledge intensive information services, specialised and knowledge intensive manufacturing and diversified agriculture. Like any transitional period sometimes there are difficulties in that transition. Sometimes the transition does not always go as smoothly as you would like but I want this House to believe that the Ministry of Trade, Industry and Commerce is trying to manage this transition in the area of Trade and Industry as meaningfully as possible.

During the Prime Minister's Budget speech, the 2 main planks of the Budget dealt with an incomes policy for Barbados which some of my colleagues on this side spoke of as well as the Opposition. A lot of attention was paid to a trade reform regime. That is the one I want to spend some little time on. I want to look at this trade reform regime in the environment it is taking place in and how are we treating it. I want to start, Mr. Speaker, to look at the international environment against which this trade reform is taking place in Barbados. We are witnessing the acceleration of large economic trading blocs all over the world. The more recent is the trading blocs around the Pacific rim countries, Hong Kong, Singapore, Korea, Thailand, Malaysia and Japan. We have seen the Europe of 1993. They have been at it since 1945 and they still have some problems. Their most recent problem was in their agriculture protocol.

We have seen more recently NAFTA in which we in the CARICOM region have some concern to follow very closely because with the introduction of NAFTA and Mexico being part of other arrangements with Canada and the United States of America and being a pool of relatively cheap labour, it is very likely that a lot of the advantages we might have had in our industrialised programme before this NAFTA could easily be switched to Mexico which is on their doorstep and where there is a pool of labour.

We are already witnessing the disadvantage of this arrangement in our farm labour programme where more and more Mexicans are going on that programme at the expense of the Caribbean people. The Venezuela arrangement has recently been signed. I have notified all of our manufacturers of all the items we now have a one way arrangement into Venezuela with. The Initiative Enterprise of America discussions are going on but these discussions between the CARICOM desk in the Enterprise of America one of the difficulties we see is the insistence on the reciprocity of items both ways which we can also have a look at as well.

These trading blocs are going on, Sir. Latin America is also a trading bloc. Therefore, it is absolutely necessary that we must proceed at maximum pace to further the integration movement in CARICOM. At this time against the transition in the trade reform we are noticing the tendency towards globalisation of the production of goods and services. It is now quite common that you can have your production taking place in China where there is a pool of cheap labour, the management is in America and the sales office in Europe. This is happening because of the stage of communication that there is complete globalisation of production. We must look at this because with China with 1.2 billion people coming on force where more and more people are tapping China as their base of production this also holds some implication for our trade reform. 7.10 p.m.

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Mr. Speaker, we are witnessing the global trend of trade * liberalization and the problem with this, Mr. Speaker, is that even in an institution like the GATT it is that the developed countries are forcing this trade liberalisation at a terrific rate on under-developed countries at a time when most of the economies are going through very difficult times and there are forcing the dismantling of all protection for the developing countries that we have and therefore we have these kinds of difficulties going on in Barbados. In the region, Mr. Speaker, and I want to spend a little time on the region, we also see that the CARICOM arrangement, according to the agreement that we have had, that the CARICOM people are calling for the dismantling of a licensing system as well as the removal of any

Let me deal first of all with the dismantling of the licensing system. At the last meeting we held, Mr. Speaker, I insisted that Barbados would not remove its licensing system until some provision was made in the treaty that would allow us some protection for our primary agricultural produce because the three areas where we were having difficulties in duty was the trading in beer, the trading in soft drinks and the trading in primary agricultural produce. I suggested then, Mr. Speaker, that we apply Article 29 of the Treaty to agricultural produce and the legal person decided that it could not be applied. As a result it was agreed by

the Council that an amendment to the Treaty would be made at the insistence of Barbados to allow Article 29 to be applied to the primary agricultural produce.

What does Article 29 say, Mr. Speaker? Article 29 states that if any country is of the view that the industry is at a disadvantage because of lack of demand or because of importation of any product that would be disadvantaging its local production it can invoke Article 29. Therefore I said, Mr. Speaker, that Barbados would not dismantle its licensing system until we agreed at Council that we would have an Article 29(a) that would allow me to take some measures to protect our primary agricultural industry - our poultry industry, our pig industry, our milk industry, our vegetable and root crops, because all over the world, wherever you go, the problem in any integration movement is always the treatment of primary agricultural produce, so this was also done.

We have agreed, Mr. Speaker, for the phasing in of the Common External Tariff and as was said before, it is known that Barbados was one of the countries that fought and felt that the highest possible protection should be given to our industries for the transition period. As a result of that, Barbados was one that decided that we would accept the 5 to 35 in the first instance and we have agreed on a phasing in period of 4 years so that by 1998 our tariff system would be between 5 and 20.

Now, even that rate, Mr. Speaker, has been agreeable to the industrialised countries that have been pushing the CARICOM region to dismantle and reduce these tariff rates at a faster rate. But the thing that discourages me, Mr. Speaker, and gets me very annoyed is that some of these industrialised countries and developed countries...

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I pointed out once that when America was putting pressure on us to reduce the tariff on rice down from 45% that the tariff and subsidies that America was giving their rice farmers was something like 57%. They wanted us to reduce the subsidy on rice coming out of Guyana, to protect the rice industry in Guyana to below 40%, and we said that we would not do it.

You find, Mr. Speaker, that these industrialised developed countries that are the main contributors to the international organisations, use their might and their dollars to force these changes through these international organisations and very small economies like Barbados, where you must have a recourse at some time or the other to these organisations, you have, after as much gallant fight as you can, to admit that you cannot resist these international organisations' hell-bent intentions of liberalising trade and reducing the tariff arrangement to as low as possible, because it means if you follow it, the complete collapse of the communist system and their inability at this time, Mr. Speaker, to really afford very much goods and services because of the economy. It is absolutely necessary for the developed countries to find markets wherever they can find them. And they are not really concerned about the fragility of your local markets so this is a world where, Mr. Speaker, the gloves are off and there is no protection for anyone.

I am able to announce, Mr. Speaker, that the new rules of origin will also come into place as from May 1, because Antigua has now agreed and passed it through their legislation. The 20% that we were talking about that was placed on it, it was agreed that under the protocol it was discriminatory because we were putting it on CARICOM goods but we were not putting it on similar goods produced in Barbados. We have one of two things, either to put on the 20% on goods produced in Barbados or to move it off. Therefore after a commitment that we would examine it, it was decided that we would remove that area.

All of these have been done, Mr. Speaker, but I am also pleased to say that the Barbados exporters have been doing reasonably well in the CARICOM market. It is still our biggest market. We have some difficulties in accessing some of them. For arguments sake a few of the LDC's have invoked Article 56 for things like toilet paper, solar heaters and one or two other things. Article 56 allows the LDC's, if any of their industries are young, to invoke that article to allow them to do that. It is true that we are still having some little difficulties with access in other places but the CARICOM market is still the biggest market for our manufacturers. And I am saying that we have and we must do everything to continue exploring that market.

As well, Mr. Speaker, what is therefore our response? Our response, Mr. Speaker, as the Prime Minister said, let us look at industry. We must provide technical and financial assistance to the industry because a lot of the industries, Mr. Speaker, need retooling, they need financial assistance, they need to improve their management. I want to take this opportunity to appeal to them. I personally believe, Mr. Speaker, that we have bottomed out in our manufacturing industry. I believe, verily, that those who were going to fall out of the system, have fallen out already because I am in almost daily contact with them. I am seeing signs, Mr. Speaker, that the manufacturers who are holding on have acknowledged that they cannot stem the tide of trade liberalisation and therefore they must equip themselves. They must become a lot more aggressive in their marketing. They must become a lot more efficient in their sourcing of material and therefore this is why we have decided that we must have inputs at world market prices and duty free for all of those efficient domestic supplies and those for export 7.20 p.m.

Mr. Speaker, the fastest way of improved productivity in any production line is the human improvement in productivity. Productivity improvement by the people involved comes by improving the environment in the working place and making them feel part and parcel of the establishment. Therefore, I am appealing to them to do that. We are trying to assist them in research and development. We are assisting them through the IDC in their research in the market place. After all because of the size of our manufacturing sector here in Barbados, Mr. Speaker, we only need a very tiny part of any market. Therefore, we have to look for it because we have made two decisions which would determine that our goods and services must get marketed. One decision is that we will retain the parity of the dollar and the second decision is that our labour rates, although we are asking for a freeze within the next two years, must be rates that will allow our citizenry to enjoy the kind of standard of living that they have gotten accustomed to. It means that we must produce the goods and services that we can market at a price that will allow those two things to come on.

Mr. Speaker, we must try to redirect our production in our domestic market for export purposes. Let me say that in a study, which was one of the things that I was pleased about and that might have caused some removal of the incentives which the Barbadian manufacturers were too protective in their domestic market and too comfortable, it was mentioned that to arouse the manufacturer out of his complacency you had to remove that comfort zone. Mr. Speaker, the view has been expressed that the comfort zone might have been removed too readily. When you look at it and when you consider the competition that he faces in the CARICOM Market, this might be a correct view in retrospect.

