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# THE House of Assembly Debates

## (OFFICIAL REPORT)

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FIRST SESSION 1994 – 99

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### HOUSE OF ASSEMBLY

*Tuesday, May 21, 1996*

Pursuant to the **adjournment**, the House of Assembly met at 5.15 p.m. o'clock on Tuesday, May 21, 1996.

#### PRESENT

His Honour I. A. **ROETT**, B.A., Dip. Ed. (Speaker)  
His Honour R. D. **MARSHALL**, (Deputy Speaker)  
Rt. Hon. L. E. **SANDIFORD**, B.A., M.A., (Econ.),

J.P.

Mr. H. **deB. FORDE**, Q.C., M.A., **LL.B.**

Mr. B. M. **TAITT**, B.A. (Hons.), M.P.A., **LL.B.**  
(Hons.)

Mr. L. A. **WEEKES**, G.C.M., J.P.

Rt. Hon. O. S. **ARTHUR**, **M.Sc.(Econ.)**, (Prime Minister, Minister of Finance and Economic Affairs, and Minister for the Civil Service)

Hon. D. A. C. **SIMMONS**, Q.C., **LL.M.** (Attorney General and Minister of Home Affairs)

Mr. D. J. H. **THOMPSON**, **LL.B.** (Hons.) (Leader of the **Opposition**)

Hon. Sir Harold St. **JOHN**, Q.C., **LL.B.**

Mr. L. R. **TULL**, Q.C., M.A.

Dr. R. L. **CHELTENHAM**, Q.C., M.A., **M.Sc.**  
(Econ.)

Hon. Miss B. A. **MILLER** (Deputy Prime Minister, Minister of Foreign Affairs, Tourism and International Transport) (Leader of the House)

Mr. J. O. **TUDOR**, J.P.

Hon. G. W. **PAYNE** (Minister of Public Works, Transport and Housing)

Hon. R. C. **EASTMOND**, J.P., B.A. (Hons.), Dip. Ed., **LL.B.** (Hons.), L.E.C. (Minister of Agriculture and Rural Development)

Dr. R. C. **HAYNES**, M.B., **Ch.B.**, F.R.C.P. (Edin.)

Mr. D. Carter

Hon. R. N. **GREENIDGE**, B.A., **LL.B.** (Minister of Labour, Community Development and Sports)

Mr. G. A. **CLARKE** (Parliamentary Secretary, Ministry of Public Works, Transport and Housing)

Mr. J. M. **EDGHILL**

**Mr. F. J. STUART**, B.A., **LL.M.**

Mr. W. C. C. **CALLENDER**, J.P., B.A., Dip. **Ed.**, **B.Sc.** (Chairman of Committees)

Mr. H. F. **LASHLEY**

Hon. R. St. C. **TOPPIN**, **LL.B.** (Minister of State in the Ministry of Foreign Affairs, Tourism and International Transport)

Mr. D. St. E. **KELLMAN**

Hon. Miss H. E. **THOMPSON**, **LL.B.** (Minister of Health and the Environment)

Hon. Miss M. A. **MOTTLEY**, **LL.B.** (Minister of Education, Youth Affairs and Culture).

*Prayers were led by Rev. Father Zvan Harewood.*

Mr. SPEAKER: The House is in session.

#### MINUTES

Mr. SPEAKER: Minutes of this Honourable House of May 17, 1996.

Hon. Miss B. A. **MILLER**: Mr. Speaker, Sir, I beg to move that the Minutes of the proceedings of the Honourable the House of Assembly for its meeting of Friday, May 17, 1996 which Minutes have been circulated be taken as read.

Rt. Hon. O. S. **ARTHUR**: I beg to second that.

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

## PAPERS

Rt. Hon. O. S. ARTHUR. Mr. Speaker, Sir, I am commanded to lay the Medium-Term Macro-Economy Strategy for Barbados 1996-1999.

## SUSPENSION OF STANDING ORDERS

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, I beg to move that Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the rest of this day's sitting.

Rt. Hon. O. S. ARTHUR: I beg to second that.

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

ORDER NO. 1 - ANNUAL FINANCIAL  
STATEMENT AND BUDGETARY  
PROPOSALS, 1996

Rt. Hon. O. S. ARTHUR: Mr. Speaker, last year, in presenting the first Financial Statement and Budgetary Proposals of this Barbados Labour Party Administration, I spoke to this Honourable House in terms suggesting that the future should be approached in a spirit of cautious optimism.

I was aware then, as I am aware now, that we live in a new age of unprecedented and exciting economic opportunities, in which countries of our circumstances and endowment can achieve and sustain rapid and remarkable social and economic advancement provided they summon the determination and find the way to respond positively to global economic changes.

However, there were yet unmistakable signs that although the Barbados economy was in the process of rebounding from deep recession, enough had not yet been achieved to qualify us to speak of an economic recovery, nor to suggest that we were yet out of the economic woods.

For despite two years of economic growth, real output recorded by the Barbados economy in 1994 was still below the 1990 level; many important sections of the productive sectors were still experiencing severe financial problems; and the breadwinners and the households of Barbados, in the absence of a wage increase for four years, were still experiencing grave difficulties in making ends meet.

We were still even then cleaning up the arrears and the other fiscal debris inherited from a previous period and Administration; and still having to cope with the spectre of the deliberately planted misconception that this Government might, by some outrageous stretch of the imagination, be interested in imposing an IMF inspired and dictated devaluation on the people of this country.

In addition, Mr. Speaker, there were a number of very special economic difficulties for which accommodation had to be made immediately. We had to adjust our expectations and our plans to accommodate a 25% fall in sugar output in 1995 arising from 1994. We had also to adjust our economic plans and projections to accommodate substantially increased short-term debt service payments; brought about in large part by the calling on a \$40 million loan by a Japanese investor. We had equally to make adjustments to the real possibility that, without the benefit of special events of the kind from which it benefitted in the first half of 1994, our tourism industry would perform below 1994 levels for the first 9 months of 1995.

Mr. Speaker, it is indeed now part of our economic history that the prospects for 1995 were so foreboding and grave, that the forecast for economic growth for the year was substantially reduced on the eve of the presentation of the Budgetary proposals, and the perception was created that 1995 would have been a year of very little or no growth.

In such circumstances, Mr. Speaker, prudence dictated that the focus of our economic and financial policies should have been placed on laying sound and stable foundations for sustained and sustainable economic growth and the national development of this Barbadian society, in the conviction that once we rose above the short-term economic turbulence with which we were faced, our society would be ideally positioned to take advantage of the rich economic opportunities that are there to be grasped.

It was for that reason, Mr. Speaker, that I found it necessary to close my presentation last year by urging our people to draw inspiration from the immortal words of Isaiah that: "They who wait upon the Lord shall renew their strength".

I have come today, Mr. Speaker, to report progress; to state that the performance of our economy in 1995 was, happily, far more positive and reflected aspects of real and enduring strength of a kind that contradicts the doomsday scenario which was laid out in early 1995.

In addition, this presentation of budgetary proposals to Parliament takes place against the background of evidence which portends that the Barbados economy will record a very strong performance in 1996, with all of the critical economic and financial indicators improving and pointing in a positive direction.

In so doing, Mr. Speaker, I do not wish to lull this Parliament into a false sense of security about our economic position or our economic prospects. We are not yet entirely out of the woods.

But enough has already been accomplished or has been set in train to establish that very safe and secure foundations have now been constructed upon which we can and must mount the effort to bring about sustained and sustainable economic growth and national development in Barbados.

In a word, our economy is growing apace, our foreign exchange reserves **are** now at record levels, real growth is now being experienced in every sector of our economy, our growth is now being led by our export sectors, Government finances are in reasonably good order, inflation is low, major new investments are being undertaken in the public and private sectors, many more have been planned, designed and are ready to be brought on stream, unemployment is receding and domestic and international confidence in the economy has seldom been stronger. Above all, extensive systems for consultations on all vital matters pertaining to this economy are in place, and a clearly articulated vision for the future of our economy and society has found wide acceptance.

We are therefore, Mr. Speaker today presented with an historic opportunity.

It falls to us, as it has never before fallen to any **previous** generation of Barbadians to go forward with such gathering strength as to put the worst aspects of abject poverty in Barbados behind us once and for all; to truly empower those who have traditionally found themselves outside the mainstream of economic and social life **in** this country; and to truly build a strong, modem, resilient and competitive society whose economic **performance** will mirror those of the emerging middle income countries, which **are** poised on the eve of the **twenty-first** century to take their rightful place within the echelons of developed societies,

Mr. Speaker, we can do it.

The measures to be outlined in the presentation today are fundamentally rooted in this conviction.

They challenge the society to recognise **that** we have to raise our levels of domestic savings to support high and sustained levels of investment in order to build a good, a just and a prosperous society.

They challenge us to understand the human resource dimensions of the nation's way **forward** and to respond creatively and positively to them.

They challenge us, as well, Mr. Speaker, as never before, to create institutional arrangements and mechanisms to deploy resources in favour of the emergence and sustained **development** of a thriving small **business** **entrepreneurial** class of Barbadians.

They challenge us also to accept that our existing system of indirect taxation is archaic, dysfunctional; it is a disservice and a deterrent to economic and social progress; that it is broken, Sir and that "it must be fixed".