The Honourable Member for St. Peter in his contribution drew reference to the fact that the Barbadian manufacturer is at odds with his CARICOM partner because of the differential in the exchange rate and the CARICOM partner is coming in with the same protection in the domestic market, plus the fact the goods are coming in at a cheaper price because of the low rate of wages, *et cetera*. Now this is a fact. The Honourable Member was grateful enough to draw to my attention the article in the Treaty that states that it should be discussed. All the Treaty says is that a country should discuss any change in their exchange rate before it is introduced. One would have to assume that the playing field is relatively level which includes our exchange rate position which will effect itself in the labour cost and the cost of the product. Therefore, the point is taken and the Ministry will examine it. The Ministry and this Minister listen and wherever good ideas come from, Mr. Speaker, it is my responsibility to examine them. If they can be implemented to the advantage of the Barbadian manufacturer and consumer, they will be implemented. I do not need to take any praise for anything. All I need to do, Mr. Speaker, is that at the end of my tenure to be able to say that I tried to improve the lot of the Barbadian manufacturers and the people in Barbados. That is one of the things that I want to be able to say, Mr. Speaker.

Quickly, Mr. Speaker, we have to look at our reform section. I talked about the idea of an investment fund and we are looking at that. We have to allow them to assess inputs on world market price. We have to look at the development of national standards and make some of these standards mandatory. Mr. Speaker, it is becoming very necessary with the liberalisation of trade and actually the influx wherever possible that we make sure that our consumer gets value for money. Therefore, we have to make sure that the goods coming into this country are of an acceptable standard and that we do not allow our local manufacturers, whom we are insisting that they produce goods of excellent quality that they can access the overseas market and who are working with high standards in his own market, to have to compete with goods that are of inferior quality which will be able to come in at a cheaper price. We are looking very carefully at the whole idea of services.

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Mr. Speaker, very quickly, the BIDC and the role that we expect to play. First of all, the BIDC is examining an incentive system for the whole of the organisation based on the Puerto Rico model. That incentive will be clicking if after the targets we have set have been met and we are satisfied with the generation of that. We are also examining a scheme where there is any reputable international broker, because there are some brokers who walk around brokering investment and manufacturing opportunities, that is acceptable to Barbados that we can have some type of compensation system that the Barbados Industrial Development Corporation can consider and introduce. Because of our smallness in size and because of our shortage of funds, we cannot be represented all over the world because we do not have that kind of resource to have people in the market place hunting for us all over the world. Wherever opportunities are available, we want to do that.

The organisation in the first year of its strategic plan is to bring in foreign exchange of at least \$15 million and new employment of at least 1500 persons, 1200 of which we expect to come from overseas companies. Most of these, Mr. Speaker, will be in the informatics area. From the study and the transition of the economy towards services and goods, we realise that the informatics from the high end multi-media systems and at the high end of computer software design and inputting for secretarial assisting designing as well as offshore secretarial input is an advantage area. We have an advantage in Barbados because of stable political climate and excellent infrastructure, our trainable people and good telecommunication system as well as relatively inexpensive space. Our disadvantage in the area of informatics is the cost of dedicating lines and the relatively high cost of our labour. We see this as a disadvantage of dedicating lines because in Barbados, for instance, the cost of a 56 kilobite dedicated line is U.S.\$7 000 while in Jamaica it is something like U.S.\$4 850. It may be a little cheaper in the Dominican Republic.

Mr. Speaker, I am pleased to report that after discussions with the BET and making them aware of the crucial and the absolute necessity for us to be competitive that BET has agreed in principle to reduce the rates that will make us competitive with Jamaica and the Dominican Republic. I can assure this House that as soon as that is in place that that will be a terrific marketing tool for Barbados. Therefore, our projection of 1500 people may prove that we might very well be able to exceed those 1500 people. As well, Mr. Speaker, I am concentrating on the BIDC in the small business sector because Barbados has been burnt by the pulling out of these big multi-nationals that employ thousands of people. When they close down, one has a terrible problem. I am not saying that we are not going to encourage multi-nationals. Let them come whatever size they want to be. But I want to make sure that we develop the small businesses and small entrepreneurs in Barbados that we will have stability in the manufacturing and industrial sectors, stability that is imbedded in the fact that there are many small Barbadians who have no place else to go, who have injected their life savings into it and, therefore, must stay with it. My mandate to the BIDC's small business section is that, wherever there is an operation employing 5 or more persons, the BIDC must know where that operation is. It must go to that operation and offer the services of the Design Centre to improve their packaging, to improve designs in their garments and to improve in the car production line. They must have the services of research facilities to allow them to see where their latest technology is and to be able to tell them where the niche markets are and how to access them. 7.30 p.m.

They must be able to tell them where all the financial services are available to small businesses in this country, how to accept those small businesses in their financial services and hand in hand we must be able to complete the kind of data base that will allow us to know the interlocking, so that we can match small businesses doing subcontract work for the enclave industries, subcontract work for bigger businesses, seeking franchises, seeking licensing arrangements, piggy backing on the international companies into their markets. We must pursue it that way, Mr. Speaker.

I am also trying to insist from our co-operative movement that our Registrar must find in the Credit Unions a number of persons with a common interest who can form industrial co-operatives and allow those industrial co-operatives to be funded from funds available in the Credit Unions, thereby providing another source of funding. I want to make this special appeal to the banks in this country to see the survival of the manufacturing industry in this country as part of their moral obligation to this country. The banks are making a lot of money at the consumers' expense. When the consumer buys goods manufactured by local or CARICOM people, they are paying as high as 24% interest in personal lending, so therefore if they are making their money by the consumer, they should be able to subsidise the interest rate at which they are lending to the manufacturers. They cannot have it both ways. They cannot get it at the end of the production line when the goods go to the consumers and get it at the beginning of the production line as well. I believe, Mr. Speaker, the time has come when we must all decide we are in this together. Therefore, let me take this opportunity to make this last appeal.

I want to appeal to all Barbadian consumers that wherever possible they should buy CARICOM and Barbados goods. I am sure the quality is good and they are generating employment. I want to appeal to the

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wholesalers to put the CARICOM and Barbados goods in a prominent place and put on the minimum mark up possible. I want to appeal, as I said, to the banks, and to all of the manufacturers to display in Carimex Exhibition which is coming up. This is a good opportunity to show your goods and services. My final appeal is to all of us, who are in this together, and who want to see an improved Barbados. I do not have time to look and lay blame any plade, I only have time to look forward and work towards the improvement of the economy of Barbados that all of us would be able to have a better tomorrow.

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, I beg to move that this sitting be now suspended until 8.30 p.m.

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly. 7.35 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Mr. H. deB. FORDE: Mr. Speaker, Sir, I have been in this House for almost 22 years and I want to say that I have never heard better speeches made from any Opposition than I have heard from the Honourable Members whom I have the honour and the privilege to lead at this time. Perhaps Honourable Members on this side will forgive me if I particularly on this occasion single out the Honourable Member for Christ Church South, whose speech was an example to all of us of statesmanship, understanding of the economy of this country and great consideration for its problems and great understanding of people's needs and wants. But that was typical of the speeches from the whole of this side, Mr. Speaker.

In all of my 20-odd years, Mr. Speaker, I have however never witnessed as sorry a spectacle as that of the Right Honourable Prime Minister and Minister of Finance delivering his Financial Statement and Budgetary Proposals. The speech did the Right Honourable Member no credit and certainly it does this House no credit that any of its Members should be capable of a presentation so lacking in distinction. Other Members have spoken about it and characterised it in various manners. I will not delay the House by adding other pejorative articles and statements to it, Sir, but let me say that it was certainly vapid, long winded, disjointed, platitudinous and largely irrelevant. It was read without art or artifice and altogether with a total lack of accomplishment. But what distresses me most about the speech of the Right Honourable Gentleman is that it did not at any point address the real problems which face this country today. It completely ignored, Mr. Speaker, the need for Government to fashion policies to put Barbadians back to work.

I want, therefore, before I get into some of the major issues of structural adjustment, to look at the realities of the Barbadian situation today. Mr. Speaker, Sir, the Right Honourable Member spent his way to an election victory and in so doing he wrecked the economy of this country in 1990. That is a reality. He then imposed a series of draconian measures which we told him could not work, because they would deepen the recession, lose workers their jobs and impose much hardship on Barbadians at large. He and his Central Bank advisers told the country that it would be a short, sharp shock and that in 18 months we would be better off. 8.30 p.m.

Recently they have even had the gall to be claiming that the economy is stabilising. What are the facts? This is the third straight year of decline in the Barbados economy. This is the point which this Budget should be addressing, how to break the downward spiral of recession into which the economy seems to be locked. Successive years of economic decline have brought continuous hardship and suffering to the people until at last we have documented in the records the highest level of unemployment that we have ever faced. At the end of last year 25.1%, fully one quarter of the total working population of Barbados, had no jobs nor any hope of finding jobs. 34 000 were out of work, 1 in every 4, in every household.

Does this Government, does this Minister, understand the cycle of despair, of frustration, of the alienation that is born of joblessness? Does the Government know what the people are really saying and thinking about all of this? Do they know, for example, that those who still have jobs live in daily fear that they will be next on the breadline? Do they care? Do they know that those who work in sugar, for instance, have seen their incomes reduced year after year as this Government has brought the sugar crop from 110 000 tonnes in 1986 to a point where we are struggling to make 50 000 tonnes of sugar?

Mr. Speaker, already in the first quarter of this year when the tourist season should be at its peak and the sugar crop in full swing we have lost 2 000 more jobs in the private sector. At Banks (B'dos) Brewery Ltd. staff has been put on a 3-week month. At this time of the year we find that Bajans cannot even afford to buy beer. The tale of human suffering does not stop there. The Government's taxation and interest rate policy have meant that many of our brothers and sisters cannot meet their outgoing and the dream of every Barbadian to own his or her own home has been shattered.

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Last night, the Honourable Member for St. George South gave us figures on the drastic fall in town planning applications, but the picture is even worse when we take into account the information given by the Honourable Member for St. Lucy during the Estimates debate. He told us, Mr. Speaker, that a starter home now costs \$50 000 and that exclusive of land costs; that a unit in the Government housing area - the last set built at Church Village in St. Philip - now costs \$85 000; that a 2-bedroom wooden house cost \$26 000 and a 3-bedroom cost \$39 000. All exclusive of land.

The Government's own housing programme has felt the effects of the rise in the housing index by 25.2% in 1991. As a result, what do we find? We have some 3 000 people approved for housing and who are in need of it, another 6 000 odd on the waiting list. Housing remains a basic necessity in this country and we have a Government that is unable to meet its needs.

The Minister told us that if he is lucky in any one year there will be 100 people who may move into a house

when others move out. We have seen wastage on Government's projects, project after project, and we have seen in the Venezuelan project, for instance, the eye-sore at Cane Garden, no work being done with a further cut back caused by this Government's IMF 18-month programme.

Mr. Speaker, what is the other reality that is so sorrowful? The average Barbadian tonight is paying more in income tax. The Prime Minister talks about the reform of the system of direct taxation and well he might. He and his Cabinet colleagues would have done well out of it by having their top income substantially reduced to 40% but the bulk of Barbadians earn less than \$20 000 a year. Those people did not benefit from the reform of the direct tax system which the Minister has already legislated. They are now paying more taxes than before and they are hurting.

Those who were earning a little bit more in the past and were able to take the decision to build houses for themselves and their families, taking advantage of the inducements offered by income tax legislations which successive Governments have put in the law taking into account the social realities of this country, this Government has now pulled the rug from under their feet.

What has the Minister of Finance done? Let me give you some examples of the reality. This Minister of Finance has sent up interest rates on bridging loans, furniture loans car loans and everything else. He has sent up the interest rates on mortgages. He has taken away the exemption on insurance. He has taken away the exemption on mortgage interest. He has taken away the exemption on maintenance and repairs. He has sent up land tax. He has sent up the cost of buildings by taxation. Mr. Speaker, he has placed a 20% luxury tax on refrigerators, washing machines, vacuum cleaners, stereo equipment, drinking glasses, plates, cups, saucers, knives, forks, shampoos, hair spray. Mr. Speaker, he has even placed a 20% luxury tax on water closets. I am not surprised that he is so concerned in his speech to refer to the contraction and expansion which takes place in an economy being as natural as the peristaltic movement of the intestinal tract. No doubt, his concern. He calls all these things luxuries. He calls these things and the little motorcycles that postmen ride and the very small cars which are subject now to a 20% luxury tax. Now he sends up the insurance premium. Mr. Speaker, Sir, the reality is that Barbadians are grossly overtaxed. Many can no longer afford to service their outgoings. 8.40 p.m.

Some are losing their homes through their inability to pay their mortgages. On a daily basis, if you read the newspaper you will see the number of homes that are advertised for sale in this country. It is not in the Terraces only. It is among the small people as well who cannot afford to pay their mortgages. Others cannot find the bus fare or the lunch money to send their children to school. I can speak from the personal experience of many of my constituents as I am sure many Honourable Members in this House can also speak. Still others have the greatest difficulty in putting food on the table. Once again many of us in this House, and certainly on this side, can speak from the personal experience of seeing people who can hardly afford a daily meal in this country. We have seen the rate of mal-nourishment and malnutrition increased in Barbados.

We in the Barbados Labour Party, Sir, have encouraged Barbadians in their dream of home ownership, and have given them to plantation tenants in particular the right to bring themselves into the mainstream of home ownership and to allow them to improve their housing and the quality of their lives. It is for me a personal pleasure to drive through the country, whether it is in Pool, Colleton or any other tenantry and see how the people are moving from wood to wall all because of the foresight and caring of the Barbados Labour Party with its legislation. Today the position of those very people is now being threatened so soon after, in the true democratic socialist fashion, we have tried on this side and in this party to have them enfranchised and become part of the economic owning class in Barbados. All of these woes have been caused, not by international recession, but they have been the result of the Government's taxation policy and all the Minister can tell us is that he is taxing more. It is this pain and suffering which this Budget should have addressed.

The Budget we should have been addressing here, and which will break the downward spiral of recession and put Barbadians back to work, and which will address the principal sectors of the economy, should at least have started by addressing the problems of the tourist industry. Time and time again this Opposition has pleaded with the Government to reduce costs in the industry in order to make the product more price competitive. We have already advised the Government to identify a basket of goods used by the industry and to remove the taxes. But, like everything else, the Government regards this sector as a legitimate source of more taxation for its insatiable maul, otherwise the Prime Minister would not be increasing the taxation on whiskey, wines and spirits. These are necessary ingredients in the tourist industry.

Likewise, Sir, we say that the Budget we should be addressing tonight would be a budget that would remove obstacles to production particularly in the manufacturing sector and agriculture. It ought to be obvious, even to this Minister, that in any restructured Barbadian economy, imports for creating wealth through exports cannot be viewed as an appropriate source of taxation.

The Honourable Member for St. Philip North spoke about his interest in seeing the small entrepreneur strive in Barbados. For our producers to be competitive, we need more than words. They must be freed of the impositions in the same way as producers in other countries are freed. We are saying that in addition to addressing the problem caused by the devaluation of competing CARICOM currencies, the Minister should have come into the House and removed the 50% import duty which still is placed on manufacturers in this country. It is a point which has been made by the Honourable Member for St. Peter in his outstanding speech in this House but I must repeat it particularly in recognition of the fact that tariff and non-tariff protection will now be a thing of the past.

The Budget which we should be addressing tonight, Sir, in this House is a budget that will remove the onerous taxation measures particularly those that have taken away income tax concessions for home ownership and for maintenance and repairs of houses. It should also be a budget that has some consideration for the small saver. How could this Minister only last year have placed a 12.5% withholding tax on interest on savings regardless of whether it is \$600 or \$6 000 in this country?

Mr. Speaker, I want on behalf of the Barbados Labour Party Government to give the country the assurance that we will certainly...

Aside.

Mr. H. deB. FORDE: Government, Sir. The next Barbados Labour Party Government. The Honourable Minister must understand that. His time is numbered. We will reverse these tax measures but I am urging the Government to reverse them now so that we can see a revival in the construction sector which has traditionally been a provider of good and reliable jobs for Barbadians.

These are not the only measures. I mention them because they will be particularly necessary in the recovery programme which the Barbados Labour Party Government will have to implement. They are also the kind of measures that will signal to potential investors that a Government is serious about once more creating a stable economic climate and creating opportunities for investment. These are measures that are necessary and essential to reversing the drastic fall in investment to which my colleagues from St. Peter and St. Joseph have already referred. We have to create the conditions for private investment if we are to turn the ship of state around.

Mr. Speaker, these are the realities of the Barbadian situation tonight. This Prime Minister fails to level with this House and the public. Indeed he fails to be candid even with himself. He does not let his left hand know what his right hand is doing. I have not in the past seen a Minister of Finance in this House who cares less about accuracy than this Minister seems to care.

There is a point, Mr. Speaker, I have to refer to although the Honourable Member for St. Peter made some reference to it. The Prime Minister has informed us that the economy declined in real terms by 4% and that it declined in nominal terms by 6.9% and there was a 6% inflation. We say that these figures are

irreconcilable. This is the first time that a Finance Minister has ever told us that the economy declines by less in real terms than it does in nominal terms. That is economic foolishness.

Sir, let us look at the published information and choose our own examples. In 1981 the economy grew in nominal terms by 11.1%. There was inflation that year and to get the figure for real growth inflation had to be taken in. When this was done it was found that the economy had not grown at all. In real terms it had declined by 1.9%. I will take another year, Sir. In 1983 the economy grew in nominal terms by 6.4%. Inflation was again taken into account. The economy was found to have grown in real terms by .5%. The same picture is obtained when we look at 1991 which is the first year in which the economy declined even in nominal terms. 8.50 p.m.

It declined in nominal terms by 2.5%. When inflation of 6% was taken into account it was found to have declined in real terms by 4.2%. In every instance prior to 1992 the performance in real terms was worst than the performance in nominal terms. And that is a matter of common sense.

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In 1992 when this economy declined in nominal terms by almost 1% - 6.9% to be exact - and there was again a 6% inflation, this Minister comes in here and he tells us that the economy declined in real terms by only 4%. He says that we have done better in real terms than we have done in nominal terms. Do you know what he is telling me, Mr. Speaker, Sir, and you? He is telling us that we are better off paying \$6.20 for a gallon of gas than we were before the price went up. If we are driving the same car with the same size tank and filling up at the same petrol station and it used to cost us \$50.00 to fill up, now it is costing us \$56.00 and change and he is telling us we are still better off.

Take the example of the little old lady, the pensioner, who is dependent on her miserly old age pension. She goes to the supermarket and she picks up the same things that she was picking up yesterday. Let us say, yesterday it cost her, Mr. Speaker, \$30.00, today it may cost her \$33.00 but the Central Bank and this Minister is telling her she is better off.

Mr. Speaker, I submit to this House that the Minister seems to care as little about the accuracy of the information he gives us, as he does about the people of this country. And that is why he can increase the tax on insurance premiums. Home owners already have a problem of rates nearly doubling because of what the re-insurers abroad have been doing, and he is increasing them further.