I have accepted, Sir, that these four imperatives must immediately be addressed as we set out in new directions to build a vibrant economic system in Barbados.

All the measures proposed will not find immediate favour with all **Barbadians**. But I do feel Sir, that they will produce an inspirational and enduring work that will be of great service to this generation of Barbadians, and generations yet unborn.

I turn, Sir, to the **performance** of the economy.

### The Barbados Economy

The year 1995 was a very challenging year for the Barbados economy. The growth and development of the economy were constrained by a number of factors, **specifically the** anticipated fall in sugar output, a relatively tight liquidity **situation** in the financial sector, **a** below average **performance** by the leading sector, tourism, and increased debt service payments, particularly in the first half of the year.

Notwithstanding, the economy recorded its third year of economic **expansion**. It is provisionally estimated Sir, that the value of **goods** and services produced in Barbados in 1995 was **some** 2.5% more than the value of output in 1994. The real growth rate, although less than the 4% attained in 1994, was higher than the 0.6% forecast for the year.

The real growth rate of the Barbados economy in 1995 also exceeded that of all of the group of seven developed countries and compared favourably with the growth rates registered in the **Caricom** region.

It is estimated, Mr. Speaker, that the value of goods and services, measured in current prices, reached \$3.173 billion in 1995; some 8.7% over the figure of \$2.920 billion in 1994. Per capita income in Barbados is, as a result, estimated to have risen to \$12,000 in 1995 compared to \$11,000 a year earlier.

Sectorally, sugar production declined significantly (by 25%). However, non-sugar agriculture flourished, growing by over 8%. Indeed, the acreage under vegetable and food crop production increased by 64% and all sub-sectors of non-sugar agriculture performed creditably. Output for the sector as a whole, taking into account the drastic decline in sugar output, was therefore on par with 1994 levels.

Mr. Speaker, the higher demand for locally manufactured goods both at home and abroad resulted in an expansion of the manufacturing sector by 7% in 1995. This strong resurgence in the manufacturing sector was aided in part by **tax** concessions which lowered production costs, and was spurred largely by higher export demand. All sub-sectors of the manufacturing sector realised increases in output except wooden furniture and the assembly of electronic **components**.

In addition, Sir, in 1995, the Barbados Industrial Development Corporation granted approved status to an additional four enterprises, and assisted in the establishment of sixty-two new **firms**, compared to thirty-five in 1994. Some 1 147 new jobs were created in the sector.

The relatively buoyant performance of the tourism industry in 1994 was not carried into 1995. It is therefore estimated that the value added in the sector grew by only 1.5% compared to 9% in the previous year. However, both long-stay and cruise passenger arrivals increased. Long-stay arrivals totalled some 442,107 in 1995, an increase of 3.9% over 1994 arrivals; and cruise passengers totalled some 484,670; up by 5.5% over the 1994 level.

Expenditure by tourists in Barbados in 1995 is estimated to have amounted to \$1.359 billion and the sector's contribution represented some 14.8% of the Gross Domestic Product.

There was also relatively strong growth in the construction industry, driven mainly by private sector commercial activity. However, residential construction activity slowed during the course of the year.

There was also very strong evidence that Barbados' International Financial and Business Sector continued to expand at a rapid rate in 1995. There were some 196 active insurance companies and 59 exempt insurance management companies in operation at the end of 1995. At the end of December 1995 there were 1,834 International Business companies, 1,501 Foreign Sales Corporations and 34 Offshore Banks licensed to operate in Barbados. It is estimated Sir, that the sector generated some **US\$150** million in foreign exchange receipts and provided employment for some 2,000 Barbadians.

In respect of the other sectors, the wholesale and retail trades expanded by 3.2% and General services by 2.2%.

The growth in the economy allowed for some measure of job creation. The rate of unemployment which amounted to 24.7% in 1993 and 21.7% in 1994 averaged 19.7% in 1995 and the rate fell to 16.4% by December 1995.

At the end of 1995, the number of persons employed in Barbados stood at 113,300 as compared to 106,300 for the same period in 1994.

Retail prices grew by 1.9% in 1995, following a mere 0.1% in 1994. Barbados' rate of inflation however in 1995 continued to represent one of the **lowest** in the global economy.

The level of investment in the economy is also estimated to have risen, amounting to 16.4% of the Gross Domestic Product in 1995. This rate compares favourably with the 11% averaged in the early 1990's but does not represent the level required to support buoyant growth and national development.

Of some great significance, Mr. Speaker, was the fact that there was a sharp increase in credit to the private sector, in the order of 38.5% in 1995. During the first half of 1995 the Central Bank did not have to adjust its lending rate because liquidity levels were adequate and foreign exchange reserves accumulation was satisfactory. However during the second half of the year, there was a spurt in credit to the private sector, supported by commercial banks' borrowings from the **Central** Bank. Accordingly, the Central Bank of Barbados raised the discount rate on its short-term accommodation to commercial banks by three percentage points.

That action notwithstanding, by year end credit to the private sector had risen by \$193 million, nearly \$55 million more than during the course of the previous year. Commercial bank liquidity had become severely strained, particularly since domestic deposits in the banking system grew more slowly than the expansion of credit. As such, Sir, by year end, the underlying excess liquidity ratio in the banking system was therefore 3.0% compared to 5.7% for the same period in 1994.

In relation to the external sector, the net international reserves of the Central Bank increased by \$82.0 million in 1995 compared to a rise of \$118 during the previous year. A reduced surplus on the current account of the balance of payments was recorded largely as a result of a 27% increase in the **value** of retained imports.

Of note, however, was the fact that our exports of goods amounted to ~~some~~ **\$323.3** million representing a 24.2% **increase** in the order of \$647 million. This increase in the **value** of the exports of goods was significantly **accomplished** despite a fall in the value of receipts from the exports of sugar and reflected the encouraging export thrust led by the manufacturing sector.

**Indeed**, 1995 was the first year since 1986 that Barbados' exports of goods have exceeded \$300 million.

This relative resurgence in domestic exports was one of a series of indices which point to a marked qualitative improvement in the general health of the economy. There was also for instance, Mr. Speaker, a massive reduction in the claims for unemployment benefits. In fact, the number of unemployment benefit claims received by the **NIS Department** in 1995 amounted to 8,830, compared to 11,586 in 1994, **16,097 in 1993, 20,396 in 1992** and 18,209 in 1991. Indeed, the number of unemployment claims received in 1995 by the National Insurance Department were the lowest for any year since 1984.

In addition in 1995, the national debt of Barbados declined and our trade gap with our regional partners narrowed, although our imports from CARICOM countries increased.

It is also of some significance that all of the productive sectors except the sugar industry grew and that the Government played only a meagre (0.2%) role in such growth as was realised. The growth of the Barbados economy in 1995 was therefore private sector driven and export led.

There can be absolutely no doubt, Sir, that the climate conducive to such growth and development of the Barbadian society was greatly enhanced by the signing in 1995 of a successor Incomes and Prices Protocol which has established a clearly defined framework for prices and incomes changes, taking into account the interest of workers, the owners of capital and the national interest.

Barbados owes an enormous debt of gratitude to the leaders of the trade union movement and the private sector who have by devising this, and other such mechanisms to induce national stability and progress, brought a rich and progressive dimension to the concept and application of the social partnership.

I wish once again, Mr. Speaker, to take this opportunity on behalf of the Government and people of Barbados to salute the leaders of the social partners as true patriots.

The climate for national development was also improved by the resurgence of the Small Business Association of Barbados and the continued expansion of the credit union and cooperative movement.

Mr. Speaker, it all augurs well for the future.

The year 1996 promises to be a very productive year for Barbados. It is estimated that during the first three months of the year, the economy grew by over 6% and for the year as a whole, real growth is likely to exceed 4%. Our medium-term macro-economic policy framework,

which has been made a document of the House, requires that the Barbados economy should seek to grow by at least 3% per year.

Such growth as has been realised to date, in 1996, has been spread over all the sectors, but concentrated heavily in the export sectors of the economy.

As such, the net International Reserves of the Central Bank of Barbados at the end of March 1996 were some \$113 million more than at the end of December 1995, and at the latest count amounted to \$574 million.

Indeed, for the first time ever, the net foreign exchange reserves of the monetary authorities of Barbados in April exceeded half a billion dollars, and the Central Bank of Barbados had in hand liquid foreign assets to cover more than the equivalent of 13 weeks of imports; the level generally deemed to be required as an external safety net. Mr. Speaker, therefore, the spectre of devaluation has been effectively put behind us.

In addition, there was evidence of strong capital inflows in the first quarter. Inflation remained low, retained imports grew more slowly than last year, exports of domestically produced goods expanded by some 40%, the liquidity position of the banking sector improved, and Government maintained a stable and manageable fiscal position.

Mr. Speaker, one swallow doth not a summer make. These indices do, however, point to a resilient economy which is responsive to policy changes and which has the capacity to adjust to changing cost and demand conditions.

The task ahead of us is to ensure that the resurgence of the economy does not prove to be a nine-day wonder, and that it can be sustained over a considerable period, resulting in a general and major improvement in the quality of life for all Barbadians.

The sustained economic growth and development of the **Barbados** economy will have to be accomplished by the consistent and continuous implementation of carefully crafted expansionary economic policies over an extended period of time. It will not be a one-shot operation, nor will it be easy.