The insurance agents are driving around the country burning gasoline at \$6.20 per gallon, the highest in any Caribbean country, oil producing or non oil producing, and they are complaining that business is down. Prospective clients are finding it difficult to buy insurance and he has hit them a double whammy. First he takes away their discretionary income, then the tax concessions and now he sends up the price. Mr. Speaker, Sir, the only policy this Minister knows and is certain about is tax, tax, tax and more tax. We say it is a policy that has failed miserably and yet all he can offer is more taxes.

Mr. Speaker, Sir, the Minister is good at quoting from the scriptures but when he is quoting he seems to bypass Zacchaeus and all of the implications of the mirror image of Zacchaeus.

Mr. Speaker, I also have a greater concern about the state of this country and the spectre of an exchange rate change which has been caused by the policy of this Government, Sir.

Mr. Speaker, Sir, when the economy ran up a large deficit in 1990 it was financed 62% by the printing of money through the Central Bank and yet the Minister has learned nothing. Look at page 10 of the Auditor General's Report, paragraph 2.13. The amount of \$212 700 000 liability to Central Bank represents temporary advances outstanding and exceeds the statutory limit by \$41 625 155. In short, Sir, the Minister has been in breach of the laws governing the finances by the Central Bank of Government's overdraft.

This Minister came in here and validated his illegal borrowings by raising the limit from 10% to 17.5 % but he has continued, despite that validation, to break the law by going ahead and again exceeding the limit, Sir. And just as this law breaking has been continuing so too has the reckless spending.

Time is not going to permit me to document the wastage. Some Members have referred to the wastage that has already occurred at the St. Joseph Hospital now costing us \$28 million. We know that \$11 million in work was given out without tender, again contrary to the Financial and Audit Rules. At Sherbourne, in 1988, the Minister told us that it would cost us \$25 million. We now have an estimate of \$58 million to cover. And the Minister boasts tonight that he is going to increase our earnings from foreign enterprises by the help of his ambassadors-at-large - the new scud missiles.

There are public officers in the service of this country who have had training in trade and economic matters and there are many successful Barbadian businessmen who can give effective service to their country. But this Government picks off the pile of business rejects, two of this country's most spectacular cases of career failures, and imposes them on our backs and calls them Trade Commissioners and says this is the way of getting Barbados out of its economic difficulties.

Wastage and more wastage and then the Minister comes in here with his pious nonsense about let us put our hands together. For what purpose? To inflict more pain and suffering on the public? To assist in wrecking the economy even further? To find more jobs for the boys? We have seriously, Sir, to look at how this Government has failed and that this is not the time to mock piety. It is the time for a Government that has failed to get out of the way and let the electors choose who shall lead them.

Time is not going to permit me, Mr. Speaker, Sir, to deal with those who are among the supporters of the Honourable Member in his mission of the ruining of this economy and this society but I must at least reply to a couple of the speakers on the other side, Sir.

The Minister of State, the Honourable Member for St. John, has a distinct debating style that emphasises

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style more than content. I have no doubt that he will remain as an effective school boy debater, Sir. But in repeating the Honourable Member for St. Peter's statement that the policies of former Prime Ministers have taken the country as far as those policies could have taken us and that new directions now have to be found he should have thought more of the condemnation of his own Prime Minister that was inherent in that statement and less about the inflections in his voice. He does himself no credit, Sir, in referring to the World Bank's position on devaluation of the Barbados dollar when he was in a position to get up and deny that that is a matter of serious disagreement between the Government and the Bank. That continues to prevent us from accessing the World Bank funds. 9.00 p.m.

Sir, I was disgusted to hear him refer to his elders as pimps. He is still young however, Sir, and I am sure those words may come back to haunt him. But it does not sit well with me that he should be so disrespectful of the rights of some Barbadians who feel that we have a right to information that comes out of the Central Bank.

Mr. Speaker, I want to address now a matter raised by two Honourable Members on the back bench, the Honourable Member for Christ Church East Central and the Honourable Member for St. Michael Central. The Honourable Member for Christ Church East Central is right when he states that since 1980 prices have risen faster than wages - 199 points to 182. It must be against that background as well as some of the other matters to which I am going to refer that we have to look at the Government's prices and incomes policy. In the past 18 months, Sir, the Government's policies have put thousands of Barbadians below the poverty line and given a boost to hopelessness, begging, vagrancy and every manner of petty crime. It has taken away jobs from people by converting full-time employment to part-time, by week off and week on, by a 3-day week even at NCC and a 3-week month. It has done it by using oppressive taxation to erode the workers' earnings and it has done it by employing policies that discourage investment and thereby the creation of new jobs.

In addition, Sir, the Government's incomes policy depends on the ability of the unions and the employers to reach consensus on the role of the National Productivity Board and the capacity of that Board to work out meaningful and generally acceptable guidelines on productivity. I say, Sir, that the Government itself does

not seem to have much belief in the reality of the Board when it seeks to fund the Board by \$210 000 in these Estimates. I am told by people that that would not adequately fund the Board. I ask, Sir, what is the position of the unionists. I hear a statement from the Honourable Member for St. Michael Central which seems to be based on principle. But I found great difficulty in understanding the position of the Honourable Member for Christ Church East Central on this issue of wage freeze. I find even greater difficulty, Mr. Speaker, in understanding the position of the Honourable Member for St. Lucy .because in 1982 the Honourable Member as the then senior Assistant General Secretary of the Barbados Workers Union moved and read the resolution at Mangrove, St. Philip on Saturday, April 1st in these terms:

"Whereas the Government of Barbados has repeatedly called for wage restraint and has urged the private sector to adopt this practice in wage negotiations,

Whereas the imposition of levies, consumption taxes and increases in the cost of living continue to erode the real wage of workers and, indeed, contribute to a serious deterioration in the standard of living, Whereas the Barbados Workers Union does not consider wage restraint to be in the best interest of the workers of this country,

Be it resolved that the workers of Barbados at their 1982 May Day Celebrations in Mangrove, St. Philip reject the call for wage restraint and support the Barbados Workers Union in its determination to negotiate decent levels of wages and improvement in the working conditions of workers in this country."

Mr. SPEAKER: I am now asking the Honourable Member to conclude very quickly.

Mr. H. deB. FORDE: Sir, it is that type of opportunistic attitude to politics that is undermining the faith of the people in politicians. No doubt that is why last night, Sir, we saw the situation where the Honourable Member for St. Michael West Central had emptied the hall. I had to say to myself that I have seen Hall empty the hall of the public galleries. It is very urgent that we break this bad cycle in Barbados and provide jobs for our people. In every Budget, Sir, this Minister of Finance promises results that he is unable to achieve. His policies, I submit, have failed utterly. Everybody can see this except the Minister.

Mr. Speaker, I am coming home on the home stretch.

On Gold Cup Day, there was a race in which one horse ran in blinkers. It promised. It did not achieve. Mr. Speaker, do you know the name of that horse? Finance Minister!

Mr. SPEAKER: The Honourable Member for St. Michael West.

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Hon. B. M. TAITT: Mr. Speaker, Sir, it is very interesting that the Honourable Member who just sat down could finish by making reference to the horse owned by his colleague who sits next to him. I am very sorry...

Mr. D. A. C. SIMMONS: On a point of order, Sir. It is a pity that the Honourable Member should begin his speech with an untruth. How outstanding and untruthful on his part to suggest that I have a horse called Finance Minister.

Hon. B. M. TAITT: Sir, I had not even finished making the point before the Honourable Member got up and said that I am lying. But I was going on to make the point that, if he had referred to his colleague next door, he would have been able to know that Finance Minister won the last 3 races he ran.

Aside.

Hon. B. M. TAITT: Anyhow, Sir, not having gone to the races for a very long time, I am taking his advice. You would appreciate that if the Honourable Member for St. Michael West Central gives me advice on horses that I can take it. But I should have realised that he is not now reliable in that field.

Sir, this debate has been going for some time and much of what can be said has in fact been said. But when one listens to the debate, there is a sense of *deja vu*. There is a sense that we are just having the same things

being said over and over again. The truth is, Sir, that the only people who do not know that we have an economic crisis in Barbados seem to be some of the Honourable Members on that side in this sense. When one listens to them talk about the poverty stricken people out there who are in the process of dropping like flies as they walk around, you get this picture as the Barbados Opposition Members speak of the people moving into a position of suffering that is second only to the photographs and pictures one sees in Africa. If you listen carefully and as you make notes about what they are saying, Sir, you have this very strange feeling that some of us are not on the same wave-link.

Fifteen months ago, the Honourable Member for St. Michael South came to this House and he went to the people of Barbados with a document which indicated that we had gone to the International Monetary Fund. That is a fact. At that time, it was indicated that if all things went according to plan that we should have growth in the economy during the year 1992. 9.10 p.m.

The fact is, Sir, that we have not had any growth. The reasons why we have not had any growth are open to examination and should be subject to vigorous examination, but the prescription which has been put forward, because we have not had growth, itself has to be examined in terms of an economy that has not had growth. I have a lot of difficulty, therefore, Sir, with some of the utterances which have come from the Honourable Members on the other side as they talked about the proposals which have essentially been put into the budgetary statement and tax proposals for this year.