This year's budgetary measures will therefore be designed to take that process forward by creation of the conditions under which we can achieve a take-off towards the sustained growth and development of this economy that we all so assiduously desire.

I turn now, Sir, to the Financial Statement.

The transformation of the economy in the manner envisioned must take place within the context of a sound and manageable fiscal state of affairs.

I therefore turn now to the Financial Statement and the general review of the fiscal position for the year ending March 31, 1996.

### Revenue

The current revenue for the fiscal year ending March 31, 1996 was originally projected to amount to \$1 106.7m. However, the provisional data suggest that the actual amount collected at March 31, 1996, was \$1 162.8 million, some \$80 million more than the previous fiscal year, and \$56 million more than projected.

The much better than originally anticipated revenue out-turn was the result of strong performances in taxes on incomes and profits, Land Tax and taxes on goods and services:

However, while tax revenue increased by 9.7%, or \$96.8 million, totalling \$1089.9 million compared with \$993.1 million for the previous year, the non-tax revenue declined by 5.0% to \$70.5 million.

Taxes on incomes and profits grew by 12.4% or \$40.2 million to \$364.8 million. Personal Income Tax yielded an increase of 12.1% or \$23.0 million while Corporation Tax rose by 15.5% or \$17.9 million. There is an element of arrears in the Corporation Tax collected and the increase therefore will not be repeated in the current financial year. However, as the economy continues to grow and the Inland Revenue Department continues to streamline its collection processes, its operations will become more efficient and no decline in the tax yield is therefore expected from these sources.

The arrears collection efforts of the Land Tax Department resulted in approximately \$15.4 million. Consequently, Land Tax increased by \$11.3 million or 25.3% to \$56.1 million.

Taxes on goods and services increased by \$42.8 million or 10.5% to reach \$449.5 million with Consumption Tax contributing \$308.6 million, an increase of \$28.1 million or 10.0% higher than in the previous year.

The growth in taxes on international trade was 7.5% or \$6.4 million higher than the previous year and this outcome was in keeping with the growth which took place in our retained imports.

On the other hand, there was a 5.4% decrease in the Non-tax revenue, mainly as a result of the reduction in

profits by the Central Bank. These were \$11.2 million compared with \$23.7 million in 1994/95.

### Expenditure

Mr. Speaker, current expenditure originally approved by Parliament amounted to \$1 119.3 million. During the course of the year supplementary provisions totalling \$65.9 million were approved, making the total current expenditure approved by Parliament \$1 259.2 million.

The approved capital expenditure at the beginning of the year was \$169.4 million. During the course of the year, supplementary amounts of \$35.7 million were approved, making total capital expenditure provisions for the year some \$205.1 million.

The provisional expenditure out-turn for the year shows current expenditure of \$1 255.7 million and capital expenditure of \$123.7 million, making a total expenditure of \$1 379.4 million. This has resulted in an overall deficit of \$216.6 million or 7.2% of Gross Domestic Product compared with the overall deficit estimate of \$256.0 million. When this deficit is converted to the basis used by the international financial institutions, it amounts to a deficit of \$5.0 million or 0.2% of the Gross Domestic Product.

In other words, Mr. Speaker, the deficit for 1995/96 was well within the target of 1% of the Gross Domestic Product and this was achieved in spite of the fact that we allowed a wage increase for Public Servants such as had been denied by the last Administration; in spite of the fact that we provided the Barbados National Bank higher interest on the low-interest securities which it was forced to take by the last Administration in return for the sugar industry debt; and in spite of the fact that we provided funds for the Barbados Development Bank to meet part of its bond redemption; and provided supplementary funds for other critical areas.

The deficit was financed as follows:

|                      |                 |
|----------------------|-----------------|
| (a) Domestic Sources | \$107.2 million |
| (b) Foreign Sources  | \$109.4 million |
|                      | \$216.6 million |

Of the supplementary provisions for current expenditure, \$10.2 million went towards wages, salaries and National Insurance contributions, \$20.9 million went for the purchase of goods and services while the remaining \$33.6 million went towards transfers to public enterprises.

Mr. Speaker, I consider that some explanation of how the supplementary funds approved by Parliament were

used is in order for the benefit of the public. Those funds were used primarily for the following major purposes.

- (1) \$5 million went to the Barbados Tourism Authority, \$3 million of which was intended to meet the expenditure for new television advertising in the USA market, and \$2 million to cover arrears outstanding from previous financial years.
- (2) \$2.7 million of the supplementaries was required to return the staff of the National Conservation Commission to a five-day week.
- (3) \$5.9 million went to the National Conservation Commission to clear long outstanding liabilities to the National Insurance Scheme and the Commissioner of **Inland** Revenue arising from the year 1991.
- (4) \$4.8 million were used to meet the cost of relief, rehabilitation and other remedial activities resulting from the flood at **Weston**, **St. James** and elsewhere.
- (5) \$2.3 million were used to replenish the Medical Aid Scheme.
- (6) \$3.3 million went to settle claims against the Government arising from legal action originating in the 1980's by a Plaintiff, Caribbean Shores Ltd.
- (7) \$1 million was provided to meet the cost of feasibility studies for the Airport Expansion project.
- (8) \$2.95 million went to meet arrears associated with the construction of the Sherbourne Centre.
- (9) \$1 million was provided to meet the cost of phase 2 of the Bridgetown Port Expansion project.
- (10) \$1.249 million went to the Barbados Agricultural Management Company to fulfil its entire debt obligation in **respect** of its corporate bond issue.
- (11) **\$863,000** went to the National Cultural Foundation.
- (12) \$2 million went to the Sanitation Service Authority.
- (13) \$530,900 went to the Child Care Board to meet the cost of reclassification of staff and the expenses arising from the relocation of its offices.
- (14) \$2.1 million went to the Ministry of Health to permit the bringing to account of the purchase of an angiographic suite in an earlier **financial** period.
- (15) \$3.1 million were provided to supplement the purchase of supplies, materials and utilities by the Queen Elizabeth Hospital.
- (16) \$1.8 million went to meet the arrears of the National Drug Service arising from previous financial years.
- (17) \$2.3 million were provided to meet the increased cost of maintaining the special benefits programme and other schemes and facilities of the National Drug Service.
- (18) **\$638,000** went to the Psychiatric Hospital to meet the costs of supplies and utilities.
- (19) \$667,754 went to the Ministry of Education to meet cost associated with the recommencement of its new Headquarters, begun by a previous administration.
- (20) \$904,969 were provided to meet the final payment to the Contractor for the **Holetown** Public Centre, a project **finished** in 1994.
- (21) \$1.5 million were provided to meet the cost of a new hockey pitch at the Sir Garfield Sobers Complex.
- (22) \$5.5 million went to the Ministry of Public Works to meet expenditure in respect of road construction, drainage, road maintenance and the establishment of a **Drainage** Unit.
- (23) **\$550,000** went to repair primary schools.
- (24) **\$660,000** were provided to complete the Hospitality Centre.
- (25) \$1.4 million were provided to the Police to meet long outstanding allowances and other operating expenses.
- (26) \$10.8 million were used to meet the redemption of the Barbados Development Bank loans; and
- (27) \$11.4 million went to meet the needs of the refinancing of the Barbados National Bank's sugar bonds.

#### National Debt

Mr. Speaker, the National Debt at March 31, 1996, is provisionally estimated at \$2 507.3 million, some

6.5% higher than at the same time during the last fiscal year. The domestic component was \$1 801.3 m, an increase of **7.1%**, representing 59.7% of Gross Domestic Product, while the foreign component was \$706.0 m, representing 23.4% of Gross Domestic Product.

The details of the National Debt at March 31, 1995 are as follows:

|                                                             | \$                   |
|-------------------------------------------------------------|----------------------|
| Treasury Bills                                              | 565.5 m              |
| Government's Overdraft with<br>the Central Bank of Barbados | 0.0                  |
| Debentures                                                  | 1,167.5m             |
| Local Loans                                                 | 11.8m                |
| Savings Bonds                                               | 55.2m                |
| Tax Refund Certificates                                     | 0.7m                 |
| Tax Reserve Certificates                                    | 0.6m                 |
|                                                             | <hr/> 2,507.3m <hr/> |

#### Public Finance – 1996/97

I turn, Sir, to the Public Finances for 1996/97 and the fiscal strategy which informed the preparation of the Estimates which were approved by Parliament recently and which significantly were foremost in my mind as I formulated the **budgetary** proposals for this year's presentation.

The Estimates for **1996/97** were prepared with a determination on my part that the way forward is for the Government to proceed as follows:-

- (1) Contain spending on housekeeping so as to facilitate a greater allocation of resources for capital expenditure;
- (2) to keep the wage bill increase to a moderate level and in line with productivity increases;
- (3) to avoid any heavy reliance on the Central Bank for financing, and in this regard, it is worth noting that so far for the financial year the Government has not borrowed a cent from the Central Bank of Barbados;
- (4) to reduce our domestic debt and avoid crowding out the private sector;
- (5) to reduce the foreign debt, especially from commercial sources, and to make greater use of funding from international institutions such as the **IADB** and others; and
- (6) while keeping the deficit within manageable proportions, to use fiscal concessions and

Government capital formation as instruments to expand economic activity and to create jobs.

This is the context, Mr. Speaker, within which the Estimates were prepared and within which this evening's budgetary proposals were formulated.

As you recall, Sir, the Estimates of Revenue and Expenditure approved by Parliament show a deficit of 8.9% on the Accountant General's basis or 1.6% on the basis used by the international financial institutions and it is possible that during the course of this year this deficit might be modestly enlarged to support measures geared to bring about lasting improvements in our economic circumstances.

#### Monetary Policy

Fiscal policy must be complemented by supporting and related monetary and debt management policies, and I now **turn** to these two matters of policy.

During 1995, monetary policy was geared towards striking a balance between maintaining the momentum of economic recovery and preserving an adequate foreign exchange reserve cover. While liquidity in the financial system tightened during 1995, as a result of a surge in credit to the private sector, no changes were made to the minimum deposit rate and loan rates remained unchanged. However, towards year-end, the tightening liquidity situation forced some banks to borrow frequently from the Central Bank. To discourage this, the Central Bank raised its discount rate to banks from **9½%** to **12½%**.

During the first quarter of 1996, liquidity in the financial system has recovered, as a result of strong deposit growth and a small decline in credit. This out-turn has been driven by a larger than expected build-up in reserves, partly due to larger than anticipated private sector capital inflows. The Central Bank continues to monitor economic conditions closely, taking into account expectations on growth, reserves and the fiscal stance of Government. However, in view of the experience of the past three years when liquidity declined sharply during the second half of the year, the Bank has recommended that there should be no adjustment of interest rates at this time.

I have accepted that recommendation.

#### Public Debt Management

Government's indebtedness has grown rapidly since the mid 1980's. At the end of the last fiscal year, the stock of our debt represented almost 80% of the Gross Domestic Product of the country and interest payments absorbed nearly 16% of the revenue collected by Government. This debt burden is of concern to Government because

international evidence suggests that high debt levels can become unsustainable and can exact fiscal and economic costs by crowding out private investment and reducing growth prospects.

Government recognises that its policy on debt management must be an integral part of its overall **macroeconomic** strategy. The key elements of this strategy will focus on the level of debt, the balance between external and domestic sources and most critically, the maturing structure of the debt. The strategy will be premised on the need to maintain import cover of at least 13 weeks of foreign exchange at the end of the fiscal year.

In pursuance of this objective, Government is committed to reducing the debt to GDP ratio over time by containing the size of fiscal deficits. In **an** economy growing by 5% per **annum**, the debt ratio can be reduced from 80% at the end of the last fiscal year to 71.5% by the year 2000/01 if deficits average no more than 2% per annum. However, at existing interest rates, debt will still at that level absorb over 15% of revenue.

Since the implementation of the economic programme in 1995, external debt has declined and has been substituted by domestic debt which has been rising sharply. As a result, overall external debt servicing costs have also been declining. Government is keen, however not to repeat earlier mistakes when a bunching of external debt service created problems for this economy. Government therefore plans to take advantage of and concentrate on project flows as its capital works programme takes off. We will also continue to explore avenues to refinance costly loans and improve the country's credit rating. Other commercial borrowing will be minimized.

Borrowing to accumulate reserves will therefore be avoided this year. Government intends this year to borrow, to support its capital programme on the international capital market, an amount of \$50 million as compared to \$80 million last year, an amount that is less than the repayment of the principal on the foreign debt.

In an effort to help in the development of a vibrant domestic capital market, the Central Bank is putting in place mechanisms to widen the range of instruments and increase the liquidity of Government paper. As the marketability of Government instruments improves, the stock of Government issues will shift towards an increasing proportion of medium to long-term instruments. Government will continue to minimize its borrowing from the Central bank, thus avoiding pressure on the country's foreign exchange reserves.

I turn next, Sir, to certain matters pertaining to the National Insurance Scheme.

In my Budget Speech in 1995, I dealt at length with several aspects of the operations of the National Insurance Scheme and indicated some of the measures that would be taken to ensure the financial solvency and integrity of the Scheme for the benefit of this and **future** generations of Barbadians. Recently, both Houses of Parliament passed amendments to the National Insurance and Social Security Act, Cap. 47 of the Laws of Barbados to stop the abuses of which we spoke last year.

It has however now been confirmed that the National Insurance Fund is showing signs of financial distress. The Actuarial Review for the triennium ended 31st December, 1993 has established that at the then existing rate of contributions, the reserves of the Fund will be depleted soon after the turn of the century. For this reason, the report has recommended that the contribution rate in the National Insurance Scheme be increased by one (1) percentage point with effect from 1st January, 1997.

However, Mr. Speaker, the National Insurance Board has advised that any decision on a change of the rate be deferred until the review of the operations of the Scheme for the period ending 31st December, 1996 has been completed. The Board's argument, which I have accepted, is that the adjustments to the contribution rates which were recommended by the Seventh Actuarial Review, were not introduced until January 1994, and consequently had no effect on the income of the Fund for the period for which the report has just been received.

Negotiations have been started to ensure that the review for the current triennium, along with a comprehensive examination and analysis of the structure of the Scheme are undertaken in a timely manner. It is therefore expected that the results of such a review should be available to the Government no later than June 1997.

In the interim, Sir, I do not propose to increase the contribution rate to the National Insurance Scheme as recommended by the Actuarial Review. There are, however, some adjustments to be made regarding the funding of the National Insurance Scheme and the Unemployment Benefits Scheme, in light of the recent amendment to the legislation establishing a separate Unemployment Fund Account with effect from 1st January, 1997.

### **Unemployment Benefit Scheme**

As you are aware, Sir, since its introduction in July 1981, the Unemployment Benefit Scheme has been legally just a branch of the larger National Insurance Scheme. The reserves of the branch are therefore technically part of the reserves of the larger National Insurance Scheme. As at March 31, 1996, the Unemployment Benefit branch had accumulated a surplus of some \$133.7 million.

Currently, the contribution rate for this branch is 3 percent of insurable **earnings**, and benefits **are** paid by the Scheme at the rate of 60 percent of insurable earnings for the **first** 10 weeks and 40 percent for the remaining 16 weeks. The Actuarial Report for the period ended December 31, 1995, did not comment on the rate of benefits payable, but advises against changing the contribution rate.

However, the National Insurance Board, having reviewed the operations of the Unemployment Benefit Scheme over the period of its history, and especially that subsequent to the last valuation date, has suggested that the rate of the benefit could be restored to 60% of insurable earnings for the entire period of unemployment up to a maximum of twenty-six (26) weeks. I therefore propose to introduce this new regime with effect **from** June 3, 1996. Consequently, all persons laid-off, or put on short-time on or after that **date** shall be entitled to unemployment benefits at the rate of 60 percent of insurable earnings for the entire period for which they are eligible in accordance with the National Insurance Act.

The experience of the branch will be reviewed over the balance of this calendar year and a decision taken on the contribution rate in the new year. In the meantime, I have decided that when the branch becomes legally separated from the National Insurance Scheme at 1st January, 1997, a contingency reserve equal to twice that recommended in earlier actuarial reviews be transferred to the new Unemployment Benefit Account. Such reserves should amount to some \$40 million. The remaining reserves of over \$90 million should be left with the National Insurance Fund, greatly enhancing its financial position.

### **Economic and Financial Strategy**

Mr. Speaker, the budgetary proposals which will shortly be announced are, as I stated earlier, intended to assist in creating the conditions for sustained and sustainable economic growth, and with it a substantial improvement in the standard of living of Barbadians and to reduce unemployment in this country to negligible proportions.

We **are** obviously pleased that the economy has grown recently and is realising strong growth this year. However, if we **are** to solve our economic and social problems, periodic bursts of economic growth will not suffice.

We will have to sustain the growth of the economy over decades, as has been accomplished by the successful economies in the Far East and recently Chile. And we have to put in place 'special and new economic and financial

policies for the purpose, and stick to those policies over an extended period.

Last year it was not possible to start this process to any appreciable extent. Our foreign reserves were still in a delicate position and the performance of the sugar industry and tourism was cause for concern and did not allow a lot of economic and financial elbow room to the Minister of Finance. In such circumstances it was more important to consolidate and secure the foundations of the economy.

The improvements in our foreign reserves and the general buoyancy of this economy make it now feasible that our attention should turn to longer term transformation of the Barbados economy.

Some of the measures we will institute will probably lead to a larger fiscal deficit and some moderate erosion of our reserves in the short term. But I do strongly feel that we can now accommodate such adjustments, given the state of our foreign reserves, without destabilising the economy; and more importantly, as a result, can realise high levels of investment, foreign exchange generation and employment creation over the medium and long term.

Mr. Speaker, in order for Barbados to realise high levels of growth and employment on a sustained basis we need to increase the level of investment. We need large pools of investment funds to finance the expansion of existing **firms** and to finance the creation of new ones. We need large pools of funds to finance many of the public sector projects and the joint ventures that will be carried out involving partnership between the public and the private sector and which offer us such existing prospects for job creation. We need large pools of funds to finance activity in the housing sector where so much potential exists both to meet social needs and to put our artisans back to work. We need funds to support the development of a thriving small business sector.

Mr. Speaker, one of the principal sources of funds to support investment is the savings of the Barbadian people and our enterprises. At present, however, our rate of domestic saving, representing about 15% of our national income, is simply too low to support a high and increasing level of investment.