The Minister of Finance has from time to time, whether it was this Honourable Member or previous Ministers of Finance, has deemed it necessary and desirable to put preambular information before the actual tax proposals. You would not believe, Sir, that Honourable Members on that side were party to, and part of, what in essence was the first presentation of the Economic Report as part of the speech of a Minister of Finance. I have been in this House a very long time and I remember the late Tom Adams started this process of giving the people of Barbados information. This Minister on this occasion did not present the Economic Report as part of his speech, he sought to put in philosophical terms his own perception of what is, what is happening, how he proposes to deal with it and then he put the budgetary proposals. I have a little difficulty with the - pardon the expression, Sir - but the grandstanding which is picturing the people of Barbados in these great difficulties.

I have constituents, Sir. I see them every Thursday in large numbers still. They average about 40 every Thursday evening. I am aware that they have difficulty, but I am also aware that there are a number of people in Barbados from the lower echelons of this society who are making a greater effort to understand the issue than some of the Honourable Members, who ought to know better.

An incomes policy, Sir, is not something that has been snatched out of the air by the present Minister of Finance. An incomes policy is not something that has been thrust upon this House for the first time in 1993. For as long as we have debates in the 1980s we have been having some form of incomes policy. Mr. Speaker, I draw to your attention, I remind you, Sir, that in the 1970s when I was Minister responsible for trade we had an incomes policy. It was instituted in terms of price control.

Aside.

Hon. B. M. TAITT: The Honourable Members might not understand that that too constitutes part of an incomes policy, because they have not determined exactly what is an incomes policy. There have been many people writing about it, and I do not propose to speak about it in terms of giving a lecture, but suffice it to say that we have had... The Honourable Member for St. Peter in 1982 discussed an incomes policy in Barbados, and really what we are

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talking about here today is one incomes policy that has been determined on the basis of a failure of the policy, a failure of the programme to generate the kind of growth that was anticipated.

Mr. Speaker, before I go any further, I want to refer to a proposal which has caused some confusion and

which I have promised a number of people that on this occasion I would seek to clarify. Unfortunately, as a result of a misrepresentation in one of the newspapers, a proposal which I made in this House was put out as a tax proposal. I never advocated any tax for this economy. I do not believe that we should tamper with the direct tax system on an ongoing basis. It would have been passing strange for this Government to have on the one hand removed the Stabilisation Tax in January 1993 and then on the other impose its equivalent by some other name two months later. So I did not propose any tax.

What I said was simply this, or words to this effect. In the first place, much of the discussion about the "restoration of the 8%" was faulty and misinformed. There was nothing to restore, because the law as it stood did not allow for any such consideration. Section 7(1) of the Public Service Reduction of Emoluments Act, 1991-13 states, and I quote:

"This Act shall come into operation on the 1st day of October, 1991 and, subject to subsection (2) shall cease to have effect on the 31st day of March, 1993."

Subsection (2), which relates to incremental increases, states merely that section 4(7) and (8) shall cease to have effect on the 30th day of September, 1993. What it means is well known to those Honourable Members who know about it, but some people have not even looked at the law. It means that as of the 31st day of March, 1993 there is no more 8% full stop.

What then was required, Sir, and what I spoke about, was a new arrangement for continuation of a transparent, coherent incomes policy. In pursuit of such objective, Sir, what I was saying was that instead of a repeat of the 8% pay cut for the public sector workers only, there should be a 1% to 2% cut or give back by the entire work force. This would have had the very desirable effect, as I saw it, of transforming income into capital, a vital need if we are to become competitive and get our economy moving again. Sir, it has been advanced by some people that the role of the private sector in the sharing of the burden of the last 18 months was much stronger and greater than we have given them credit for. They say that people suffered lay offs and half weeks, *et cetera*, and therefore that was the equivalent of the 8% cut. What I have argued is that some of the public persons who had the 8% cut also had lay offs and short weeks, and the Honourable Member for Christ Church West mentioned some of those. That is not the crux of our problem, however. The economic decisions, especially at the micro economic stages, are not triggered by logic so much as they are by intuition and instinct. In this connection there is a clear perception by the public sector workers that they have been disadvantaged, and a continuation of the source of that perception would only have led to distrust and demoralisation of the public sector.

I have shuddered to think what would have happened if the Minister of Finance had come in here with a Resolution to continue the 8%. I have to be honest with you, Sir. I do not think he would have got a majority. It is a question that is, above all, moral and the public sector therefore believed, and they still believe, that they carried the brunt of the pressure in the last 18 months and therefore any solution which we find would have to be a solution that is spread across the broader community and would be more acceptable to all and sundry.

Now, Sir, there is a fallacy that the consequence of the restoration would be detrimental and they say if the full 8% is restored it would create problems. Mr. Speaker, I wish to submit that the restoration of the 8%, far from creating problems, will operate in some ways as a lever for the starting up of the economy, and here is how I arrived at that. If the full 8% is restored, the cost to the Government would be \$36 million.

9.20 p.m.

If one takes the tax take from that, it is \$25.2 million. It is expected that the majority of this would be saved. Of the 3 ways in which such a windfall may be used would be

- (a) to repay debt
- (b) to increase consumption
- (c) to increase savings.

It is reasonable to suggest that to increase savings is the strongest motive for workers who have in the last year adjusted to the cut. If this is accepted as the most likely outcome then interest rates should decline. Cheaper funds may boost investments and generate employment in the medium term. This I submit is better than the temporary jobs which would be created if the \$36 million was made available without more for capital projects. If, in fact, capital projects were the result of the \$36 million, 50% to 60% of that would require foreign exchange to purchase inputs. A further 40% may be allocated to wages and salaries.

Now an average salary of say, \$18 000 per annum approximately 800 new jobs would have been created. Since new employee is entitled to \$13 000 in allowances, Government's income tax take would have been

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\$4 million. So it would be \$4 million as compared with \$10.8 million if the 8% is restored. The 8% restoration provides a greater income for the Government for tax purposes than in fact if the \$36 million had been used for mere capital funds.

The Honourable Member for Christ Church West said and left the impression that the people of Barbados are worse off. I wish to draw to your attention, Sir, some of the readouts on the impact of changes in the taxation on workers according to the tax band. Up to \$1 090, persons without children would have a net pay of \$937.40, after January 1993 that net pay has gone to \$976.28. A married woman with 2 children - \$937.40 with \$976.28. Up to \$12 050 per month a person without children would have a net pay of \$1 075 and now it is \$1 079.88. I will make this available to Honourable Members because it denies and belies what they have been trying to say and what this information suggests is that persons are now getting a higher net pay after January 1993 than they were getting before.

Sir, I make that point to deny much of what has been said by Honourable Members about the impact which the direct tax reform has been having on those persons who are working. One cannot deny that the unemployment level in Barbados is too high. It is important that we find solutions to that problem of unemployment, but we cannot pretend that we are the only country in the world with high unemployment notwithstanding information given about which economies have grown around us. We cannot pretend we are the only country in the world that is laying off people. In the private sector in the United States - if you read any of the books or the newspapers or the information that is coming out - 50 000 laid off here. IBM is laying off another 25 000, Sears is laying off another 50 000. You can find throughout the whole of the United States, in the private sector, indications that although their economy has started to grow they are still downsizing and laying off people.

Mr. Speaker, the Honourable Member says that indirect taxation is going to affect negatively the tourism sector. That is probably true. But, it is also true that those hotels in Barbados who have taken the trouble to market their properties, who have taken the trouble to manage their properties have been successful and continue to be successful. The Hilton Hotel has had an average of 80% occupancy all year round. The Casuarinas had an average in excess of 80% all year round. The Royal Pavilion, Sandy Lane, in excess of 80% all year round.

Miss B. M. MILLER: On a point of order. Last week Sandy Lane had an occupancy rate of 40%.

Hon. B. M. TAITT: Sir, statistics usually create a problem for the Honourable Member. I said an average of 80%. They have to have some low some time and some high some time. The Honourable Member cannot get up and say they had 40% last weekend. This Honourable Member always wishes to interfere when I get up to speak, even in these debates, and now she gets up with some foolishness about last week.

Mr. SPEAKER: No. No. No. Interruptions? You have points of order. You have explanations, elucidations. Those are legitimate points of interruptions.

Hon. B. M. TAITT: Mr. Speaker, the Honourable Member wishes me to address the issue which she sought by way of this public television broadcast to put out in the market place. They have a knee-jerk problem with St. Joseph. You say St. Joseph and they start salivating. The reason is simple. The Barbados Labour Party failed to continue the St. Joseph Hospital when its cost to continue would have been extremely low. The Democratic Labour Party made it a political issue because the Democratic Labour Party believed and still believes that the people from the North are entitled to good health care. We purchased the St. Joseph Hospital. We have refurbished the St. Joseph Hospital and we invite - I have offered the Honourable Member for St. Peter to take him. Put your hand in my hand, and I will take you into the St. Joseph Hospital so you can see what we have done because every single person who has seen it has marvelled at what we have been able to do there.

Mr. Speaker, the St. Joseph Hospital was purchased and we have indicated we are going to do it. The Honourable Member for the City got up in here and said 70:30 has not been put in the market place, the concept of 70% private. I could not believe because the Honourable Member is not exactly a person who cannot read and write. On page 4577 when the St. Joseph Hospital Bill, 1989 was debated in this Honourable Chamber this is what I said in this Honourable Chamber.

"I told the Cabinet then that I wanted to propose and accept as a policy that the Hospital should be run on a mostly private and public basis a ratio which has not been worked out in absolute detail but which I give the House the assurance we would come back and indicate but the proposal and the policy embodied in the Bill will be that the Hospital will be overwhelmingly private and it will cater to public patients as well whereas the Queen Elizabeth ratio is something like 90 public to 10 private the ratio at the St. Joseph Hospital will be overwhelmingly private 70:30 or 80:20 such that the Hospital should all things being equal break even within a five-year period and should, if it is run efficiently and all goes well, not require any subvention or any significant subvention from the Government after five years." 9.30 p.m.

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Mr. Speaker, at page 4582...

Aside.

Hon. B. M. TAITT: I said, Sir, in the methodology it will be more akin to a North American Hospital than it would be akin to the English system. That is to say the Hospital methodology is going to be pretty much what it was like before the Hospital closed because you know the St. Joseph Hospital operated slightly differently. We are going to try here to combine the best of both systems. YQU will notice we have made provision for the University Dean of the Medical Faculty at Cave Hill to be a member of the Board because the link between the St. Joseph Hospital and the Queen Elizabeth Hospital will be the link that did not exist when it operated in the past. In fact, one of the reasons why the Sisters had to close the St. Joseph Hospital is that there was not enough through-put at the Hospital and they sought to have a relationship with the Queen Elizabeth Hospital but they could not agree on the ratios and numbers that would be transferred or allowed to be transferred from one place to another.

I would say, Mr. Speaker, to all those who wonder at the efficacy or the necessity for acquiring the St. Joseph Hospital that the Queen Elizabeth Hospital is dangerously overcrowded from time to time. As a matter of fact in some wards this is so all the time. There are those persons who seek to suggest that the acquisition of the St. Joseph Hospital is a luxury. I say it is not a luxury. It is an absolute necessity if we are to maintain the high quality care that we talked about. The nosocomial infection levels must be kept within the low standards recognised by the World Health Organisation. I say no more on that. I say only that if you have patients in the corridor you are endangering the lives of those patients. If you have wards that were designed for 26 patients and they have 35, it is dangerous to the patients. Anyone who goes to the Queen Elizabeth Hospital from time to time will know that we have accepted that except for pediatrics at times it has been positively dangerous. That is what we had and what we have now. We will have some relief with another Hospital of high quality in the North and I would like to think that this Hospital would

be perceived in the first instance as a Hospital for the North.

Mr. Speaker, the Honourable Member for the City sought in the context of all of Barbados to give the impression that no policy has ever been outlined for the St. Joseph Hospital. It can be found between the pages of 4575 to page 4632. The Honourable Member can find the entire policy for the St. Joseph Hospital here in this book called Hansard. I have spent time on it because there have been a number of innuendoes about the St. Joseph Hospital first from those persons who were waiting in the wings to purchase it for their own use, and then by other persons who have their own axes to grind.

Mr. Speaker, if I have taken the trouble to talk about the St Joseph Hospital it is because I believe still that it is an important aspect of our policy. I cannot speak enough about the St. Joseph Hospital. I will invite persons to come down when they can. But I will say this. The number of consultations we have had so far are 493, the number of patients 317 and surgical cases 122. Eleven of them were major surgery. The number of deliveries were 3. They have gone from 1 to 3. One of them was a caesarean section. I invite the Honourable Member for the City to go and check it out. The number of patients sent to the Queen Elizabeth Hospital because of problems - zero. We have had elective admissions only. We had no emergency at the St. Joseph Hospital but emergency will come as I said in the policy document I outlined when I spoke before.

Mr. Speaker, I do not wish to go unless I speak about...

Aside.

Hon. B. M. TAITT: Sir, these things need to be put on the marketplace. The chap with asthma was a case of a young woman who had her husband with her and she ran to the St Joseph Hospital with the man who was having an asthmatic attack. The St Joseph Hospital is not equipped to deal with asthmatic attacks. She was in panic. The nurse told her to go to the Queen Elizabeth Hospital where they have the most advanced asthma bay in the Caribbean. His young son was able to give him CPR. He went to the Queen Elizabeth Hospital and was saved.

Sir, the reason why we have to have the St Joseph Hospital is so that the woman from Ashton Hall who was a nursing assistant who had an asthma attack in Ashton Hall and who died because the ambulance did not get there fast enough and the other people in the North who are susceptible to the same problems, we have to have a hospital in the North.

Mr. Speaker, in Puerto Rico there are 25 hospitals. I do not understand the Lilliputian mentality which keeps talking about the St Joseph Hospital as if the people in the North of Barbados are not entitled to high quality service. This Government made a decision about the St. Joseph Hospital and the other Honourable Members over there do not wish to see it work but in the name of God it is going to work. I do not want to go, Sir, without addressing another question that is constantly put in the place. Everywhere you turn somebody is talking about devaluation. They talk about devaluation in the same way they talk about cricket. It is coming next week. We had some people who got on the telephone and told people to take their money out of Barbados. These are people who believe...

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Aside.

Hon. B. M. TAITT: The Honourable Member has more money than she pretends. The Honourable Member lives on the West Coast. She has money. Do not let anybody confuse herself with that. They get on the telephone and tell people to take their money out of the country. Apart from that unpatriotic nature of that kind of advice, the fact is that one greater than I in Economics spoke about devaluation. I am going to quote Sir Arthur Lewis. He wrote a book called "Development Planning". At page 52 of that book he had this to say (it is short):-
"If a country's domestic costs rise faster than those of competing countries, it can stay in line only by

devaluing its currency to the extent of the divergence. Getting back into line is not easy, because devaluation itself raises domestic prices further. Devaluation raises the cost of imports, and therefore the cost of living. This provokes demands for higher wages and other incomes. If these are granted, part or all of the devaluation will have been cancelled out by the increase of domestic costs. Granting these demands therefore raises the cost of living further, and so sets in motion the spiral in which prices and incomes chase each other. Most countries which resort to a devaluation find that it is not a once-for-all, but that best converging process, in which it takes a series of devaluations, some severe, to reach the desired equilibrium between domestic costs and foreign prices, even though the original divergence may not have been very large. Hence devaluation, essential as it is once prices have got out of line, is something to be avoided if one can manage without it."

What we have been trying to do, Sir, is to avoid devaluation because a devaluation for Barbados would be devastating. It will bring the kind of havoc in this economy that has not been imagined by those persons who seem to be wishing to have devaluation. If the Honourable Member asked civil servants to take a 8% cut in pursuit of the avoidance of devaluation and it becomes necessary to try another policy programme in pursuit of the avoidance of devaluation, I say that all of us have to try because the evil that lurks behind the cloud of devaluation is greater than any evil imagined or real which can be visited upon the people at this time. As for the evils that have visited upon the people, Barbados and Barbadians can take a freeze. I was advocating a 2% cut so obviously I am going to support a freeze. But a freeze is not a case where you comedown like a guillotine and thereafter nothing happens.

In the proposal which I made and in this proposal, at least there are 2 Honourable Members who themselves have demonstrated by their approach that they understand much better than their critics what are the needs of Barbadians. They understand and fight for the same kinds of people which certain politicians only remember when it is convenient to do so. These Honourable Members appreciate and understand and that is why they fight. Sometimes they fight at great costs. Mr. Speaker, a freeze, therefore, like what I was proposing in the 2%, would require that future discussion will bring about the framework and guidelines within which persons will get gains from the economy. They both call for whatever increases one gets in the future to be based on productivity. Even productivity will require some discussion. 9.40 p.m.

Even productivity will require some discussion because what it means is not settled. There is no settlement of what constitutes productivity and there are all kinds of difficulties concerning that. But the country owes it to itself, and we, as the leaders in this country, owe it to the country to get together and put our heads together and put aside our individual differences.

We need to do that, Sir. The country requires it. We had a situation when the Barbados team were playing against Trinidad. We made 73 or some such small score and everybody, as usual, dropped their hand and started to curse the team. I believe that the captain and the coach and the manager and some other senior people said to them, "fellows we can do it". They pointed out that we had the ability, we had the skill, we had the opportunity, and all we needed was the will. Before long that team was making a massive score and we went on to win that match. The same way it happened with the West Indies team when we were here playing South Africa. All we need to do, Sir, is to try. Mr. Speaker, in that connection, I cannot leave unless I register a protest. I sat, Sir, with the Deputy Prime Minister and the Honourable Member for St. John, at a sub-committee of the Cabinet, mandated to have discussions with the Coalition. I sat with that Coalition and I was mortified when an Honourable Member was able to make reference in his speech to the proceedings that had gone on there in a systematic manner.

I have a lot of difficulty in sitting down in good faith with anybody, anywhere, Sir, and I am making my position clear. I have a lot of difficulty. There has to be a level of integrity when people sit down as serious discussants in a matter. Those persons, whoever they are, and I am not talking of someone

who sneaks a document and it falls off a truck, that apparently is part of the course. I am speaking about if someone sits in a meeting in good faith and then sneaks out the documentation or the report of that meeting and passes it to parties who did not participate. It does not augur well for the quality of trust that will exist in the future.

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I say that as a word to the wise. I am nothing to do with Richie. Richie is a comic strip, as far as I am concerned, that you see. Do not talk to me about anybody. I am not getting involved in that. I am saying that if I sit down in a discussion representing the Government and I have responsibility ... Let me say, Sir, and I am not calling any names. The Leader of the Coalition was not there, but the person who substituted for him as leader from another place. I was impressed with that person. I was impressed with the Coalition generally. It was the first time I sat down with them and I have to say I was impressed with the maturity and the level of interest and commitment which I found among the representatives of the workers.