Indeed, while Barbados typically saves on average about 15% of income per year, Chile has, over the past decade averaged a saving rate of 25% of its annual national income, and the rate of savings of the successful Far Eastern countries typically exceeds 30% of their income annually.

The low level of domestic savings is therefore the greatest constraint to the sustained development of

this society and we must put in place the arrangements to change that, and to stay on a course to expand savings each year over an extended period.

Mr. Speaker, we have also had some success in bringing down the level of unemployment and as is shown in our medium-term macro-economic policy framework, most of the elements of our employment strategy **are** already in place.

There is, however, an aspect of the unemployment situation which will not go away easily, and which will have to be worked at consistently and on a sustained basis. It has to do with the fact that the hard core part of the unemployed labour force – the guys on the block, the young school **leavers** – lack the skills to be easily or readily absorbed into the economy as it is presently structured or as it is likely to evolve.

Human resource development programmes **are** therefore fundamentally part of the solutions to Barbados' unemployment problems, and this budget addresses that matter of the empowerment of the unemployed through skill creation.

It is also beyond reasonable dispute that a thriving small business class is absolutely necessary to the diversification of this economy, the creation of jobs and the creation and redistribution of income and wealth in Barbados.

We look this year therefore to accelerate and broaden the measures introduced last year to support small business development.

Finally, for sometime now, it has been recognised that Barbados has an unwieldy and cumbersome system of indirect taxes. The present system has helped to make our exports uncompetitive, reduced the profitability of enterprises, borne grievously on the pockets of consumers, has driven much of the economy underground or abroad **and** has been difficult to administer.

Since 1992, considerable sums have been expended to devise a manner of reforming this system with a view to replacing a number of the indirect taxes with a value added **tax**. Indeed, the previous Democratic Labour **Party** administration attached such a vast priority to this matter that it found the resources to establish a VAT Implementation Unit even while it was sending home other civil servants or cutting their incomes.

I **am** now satisfied that we are in a position to proceed with the introduction of a VAT to redress the **longstanding** problems in the present system of indirect taxes and that matter will be addressed in today's presentation.

Today's budgetary proposals, therefore, Mr. Speaker, will be concentrated in these four areas.

### Budgetary Proposals

Mr. Speaker, as I indicated earlier, the mobilisation of savings is critical if we are to realise the level of investment which is necessary for the continued development of the economy.

Individuals must be encouraged to save more; efforts must be made to improve the capital base of businesses and the maximum support must be provided for the further development of the small business sector.

If these objectives can be achieved, we will be able to provide additional employment opportunities especially for the young people, improve the standard of living for all and ensure a better future for our country. It is with these issues in mind that I have formulated a package of incentives to encourage a higher level of savings.

I deal **first** with investment in shares.

### Investment in Shares

Since the abolition of the tax allowance for investment in shares in 1992, the only major share issue has been in the case of Barbados that by **Canadian** Imperial Bank of Canada.

It is my view that the tax incentive which was granted by a previous Barbados Labour **Party** Administration should be restored, because it will be one of the vehicles through which companies will be able to expand and have access to financial resources without incurring debt.

Therefore, effective this income year, individuals investing in new shares in public companies will be able to claim a deduction under the Income Tax Act of up to \$10,000 per **annum** subject to certain conditions which I will specify.

Secondly, Mutual Funds.

### Mutual Funds

Mutual Funds have become one of the most popular methods of saving and investing in the USA, Canada, UK and more recently, in Latin America.

In fact, it has been estimated that investments in Mutual Funds in the USA take place at the rate of close to US \$1 billion per day.

Much of the growth being experienced in Mutual Funds has been brought about by tax exemptions

granted, and the use of such funds has widened the options available to the managers of pension or retirement funds.

However, while the rest of the world is experiencing much phenomenal success in the operation of Mutual Funds, we in the Caribbean have not exploited this savings and investment **instrument**, mainly because of our underdeveloped capital markets and exchange control restrictions.

That is not to say, Sir, that there has not been some limited success with Mutual Funds in Barbados to date. However, there is need for greater use of such vehicles to encourage savings and investment in this country.

For example, such a fund need not confine its operations to investment in equities but can also invest in Government securities as a means of diversifying its portfolio and reducing its risk.

A mutual fund, not only provides opportunities for saving and investment which would not normally be available on an individual basis, but by the pooling of resources, larger investments become available and the larger block of money should be able to attract better interest rates.

Mr. Speaker, in the same way that we are committed to encouraging mutual funds in Barbados to attract international investors, we are equally committed to encouraging them to mobilise domestic savings.

Therefore, effective this income year, persons investing in mutual funds will be allowed to claim a deduction of up to **\$10,000**, with the following proviso. Because of the revenue considerations, I am forced to combine the allowance for shares in public companies and investment in mutual funds in such a way that an individual will not be able to claim **\$10,000** for shares and **\$10,000** for mutual funds.

Instead, an individual can claim \$10,000 for one or the other or can claim any combination for the two up to a maximum of \$10,000.

The investment of shares in a public company or in a mutual fund must be held for at **least** five years. Disposal within the five-year period will result in liability for **tax**.

Also, interest and dividends from investment in mutual **funds** will be subject to the existing withholding tax of 12.5%.

An educational programme will be put in place to make the general public aware of the various vehicles that exist for mobilizing savings in the interim.

## Property Transfer Tax

While on the subject of shares, Mr. Speaker, there are two other issues which I wish to deal with even though they fall within the realm of Property Transfer Tax legislation.

At present, companies listed on the Securities Exchange have an advantage over private companies in that no Property Transfer Tax is payable on the transfer of their shares as an incentive to encourage companies to seek a listing on the Exchange.

I believe this advantage should be retained but I recognize that the present Property Transfer Tax regime does work as an impediment to the movement and creation of capital in some instances.

Therefore, on this occasion, I propose the following changes:

That the limit below which no Property Transfer Tax is charged on the transfer of shares will be increased from **\$25,000** at which it was fixed in 1977 to **\$50,000** from January **1st**, 1997.

Secondly, a full exemption of Property Transfer Tax will be permitted where there is no change in ultimate beneficial ownership, but if there is a change in the beneficial ownership within five years, there will be a drawback clause to make the original transaction taxable.

I deal next, Sir, with Employee Share Ownership.

## Employee Share Ownership

Government, as a matter of policy, has decided that any divestment of state enterprises must have as an integral part, a plan through which employees will have an opportunity to own shares in those enterprises.

Therefore, I take this opportunity to urge all other employers to embrace that approach since it is envisaged in the Prices and Incomes Protocol.

Currently, there is provision under the Income Tax Act to allow a deduction of up to **\$5,000** for bonus shares granted to employees who qualify. I have decided to increase this allowance to \$7,500, effective January 1st, 1997.

Mr. Speaker Sir, in addition, those employers of a company not offering shares to their employees will be allowed to invest a portion of their bonus **tax** free

in a mutual fund or in Government securities. This will become effective January 1st, 1997, and the portion of bonuses to be so treated will be fixed after consultation with the social partners.

I turn next, Sir, to the Credit Unions.

### **Credit Unions**

Mr. Speaker, there can be no denying that the decision by a previous Barbados Labour Party Administration to allow a deduction for savings with a Credit Union had a positive impact on the development of the movement. Credit Unions in this country continue to be a vehicle of considerable savings and I have decided that effective this income year, the allowance for Credit Unions will be increased from \$1,800 per year to **\$3,000**.

However, Mr. Speaker, I wish to urge that all Credit Unions continue to broaden their horizons and place more **and** more of their funds in investment and less on consumption.

I deal next with Dividend Re-investment Plans.

### **Dividend Re-investment Plans**

There is a trend in international markets for companies to offer their shareholders the opportunity to subscribe for shares in lieu of taking their dividends in cash. Such schemes encourage investors to re-invest in the companies and have the following benefits:-

1. Provide an additional source of financing;
2. Allow for the retention of cash for re-investment instead of distributing cash for consumption; and
3. Strengthen the equity base of companies.

We trust, Sir, that the accomplishment of all three objectives are desirable for Barbados.

Therefore, in order to encourage such plans, I have decided that dividends from such shares will be granted exemption from the final 12.5% tax on dividends provided that the shares are held for a minimum of five years. This exemption of dividends from withholding tax will take effect from January 1st, 1997.

I deal next, Sir, with Registered Retirement Plans.

### **Registered Retirement Plans**

Presently, an employed or self-employed person can deduct from his assessable income contributions to a

registered retirement plan made on his own behalf subject to the following **limitations**:-

- a. 15% of the assessable income from the employment or the business of that person as the case may be, for that income year; or
- b. \$1,500, whichever is the lesser.

On the other hand, where the employee is a member of a corporate plan, that individual can deduct up to 15% of pensionable emoluments in an income year.

Although there are many companies offering pension plans to their employees, there are still a great number of employees who do not have the opportunity to provide adequately for their retirement and have to rely solely on the National Insurance Scheme.

After carefully considering all of the submissions which were made by the various interest groups on this matter, I have decided as a first step, to increase the \$1,500 limit to **\$4,000** from this income year.