I must say that some of the private sector people who have made personal contact with me, indicate the same kind of level of maturity. All we need now is to get some maturity from most of the politicians. There are one or two who exhibit it. In fairness I have to say that I noticed it in one or two, and I have no difficulty saying to Honourable Members on that side.

You will notice that I have not interfered with the Honourable Member for Christ Church West, today, Sir. I have no difficulty saying that to Honourable Members on that side who do well, especially in this crisis. This crisis, Sir, in the final analysis, is going to have our young people judging us, not in terms of who is a better "B" or who is a better "D".

I wish to issue a warning to Honourable Members in this Chamber on both sides of the House. The young people of this country have different means and ways of thinking from the Members of this Honourable House and other people of our age group, but they are going to judge us in terms of how well we stood up at the time when the country was in crisis. They are not going to be so concerned as to whose fault it was.

Mr. SPEAKER: The Honourable Member will conclude.

Hon. B. M. TAITT: Otherwise, Sir, they would probably never wish to see anybody from the Barbados Labour Party. But they are going to judge all of us on how, when the time came, we stood up and that applies to all Members on both sides of the House. Let us take this opportunity of this economic crisis and turn it into gold. You have to pass through the fire and the water before you get the steel. You have to put it in the fire and burn it over and over again and I appeal to my colleagues on both sides to let us do it together because I know, Sir, that we can. I am grateful to you.

Mr. SPEAKER: The Honourable Prime Minister.

Rt. Hon. L. E. SANDIFORD: What a better way for a wicket to be prepared than by that very outstanding speech by the Member for St. Michael West. I am on this occasion not going to speak for very long, Sir. I have already spoken for almost 3 hours in this debate and I have dealt with the issues relating to our current situation.

I am not going to spend either any time or much time on the contributions made by the Members on that side, least of all by the Leader of the Opposition, because I believe that he is as irrelevant to the politics of this country as he is to the Barbados Labour Party and I am sure the Member for St. George South may agree with me, but I am not backing him. Even though he is my closest friend over there I still have to ...

Aside. '

Rt. Hon. L. E. SANDIFORD: No, no, Henry is my friend, I will take care of him but the Member for St. George South is my closest friend over there. If I had to back anybody, I am on merit with the Member for St. Joseph.

Sir, let me say, on this occasion that I would wish we would really come back to the main issue. There is no running away from it. We are facing a situation in Barbados, and the world is facing a situation, that it has never faced with this intensity since the end of the second World War.

The recession that the world has experienced is the worst since the depression of the 1930s. And so when we have to respond to a situation, it is not simply by way of comparison with other recessions, this is the most intense and the most virulent that this country and the countries of the world have experienced. So let us understand that. We have to do something about it 9.50 p.m.

We cannot go through a book of lamentations and simply repeat that there is suffering, pain, grief, unemployment and crime whatever. Going over and over those issues does not solve the problems. What we have to do as a legislative body and what we have to do as a nation is to work out an approach for dealing with those problems.

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I would like to thank the Members on this side perhaps -with one exception, Sir, for the contributions that they have made. Sir, the contributions have been very outstanding and to the point. They have spoken to the issues and they have rebutted - I almost said trivial, Sir, but I will not use that term - some of the points that were very wide of the mark made by some Members on that side.

Now I have analyzed the situation and I believe, Sir, that the game plan was that the Government was either not going to restore the 8 per cent or was going to come with some kind of modification.

Therefore, the plan was that there would have been this almighty stirring up of emotions and criticisms and so on. We have come neither with non-restoration nor 4 per cent, 2 per cent or anything like that. We have said that we made a commitment. I had discussions all around including a discussion with the Member for St. Michael Central and I understood fully what was the position of the unions on this matter. I also know what is the overall national position. Having taken all of the factors into account, I determined after discussions with my Cabinet that we were going to follow this particular course. We have done so. We have kept our word and the people of this country realise that we have done what we had to do and we have done what was in the best interest of this country.

Sir, I do not think that we can call for any greater integrity. I heard Members talk about integrity and they said the only word that I did not use was integrity. That is a demonstration of integrity itself where it is said that at the end of a particular period the law would take its course and it has taken its course as the Member for St. Michael West has pointed out. So enough of that.

We are saying now that we have to take steps very carefully as we move out of this stabilisation programme to ensure that we have other programmes in place that will keep the ship of state on even keel. We are seeking to have a co-ordinated programme among the international institutions so that we can have an inflow of resources from two sources, the World Bank and the Inter-American Development Bank. We are seeking to put in place the conditions which would secure that.

I do not know whether we will be successful in all that we seek to achieve. I do not know. What I do know is that having come out of a programme with the International Monetary Fund that we are seeking to put that macro-economic framework in place which the World Bank and the Inter-American Development Bank said that they would be comfortable with, that is working together with the two Brettonwoods institutions and the Inter-American Development Bank. That is what we are seeking to do. We seek to have a framework that will say that our objective is to maintain the exchange rate parity of the Barbados dollar with the U.S. dollar and then to achieve the other goals that we have spoken about. That is where we are, Sir. No more or no less than that. But we have to take the decisions that will permit us to restructure our economy and not just stabilise and Members

are entitled to their positions on it. My own position and view of the recent economic history of Barbados is that during the 1980s when recession hit Barbados, the second one since the 1970s, that steps were taken to stabilise the economy through a programme with the assistance of the International Monetary Fund. However, there were structural problems which were not dealt with in as deep a way as they should have been dealt with. A cursory glance at the statistics will show that when we look at the productive sectors that they were in decline since the 1960s.

Sir, that is true of sugar. Sugar has been on the decline since the 1960s. I can find the statistics, Sir, to underline that particular problem in terms of sugar production. In 1965, we produced 199 000 tonnes of sugar. Two years later in 1967 we reached 204 000 tonnes of sugar. Now what happened in the periods after that. Between 1966 and 1970, we had 167 000 tonnes produced on average and between 1970 and 1975 an average of 122 000 tonnes. Between 1976 and 1980 on average we produced 117 000 tonnes. Between 1981 and 1985 we produced 94 000 tonnes and between 1986 and 1991 86 000 tonnes on average. This is evidence that there has been a structural problem in the industry down through the years and we have to do something about it, because agriculture including sugar agriculture is one of our major areas. I have promised not to get into any debate on sugar because I believe that it is really ridiculous in this country for the national energies to be directed into the channel of talking about the quality of sugar coming from some country outside of the region. I believe that that question should not arise and that we should be producing our own sugar in the quantities that we require with enough to meet our commitments overseas. 10.00 p.m.

Let us direct the energies to producing our sugar. That is what we have decided to do, because we are seeking now to deal with the problems that were not dealt with significantly, and that is the question of the sugar debt, the question of sugar production and we are putting in place the institutions and the policies to deal with those matters.

Now when we go to the other major sector, manufacturing, there has been a lot of talk about restoring concessions and all of that. Let me say, Mr. Speaker, that no Minister of Finance has done more by way of giving concessions to the manufacturing sector as I have done. Let us understand that between the period 1975 and 1986 very few concessions were given to the manufacturers, and I have said very few to allow for any error on my part.

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In 1987 there was a reduction of stamp duty on CARICOM imports from 12% to 10%. In 1988, removal of stamp duty, 15% on raw materials and packaging materials from extra regional sources with a revenue loss of \$35 million. There was also removal of stamp duty on CARICOM imports on a reciprocal basis with revenue loss of some \$20 million. In 1989 stamp duty on equipment and machinery for the manufacturing sector remained at 15% while all non-CARICOM imports, were subjected to a 20% stamp duty. Exemption of machinery and equipment imported for use in the manufacturing sector from import duty and consumption tax, and the revenue lost was \$4 million.

In 1990 companies manufacturing pharmaceutical products were permitted to import raw materials free of stamp duty. Stamp duty on raw materials imported from Belize and St. Kitts and Nevis removed. Bottles, cans, lids and crowns from extra regional and regional sources were allowed in free of consumption tax and stamp duty for use in the soft drink industry. In 1991, removal of consumption tax on packaging materials for use in the pharmaceutical industry and the removal of consumption tax on packaging materials for use in all manufacturing activities.

That is the record, Sir, but in 1991 also, as a result of the economic adjustment programme, not because one wanted to withdraw these things but in order to put an adjustment programme in place the concessions granted to manufacturers in Part 2(b) of the Customs Tariff and Section 7(d) of the Stamp Duty Act, these were removed. However, manufacturers were allowed to pay 50% of applicable duties and taxes on inputs and a further rebate on duties and taxes based on the proportion of exports to total production. No duties and taxes payable if production is exclusively for export. Then in 1993 removal of stamp duty on raw

materials and packaging materials used in manufacturing and removal of consumption tax from equipment, machinery and spare parts.

Sir, we have a situation in which during the times when we were able to do so we gave concessions, significant concessions, and when there was a downturn, in order to adjust we simply asked for an adjustment, and that is the source of the criticism over there. What I am demonstrating, however, is that in the manufacturing sector, again if we look at some more numbers, between You know, it is very ironical, Sir, that between the years 1975 and 1986, as I said, very few concessions were issued for manufacturing activity, yet during that time the manufacturing sector contributed over 10% in each of those years to the GDP. After that period, Sir, we can find that there seemed to be an inverse ratio.

Aside.

Rt. Hon. L. E. S ANDEFORD: Examine the record, the contribution to the GDP. Between 1976 and 1979 manufacturing as a percentage of real GDP was between 12.8% and 12.1%. During the years 1980 to 1984 it was between 11.8% and 11.6%. During the years 1985 to 1986 it was 10.4%, coming down all the time, and during the years 1987 to 1992 it has ranged between 9.9% and 9.3%, except for 1990 when it was 10%. Consistently over the years the contribution of manufacturing as a percentage of real GDP has been falling. This is also indicative of a structural problem in that particular sector and we have to do something about it. That is why we are introducing structural changes in the programme.

Sir, I am not sure, I could go through the matters relating to the other sector now from 1989 onwards - from the eighties onwards - tourism. Time does not permit me to go into those statistics now. The point I am making, Sir, and the fundamental relationship between this year's Budget and the economic conditions in the country is that we are seeking not merely to have a stabilisation programme and to come out of it and then to go and borrow lots of money and mask the fundamental structural problems in this country, we are seeking to put in place a programme that will ensure that there is a correction of those fundamental problems, whether in agriculture, in manufacturing, in tourism and in other areas as well. That is what we are asking this country to accept, that is what we are asking them to do.

The Honourable Members on that side have said they cannot support this programme. They are entitled to that particular position. We are dealing, Sir, with the people of this country. The programme we have put in place is for the benefit of the people whom we represent. I am as constant as the Northern Star. If I give word I will keep that word and we will walk hand in hand with those who understand the problem, who understand that we are in a situation in which Barbados is not alone. All countries even those to which Honourable Members have been referring as showing growth, that is growth after they have gone through stabilisation programmes, after they have gone through recessionary conditions. And so we will emerge as well. 10.40 p.m.

We have to put in place an incomes policy. We never said that we were laying down the policy from the start. We are drawing up the proposals which we will discuss with the social¹ partners and 2 very responsible speeches on this side were made by the Member for St. Michael Central and the Member for Christ Church East Central. The Member for Christ Church West Central set the stage for this. There is going to be discussion on these matters. I have already said that it is an incomes policy and I was indicating that it is not something that is limited only to wage earners. It has to be broader than that. We hope we can reach some consensus on it. We will hope to include the role for the Productivity Board. It is a programme that is necessary and I am sure that in discussions there will be proposals put forward which may lead to an improved kind of legislation that we can all support. I hope when it comes, then there will be a change of heart over there and the Member for St. Joseph will cease to be as low keyed as he has been. But, I know that is a strategy. I hope that he will exercise that kind of leadership that we all know he is capable of. I am not dealing with the Member for St. Thomas.

They have said all kinds of things about hie, Sir. I am going to turn the other cheek, Sir. I am patient and long suffering. Some time, however, they may say something I will definitely have to respond to. On this occasion, let me say that it has been a long debate and we have locked horns and we have, I

believe, at the end of it explored the issues and we will now come to a determination. I hope that even at this time the Opposition, *Deo Volente*, will have a change of heart and that they would support the Resolution that is before us.

Asides.

Rt. Hon. L. E. SANDIFORD: *Volenti?* Man, you can call that horse anything. It is still going to end up at the back. Every pole it made a losing pole.

Sir, in the interest of building that national consensus, let me appeal once again to the Opposition. Let us demonstrate that we are working as a nation to solve the problems of the nation and that we can rise above our prepared positions and do something for the benefit of all of the people of Barbados. With those words, Sir, I beg to move that this Resolution do now pass.

DIVISION *The bell was rung.*

The question that the Resolution stand part was put and resolved in the affirmative the House dividing as follows:-

Ayes: Rt. Hon. L. E. SANDIFORD, Hon. B. M. TAITT, Hon. M. A. KING, Hon. E. E. GREAVES: Hon. W. O. FRANKLIN, Hon. N. K. SIMMONS, Hon. W. W. HALL, Hon. C. V. WALKER, Hon. D. W. BOWEN, Hon. D. J. H. THOMPSON, Mr. L. L. BRATHWAITE, Mr. C. LeR. TROTMAN, Mr. R. L. MORRIS, Mr. J. O. TUDOR, His Honour T. C. ESTWICK. - 15

Noes: Mr. H. A. BLACKMAN, Mr. H. deB. FORDE, Mr. D. A. C. SIMMONS, Mr. O. S. ARTHUR, Hon. H. B. ST. JOHN, Mr. L. R. TULL, Miss B. A. MILLER, Dr. R. L. CHELTENHAM, Mr. DeL. O. BRADSHAW, Mr. G. W. PAYNE, Mr. R. C. EASTMOND- 11.
Mr. SPEAKER: There is a request to revert to Documents and Papers.

PAPERS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I am commanded to lay the Land Valuation Order 1993.

ADJOURNMENT

Hon. B. M. TAITT: Mr. Speaker, Sir, that brings us to the end of the budgetary debate. I would like to take this opportunity to thank all those persons who participated public officers, members of the staff of Parliament, police officers and all those who participated in helping to protect us as well a make it comfortable for us. I would like to record our thanks.

Mr. Speaker, I would also like to take this opportunity to indicate we will come back on March 30, 1993 and after we will have a short respite.

I therefore beg to move that this House do now adjourn until Tuesday, March 30, 1993.

Mr. H. deB. FORDE: Mr. Speaker, speaking on the adjournment and seconding the adjournment to the 30th, I wish on behalf of this side to thank the staff of Parliament, the police and the media for the cooperation they have given in the past 2 weeks. I think it has been without precedent for the House to have met so continuously and for Members to have worked, certainly on this side, with the industry which they have shown although, let us state that the resources available to the Opposition obviously are not the resources available to the Government. 10.20 p.m.

However, Mr. Speaker, there is one point I wish to make. The Opposition has shown absolute cooperation in this debate even to the extent of the last spokesman, myself, who wound up for the

Opposition not speaking in the conventional manner that is recognised in these debates which is making the last speech then to be succeeded by the spokesman replying last on behalf of the Government. It is a matter which we put aside in the interest of this debate being conducted and coming to a conclusion.

This is the last occasion however, Sir, that the Opposition is going to agree to 2 speeches being made after the last speech for the Opposition has been made. I believe this Parliament must get its conventions clear. When we were in Government we never varied the

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practice. As a matter of fact, we extended to the then Right Honourable Member for St. John an hour's speech more than once. I believe these precedents must be established. I find it extremely and increasingly difficult to show cooperation even on procedural matters with the Government in the way in which the Government will ask you to join hand in hand with them when it suits them and use a different precedent when it does not suit them. I have spoken on this matter very clearly because I say to the Government we either get it right next year or this Opposition will not be cooperating.

Hon. B. M. TAITT: Mr. Speaker,...

Mr. H. deB. FORDE: On a point of order, Sir. The Honourable Member has spoken already on the motion of winding up.

Hon. B. M. TAITT: Mr. Speaker, I have a lot of difficulty with the Honourable Member trying to set rules for this House. He said he was speaking on the motion. If it is a motion I am winding it up. We went very well and I do not appreciate the Honourable Member putting into the record something about some conventions which are not accurate.

First of all, the concept of the Honourable Member as Leader of the Opposition speaking for an hour and talking about it was accorded to Mr. Barrow, it was done on an occasion when the person who spoke second for the Government got an hour as well, the Honourable Member for St. Joseph and on another occasion the Honourable Member for Christ Church South. We agreed when we came back into the House we were going to do away with these artificial arrangements.

The question of who speaks at which point has to do with the numbers and trying to allocate the numbers in a particular way. If the Honourable Member wishes to speak last - he obviously is retiring from the House - because he said this is the last time he is doing it so he clearly is retiring from the House. He is free not to speak. Nobody can make him speak but he is not going to dictate to me or to this side of the House while we have a majority what we are to do. If he wants to lead the House he has to get a majority. He cannot be in the Opposition and behave like if he is the Government. He is not the Government. The Opposition understood that.

We were 7 in here, Sir, and we were ill-treated in the worst manner by the Government of the day. You will recall, Sir, how we have had to almost slink away in the onslaught which would come to us. I do not appreciate the Honourable Member because this is being broadcast trying to give the impression to the public at large that we "have done some heinous wrong to the Opposition. The Opposition has been accorded the same, in fact, better facilities than we ever had in Opposition. I do not think the Honourable Member should do that.

Miss B. A. MILLER: Mr. Speaker, speaking on the adjournment. The ordinary rules of debate anywhere, even in the smallest debating society, would certainly dictate that the person who is going to wind up for the Opposition, whoever that person is, should speak last before the person who is going to wind up for the Government, whoever that person is.

Mr. SPEAKER: I am not part of the debating process but it seems to affect the general procedure of these kinds of debates. At best I think if a precedent has been set, it does not necessarily mean that in future people would want to adopt that precedent. But for the guiding purposes to avoid such a situation I have always said that the convention I knew about 'was that both sides would sit together and I would forego Rule 28 (13) where I would no longer perceive a person to speak by catching my eye but I would use that consensus for that purpose.

Now, if Honourable Members feel they need to look at that again and apprise me of the matter, then I am quite willing. But the Standing Orders itself, and I have to say this that during this debate that particular Standing Order which gives me the right to determine who should speak at all times was not suspended. In the midst of all this debate I would have had the last and ultimate say in determining who should speak so that if I am to be part of helping the process, then you will have to look at your Standing Orders again and make it applicable.

The question that the House do now adjourn until Tuesday March 30, 1993 at 12:00 o'clock noon was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 10.30 p.m.

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