### **Registered Savings Plan**

I will immediately seek the views of all concerned about the possibility of creating the legislative framework which will permit the introduction of Registered Retirement Savings Plans which can be administered by commercial banks, life insurance companies, credit unions and trust companies. These plans will be so structured as to permit withdrawal of funds for persons to make a down payment for the purchase of a house as an added incentive to young persons who may not be so keen about preparing for retirement at their age.

It is within such a context that any further changes to the legislation dealing with Registered Retirement Plans will be made. The structure and rate of such a plan will be decided upon in time to be implemented effective January 1st, 1997.

I deal, Sir, next with Venture Capital Funds.

### **Venture Capital Funds**

Persons contributing to registered Venture Capital Funds, used to provide equity financing for business, or to a new Innovation Fund, which I shall shortly announce, will be allowed a deduction of up to \$10,000 for investing in one or the other or any combination of the two effective January 1st, 1997.

Mr. Speaker, Sir, it is my judgement that these measures **will** assist greatly in widening and making

more attractive the existing range of savings and investments in Barbados.

They, however, do not exhaust the range of measures necessary to lift savings and investments to required levels, and this matter will be reviewed as our revenue position allows.

I turn next to the Small Business Sector.

### Small Business Sector

We anticipate that future economic growth will be bolstered by the development of small and medium sized enterprises in diverse areas such as services, manufacturing, handicraft and agri-business. This is expected to be one of the key planks for achieving economic enfranchisement and for contributing significantly to the achievement of Government's pledge to create employment.

Mr. Speaker, small businesses were formed in Barbados during 1995 at a rate of four each month. In addition, the Barbados Industrial Development Corporation provided over six hundred consultations to small businesses.

Generally, the overall climate of the small business sector is favourable and there has been an upsurge of interest by persons seeking to establish such businesses. Several developments have now set the stage for the future **thrust** of the sector. Among these:

1. A Small Business Development Unit was established within the Ministry of Industry, Commerce and Business Development to implement Government's policy for development of this sector.
2. During the Financial Statement and Budgetary Proposals of April 25, 1995, Government gave a subvention of \$75,000 to the Small Business Association to assist with the establishment of the Secretariat.
3. As part of its plans to encourage more **firms** to finance their businesses through equity rather than loans, the Government has provided \$2 million to the Small Business Association for the establishment of a Venture Capital Fund.

It is against this background that I turn to the prospects and goals for this sector in 1996.

### The Prospects and Goals for 1996

The centre piece on which government will be developing its plans for 1996 rests on the implementation of the Small Enterprise Development Initiative (EDI). This

project is a comprehensive, cooperative and collaborative effort implemented as a joint **Public/Private** Sector initiative and designed to foster rapid and sustained development for the small business in Barbados.

The project will be coordinated by the Business Development Unit of the Ministry of Industry, Commerce & Business Development but because of its diverse elements, the many components will be implemented by several other departments of Government as well as private sector organizations.

There are four major elements to the Barbados Small Enterprise Development Initiative:

1. Enhanced legislative, regulatory and fiscal treatment for the small business sector.
2. Improved and expanded entrepreneur education and development.
3. Easier access to business and technology information and related technical assistance.
4. Expanded availability of capital for start up and to support emerging businesses.

In order to give focus to the delivery of services to the small business sector as well as to reduce the number of locations which an entrepreneur must visit to acquire information or advice, the Government will this year construct a Business Innovation and Incubator Complex at Fontabelle at a cost of \$2.5 million. This complex will house:

- The National Business Information Centre.
- The Small Business Association Secretariat.
- Incubator type facilities for at least twenty (20) new entrepreneurs.

This complex is expected to be completed during the 1996 - 1997 fiscal year and is anticipated to become the home of small scale entrepreneurship in Barbados. The Small Enterprise Development Initiative Programme has been developed to tackle some of the specific problems that currently inhibit the growth of the sector. To succeed, it must also be provided with financial resources.

As such, in addition to the \$2.5 million already given to the sector to establish a Venture Capital Fund, the Government now proposes to provide \$2.8 million to establish an Innovation Fund for seed capital to assist entrepreneurs in developing their ideas and transforming them into viable, marketable and "bankable" projects.

This Fund represents one of Government's commitments to facilitate innovation and entrepreneurship especially in the areas related to modern technology and the use of indigenous resources. The funds will be provided by Government from the Public Enterprise Investment Fund.

Mr. Speaker, the general environment for small business will be improved during the year by other projects to be implemented by other Ministries with whom we will be collaborating. For instance, during the course of the year there will be:

- The refurbishment of Cheapside and Fairchild Street Markets;
- The redevelopment of Pelican Village (BICD);
- The acceleration of the Rural Development Programme under the auspices of the Ministry of Agriculture and Rural Development;
- The **formulation** of a financial proposal to enable the Small Business Association to secure funds from the Inter-American Development Bank's Multilateral Investment Facility to finance the creation and development of micro-enterprise.

It is anticipated that with the improvement in the environment of the Small Business Sector there will be tremendous growth in the number of businesses established, persons employed and also a substantial increase in the success rate of small businesses in this country.

### Development Finance Institution

As I indicated in my Statement in the Budgetary Proposals of last year, the Barbados Development Bank ceased operations as of December 31, 1995. Two new entities have been established to date -

1. Hotels & Resorts Ltd. to take responsibility for revitalising the South Coast Hotels indebted to Government and the BDB, and the other hotels, not indebted to BDB, wishing to take advantage of the government's initiative; and
2. **CRL** Limited which will be responsible for **turning** around some of the bad loan projects and for liquidating those where there is no chance of saving the entity because of its deep insolvency.

Government has always recognised the need for some development finance institution to meet the needs, either

through debt or equity financing, of small and medium-sized businesses engaged in productive activities in Barbados. In this regard a market study was undertaken and this study has concluded that there is an **unmet** demand for investment resources estimated at between \$10-\$15 million for the acquisition of long-lived productive assets. The study also identified Venture Capital as an appropriate vehicle for meeting this demand and identified the scarcity of Technical Assistance as a major deficiency affecting the ability of productive enterprises, particularly at the medium and small scale level, to achieve sustainability. Government is therefore committed to the establishment of a new Development Finance Institution (DFI) to assist in satisfying this perceived demand for investment capital.

The Caribbean Development Bank, (CDB) which financed the study, will be meeting shortly with officials of the Bank to discuss how that Bank can provide assistance to the government in the establishment, operation and funding of the new Development Finance Institution and to assist in setting up the institution in such a way as to put it on an appropriate path for sustained viability. The Bank will also be having discussions with other interested parties in Barbados and in the region who want to be part of the process of the establishment and development of this DFI. I am pleased to announce that my Government has firmly resolved that an enabling **environment** will be created to facilitate new initiatives in development finance to provide financing for the benefit of small and medium scale enterprises.

More specifically, the performing portfolio of the BDB accounting for some \$25 million will form the basis of a new DFI which Government will take the lead to establish. Government, however, intends to subordinate its interest to a minority position and invite private sector contribution and participation to a significant degree to impact on the corporate governance and direction of the institution. The new institution with the Development Bank will provide a mix of banking and corporate services intended to establish it as an **investment/merchant** bank operation with supporting technical assistance.

Persons investing in this new Development Finance Institution will benefit from the \$10 000 new concession relating to investments in Venture Capital Funds.

I turn next, Mr. Speaker, to the VAT.

### History of Value Added Tax (VAT)

The Value Added Tax (VAT) first emerged in **France** around 1927 as a simple turnover **tax**. Since then, it has gone through many refinements and today is used in more than sixty countries around the world, including four of our CARICOM trading partners, namely,

Jamaica

Trinidad and Tobago

Grenada

Belize

The VAT is indeed now the internationally accepted form of indirect taxation. In England, the rate is **17.5%**, France moved its rate to 18.6% in 1991. In the Caribbean, Trinidad, Jamaica and Belize all have a Value Added Tax with rates set at 15%.

### What is a Value Added Tax

As you know, Sir, a Value Added Tax is a tax imposed on the value or the mark-up added to imports and other goods and services supplied by one business to another or to final consumers.

VAT is calculated and charged on transactions in the production and delivery process but the consumer pays VAT only on the final selling price. The VAT is payable on both the inputs used to produce goods and services, and the output themselves. However, the tax paid on inputs by a producer is netted off the tax received on the output and only the difference is paid over.

For example, under the present system of indirect taxation in Barbados, cement is subject to Consumption Tax but when that same cement is used as an input to make concrete blocks, those blocks are subject to Consumption Tax and the cement again bears tax because there is no existing mechanism for granting a rebate of the ~~tax~~ already paid on the input. As a result, the same cement is taxed twice and that is what we mean by the term "cascading."

However, under a VAT system that will not happen because the ~~tax~~ paid on the cement (the input) will be credited against the tax received on the output (blocks) and the producer will pay over the difference.

To give you some idea of how a VAT works, let us examine the situation with shirts imported from **extra-**regional sources or manufactured locally.

If the shirts have a **C.I.F** value of \$100.00, presently the Import Duty at 30% will yield \$30.00; the Consumption Tax at 49% of **C.I.F** plus duty will yield \$63.70 and Stamp Duty at 20% is \$20.00, making a total tax payable of \$113.70 on a \$100 shirt.

With a VAT at the rate of 15% this is how it will be applied:

Import duty will be \$30.00

VAT at 15% applied to **C.I.F** of \$100.00

Plus import duty of \$30.00 will be \$19.50

making a total tax payable of \$49.50 compared with \$113.70 under the present system.

If those same shirts are manufactured locally and the chargeable value is \$100.00 under the present system, Consumption Tax of 21% or \$21.00 will be applied. With a VAT at the rate of **15.0%**, only \$15.00 in taxes will be charged.

Mr. Speaker, those examples were used simply to demonstrate how a VAT works and that it is not as difficult to understand in its concept and application as some persons may think.

### WHY A VALUE ADDED TAX

The possibility of introducing a Value Added Tax in Barbados was first explored as far back as 1978 when a study was arranged through the Crown Agents. This was followed in 1979 by a study by a Professor John F. Due of the University of Illinois.

However, instead of introducing a VAT as was recommended, the then Administration chose to extend the limited Consumption Tax regime which had been put in place during the late 60's.

In 1980, a basic rate of a consumption tax of 5% was introduced with low specific rates on commodities such as alcoholic beverages, tobacco and petroleum products. At that time, there was an understanding that in due course the basic rate could have been reduced from 5% to 1%.

However, that was not to be the case. The extended Consumption Tax yielded such revenue that the last Administration could not resist the temptation to increase the rates as it searched for more revenue to support what was clearly an unsustainable level of expenditure.

The outcome of that is that today the lowest rate of Consumption Tax, which was 5% in 1980, is now 21% and the highest rate of Consumption Tax on goods other than motor cars was 40% and on motor cars it amounts to 89%.

In addition, the system has been made much more complex by the fact that while there was only one consumption tax rate in 1980, there are now some **twenty-five** (25) different ~~tax~~ rates applying to different goods in Barbados.

Worst, Sir, the system has been made even more burdensome by the fact that the Stamp Duty which was

set at 2% in 1982 has been increased to the point where it is now 20%. This 20% stamp duty is applied to almost all extra-regional imports with the exception of potatoes and rice and a few other items which pay 10% stamp duty instead of 20%.

To make the situation even more disastrous, a surcharge on certain items was introduced in 1991 as part of the Stabilisation Programme. As a result, we are faced with a situation where some extra-regional commodities now pay in excess of 100% duties and taxes. For example, Sir, hair care items now pay duties and taxes amounting to 120% of their value, deodorants pay 100%; clothing pay 114% duty and taxes and refrigerators pay 113%, to give a few examples. Almost all food items imported from extra-regional sources are subject even today to a 20% stamp duty.

If that was all that was wrong with the present system, Mr. Speaker, it would be enough to **warrant** a change to a less punitive and burdensome system, but the situation is even worse than that.

As a result of these very high rates, a large part of our economy has been forced underground since it has now become cheaper for persons to travel to Puerto Rico or Miami, shop, pay taxes there and on their return, still sell the items cheaper than those being sold by the businesses in the formal economy of Barbados.

In addition, under-invoicing of imports has become a real problem for the Customs Department as many persons **try** to avoid payment of the high taxes by reporting artificial values for the goods they import.

In addition to all of these, Mr. Speaker, there is the effect of cascading as shown in the case of cement and the fact that there is no mechanism for ensuring that all items for **export** are excluded from the Consumption Tax net. This is a critical element in an environment where only the competitive will survive.

But above all, Mr. Speaker, Barbados has changed from an agrarian society largely producing goods, to one where services have now become a large part of the national economy. Notwithstanding, the change in the structure of the economy, the burden of indirect taxes is borne largely by only a few goods. It is no longer appropriate, therefore for us to rely on a **tax** system which focuses on a narrow range of goods and excludes the large number of services provided, many of which are of high value.

Our present system of indirect taxes is one characterised by extraordinarily high rates of taxes on a very narrow and selected range of goods. We need, in the interest of the productive sector and of our consumers, to

reduce the rate of indirect taxes, and to do so we will have to broaden the base and limit the number of goods and services excluded from the payment of the tax.

Simply put, Mr. Speaker, this is the magnitude of the problem which faces us today. In 1991, the Government of the day recognised this problem and with the assistance of the Fiscal Affairs Division of the International Monetary Fund, had a study done on a VAT for Barbados. In June, 1994, the then Cabinet agreed to introduce a VAT structured along the lines set out in the Draft Legislation which has been put out for public comment.

On becoming Minister of Finance in 1994, I recognised certain deficiencies in the studies which had been done and that is why I repeatedly stated that I would not proceed with the introduction of a VAT, which I supported while I was in Opposition, until those areas of concerns had been addressed.

Mr. Speaker, I wanted to satisfy myself on:

the true base of the tax,

the most appropriate rate to apply,

the effect of the tax on consumers and producers, and

the effect on the overall economy.

Consequently, with the assistance of Mr. John King from the Fiscal Affairs Division of the International Monetary Fund, Mr. Kelvin **Dalrymple** of the Central Bank of Barbados, Mr. Carlos Holder, Economic Adviser in the Ministry of Finance and Mr. Lindsay Holder, Consultant to the Ministry of Finance, a study which addressed these issues has been completed.

Several public seminars and meetings were held to discuss the **Draft** VAT Legislation. Many comments or suggestions were received and wherever possible, I have tried to accommodate those views. For example, the following are some of the changes which have already been accepted as a result of the suggestions received:—

1. Crude oil be added to the zero-rated list.
2. Concessions currently granted to **Bartel** will be continued.
3. Equipment for the Barbados Light and Power Company should be added to list of zero-rated items; and
4. Abolition of Airline Business Tax.

These concessions are being allowed to mitigate the impact of the VAT on the productive sectors, since

their output is used as input by other productive entities.

Mr. Speaker, I wish to state that although some very strong concerns were expressed, I sense that there was overwhelming support in Barbados for a properly structured Value Added Tax.

Now that I have gone through the process of consultation and have had the benefit of the most recent study, I am satisfied that we should proceed without further delay.

Two major issues which arose during the consultation were, first, the question as to whether a **refund of** taxes should be granted on inventories and whether inputs for the tourism sector should be exempted as proposed in the **draft** legislation.

I **think** at this stage, Sir, I should explain simply to the House what is meant by "zero rating" and what is meant by granting exemption.

A good or service is zero-rated under the VAT where a zero rate of tax is charged on the output, but the business is allowed to claim a full credit for the tax it paid on the inputs that went into the production of that good or service. In such a situation, the business receives a full refund of all taxes it pays on its inputs.

On the other hand, when a good or service is exempted from the VAT, while no tax is charged on the output, no refund can be claimed by the business in respect of the tax paid on the inputs, and the business must therefore absorb any taxes paid on the inputs. This was initially proposed as the appropriate status for hotel accommodation under the proposed VAT exemption.

In relation to the matter of a refund of the taxes paid on the stock existing when the VAT comes into operation, I fully recognise that if a VAT is added to the taxes already paid on those goods, the combination of the two could cause a short-term rise in prices until the old stock was depleted.

Unfortunately, Sir, the fiscal position does not allow us to permit a refund, but since I am sensitive to the problem, I have decided to time the implementation of a VAT in such a way that stocks should be at their lowest when the VAT is introduced. By this means, the impact of the VAT on businesses and prices at the point of its introduction should be greatly reduced. I have therefore decided that a Value Added Tax should be introduced in Barbados with effect from **1st** January, 1997, thus allowing the business sector to work down their stocks over the Christmas season.

The draft legislation, as it stands, recommends that hotel accommodation should be exempted from the VAT. If accepted, it would mean that the sector would not be able to offset any input taxes but will have to absorb them in full. Our calculations now show that such input taxes paid on hotel accommodation amount to approximately \$35 million.

The tourism sector is our major foreign exchange earner and is therefore the driving force in our economy. While I am not in a position at this time to agree to the request that the sector inputs should be zero-rated, I have accepted the view that to ask the sector to absorb the additional input taxes could work to its detriment. As a result, I have decided to use an approach different from that which is now presented in the **draft** legislation.

Instead, I have decided to introduce a lower rate than that to be applied to all other goods and services on hotel accommodation. This will have the effect of allowing hotels to off-set input tax against output **tax** in relation to accommodation.

Mr. Speaker, I therefore wish to announce that effective 1st January, 1997, the following eleven (11) taxes will be abolished in Barbados:

1. Consumption Tax
2. Stamp Duty on **Imports**
3. Luxury Tax on goods
4. Entertainment Tax
5. Hotel and Restaurant Sales Tax
6. Service Tax on Pleasure Cruises
7. Tax on **Quarriable** Minerals
8. Travel **Ticket** Tax
9. Airline Business Tax
10. Tax on Overseas Telephone Calls
11. Surcharge on Rental Income.

Based on the 1994 data, the amount of revenue which will be given up by those taxes to be abolished is \$420.0 million. The intention when the VAT was conceived was to fully recover what is being given up by the abolition of these eleven taxes through the introduction of a VAT, coupled with excise taxes on vehicles, alcoholic beverages, tobacco and petroleum products.

Our calculations show that a 15% VAT, with hotel accommodation exempted, having the industry pay \$35 million in input taxes, together with excises on the four products mentioned and set at a level to maintain their existing prices, along with appropriate allowances for non-compliance and substitution, will probably yield revenue of \$405 million.

I have decided, Sir, that the VAT, together with the excise taxes on the four products should not be designed

to yield the same revenue as the eleven taxes to be abolished, but that the introduction of a VAT in Barbados should give rise to a tax ease, and especially so in favour of our main foreign exchange sector.

As such, I have decided that hotel accommodation will be charged VAT at the rate of **7½%**, entitling the hotels to set off their input taxes against their output taxes and thereby allowing them to realise an estimated refund of \$7 million as compared to having to absorb \$35 million if the accommodation was exempted as presently proposed.

In sum, the structure of the VAT to be introduced effective 1st January, 1997, will be as follows:-

- (a) 15% on all goods and services except those zero-rated as shown in Appendix 1 and those exempted as shown in Appendix 2.
- (b) **7½%** on hotel accommodation.

These rates compare favourably with what obtains internationally, since it is standard practice in most countries for hotel accommodation to be charged a lower rate of VAT than that applicable on other goods and services.

A VAT so structured, in our estimation, will give rise to a reduction in revenue to Government of about \$25 million compared to the yield of the eleven taxes I am now proposing to abolish.

Some of the items to be zero-rated are:-

1. supply of goods for export;
2. sale of duty free goods to tourists;
3. supply of international freight transportation services;
4. supply of plants used as food for human consumption or as animal feeding stuffs;
5. supply of veterinary services;
6. supply of drugs or other related items within the meaning of the Drug Service Act to particular individuals or establishments;
7. supply of live animals, live fish, and live insects, of a kind used or kept to produce or to be used as food for human consumption, and supply of poultry or fish eggs for hatching purposes to a person who carries on a business of agriculture or aquaculture for use or supply in that business;

8. supply of fertilizer, insecticide, pesticide, herbicide, fungicide, or other preparation formulated for agricultural use; these will not carry the VAT, Sir,

9. supply of approved goods to a person for use by him in commercial fishing; and

10. supplies to foreign sales corporations, international business companies, exempt insurance companies, and off-shore banking companies.

Some of the goods to be exempted are:-

1. supply of financial services;
2. the provision of transportation to passengers in a motor omnibus, minibus, taxi, maxi-taxi or route taxi;
3. supply of residential property; and
4. provision of education or instruction by an approved educational institution.

The full list of zero-rated and exempt goods are presented as an Appendix to this presentation and will be available for full perusal by the public. The concessions currently granted to fiscal incentive companies and companies in the off-shore sector will continue. However, in relation to the list of **ninety-five** items on which currently waivers are granted for the hotel sector, this waiver will no longer be necessary, except in the case of the Import Duty, which I shall continue to waive.

### Impact of VAT on Manufacturing

As regards the impact of the VAT, Sir, in view of the manner in which a VAT works, any tax paid by the manufacturing sector on inputs will be off-set against **tax** collected on its outputs. Therefore, the only possible problem that sector will have is a short-term cash flow problem.

However, as soon as the system begins to work properly, that problem should be eliminated since they should be collecting more output taxes than they have to pay on inputs.

### Agricultural Sector

As regards the agricultural sector, the implementation of the VAT will not adversely affect the Agricultural Sector, for the simple reason that the inputs for this sector have all been zero-rated.

## Other Sectors

In relation to other sectors the VAT will apply on construction activity. However, it is to be noted that imported building materials are at presently typically subject to consumption tax, stamp duties and in the case of tiles, a luxury tax that rates substantially higher than the VAT to be applied.

The introduction of a VAT will therefore substantially lower the price of imported construction inputs and should make house construction in Barbados become cheaper.

The VAT will also be charged, as all along proposed, on electricity and telephone services. Water and sewerage services will be exempted.

It is therefore anticipated that the prices of electricity and telephone will rise moderately.

## Impact on Consumers

As regards its impact on consumers, Sir, consumers will find that all commodities imported **from** extra-regional sources which now bear the combined stamp duty of 20% and consumption taxes ranging between 21% and 49% will be reduced as a result of the introduction of a 15% VAT to replace those existing taxes.

These include all extra-regional imports of food, clothing, household goods such as furnishings, stoves, refrigerators, televisions and toiletries, and in some instances the tax decreases will be significant.

Examples of these include:-

| Commodities     | Effective Rate<br>before VAT | Effective Rate<br>after VAT |
|-----------------|------------------------------|-----------------------------|
| Hair Care Items | 120%                         | 49.5%                       |
| Deodorants      | 100%                         | 55%                         |
| Clothing        | 114%                         | 55.25%                      |
| Refrigerators   | 113%                         | 49.5%                       |
| Tableware       | 96%                          | 43.75%                      |
| Cheese          | 25%                          | 15.75%                      |

Mr. Speaker, for the benefit of those Honourable Members who like to make tins of corned beef documents of this House, they will be pleased to hear that under the VAT, the price of a tin of corned beef will also be reduced.

This will be counterbalanced by the fact that the prices of some domestically produced goods, which are not now subject to consumption **tax** or stamp duties will rise. This

will be the case, as explained, in relation to electricity and telephone services, some food items, and a very limited range of locally manufactured goods.

A study of the effect of the VAT on a basket of items typically used by a family of four showed that it is probable that a small saving will be realised to the consumers as a result of the introduction of a VAT.

Mr. Speaker, I acknowledge that because certain **extra-regional** imports will become cheaper, some local manufacturers of those products will be faced with increased competition. This applies particularly in the area of food processing.

Therefore, I intend to delay and to revise the removal of the Surtax on those extra-regional imports and to use Articles 29 and 29A of the CARICOM Treaty and other measures where necessary to provide protection against regional competition during the period when our manufacturers are making the adjustment to increase competition.

I also recognise that some consumers, particularly pensioners and some of the less well-off in our society, will not be able to adjust their pattern of consumption to accommodate the adverse effects of those goods whose prices may rise.

As such, I propose to institute a system whereby pensioners and other needy persons will be provided with relief. To effect this, I now propose to allocate an additional \$150,000 to the Welfare Department to carry out a study and to devise a mechanism through which the relief will be granted to pensioners and other needy persons, effective with the introduction of the VAT.

Overall, I am satisfied that the VAT, as now proposed, will be less exacting than that initially conceived, and will accomplish the purpose of having the rate and the severity of indirect taxes in Barbados reduced. It will also allow for greater fairness to consumers and businesses and will generally improve the competitiveness of our export sector.

I therefore commend it to this Parliament and to the people of Barbados.

I turn, Sir, to other measures.

## OTHER MEASURES

### Incentives for the development of the Film Industry

In our manifesto, we stated that the film industry is a billion dollar industry and that our objective is to make it a foreign exchange earner for Barbados.

Recent events which have taken place here have shown that there is much scope for us to earn foreign exchange through such a source.

Therefore, I have decided that incentives will be provided to any investor who wishes to get involved in such activity. The details will be made known shortly, after consultation with interested parties.

### **Liberalisation of Exchange Controls**

As a further measure to liberalise the Exchange Control regime of Barbados, I have also decided to abolish the Exchange Control Fees which are charged by the Central Bank with effect from June 1, 1996.

### **Disability Unit**

A National Task Force on disability has been established and has started a series of public consultations. It is intended that very soon after those consultations have been completed, a number of measures will be put in place to improve the quality of life for the disabled.

Meanwhile, an additional sum of **\$250,000** will be provided to meet the cost of additional staff for a Disability Unit within the Ministry of Labour to help the Government realise this important manifesto pledge.

### **Pensioners**

Mr. Speaker, in our manifesto, we pledged to bring some relief to pensioners. Last year I listed the withholding **tax** on interest earned by pensioners.

This year, I have decided to increase the income **tax** allowance for pensioners over the age of 60 from **\$20,000** to **\$23,000**.

I deal next, Sir, with human resource development strategies.

### **Human Resources Development**

Barbados' development has always been fuelled by our capacity to marshal the productivity of our people. This challenge is even more relevant in a world that places a premium on knowledge and creativity. A strong Human Resources Development strategy is therefore the cornerstone for the future social and economic development of our country.

My Government's Human Resources Development policy is thus aimed at significantly improving the quality of life of our people and reducing the level of unemployment. To achieve this the Human Resources Development programme will have a strong education and

training component designed to equip the labour force with the **skills** required in a changing and challenging world. This education and training policy must in the next few years be based on the following premises:

1. A sound basic education policy with a strong diagnostic and remedial emphasis to reduce the spectacle of 6 out of every 10 persons leaving secondary school without proper certification.
2. A wide range of post-secondary offerings to capture all ranges of **skills** at the academic, the technical and vocational levels geared towards all ages, but especially the young.
3. Re-training, especially for retrenched workers,
4. Regular short-term training at the community level in specialised areas ranging from technical and vocational training to sports and cultural training.

### **Youth Programmes**

In 1995, this Government established a Division of Youth Affairs to implement its policy and programmes in relation to young people of Barbados. It was widely accepted that the largest levels of unemployed were among young persons and that many young people were being marginalised in their own country. The Youth Affairs Division operates through three major channels:

1. The Barbados Youth Service
2. The Youth Entrepreneurship Scheme
3. The Youth Development Programme

This will be the **first** financial year in which all 3 programmes will be fully operational.

The Barbados Youth Service has substantially expanded its intake from 100 to 250 trainees. The trainees undergo a comprehensive programme of character building, training, skills development as well as job placement. The programme has moved its headquarters to St. Lucy from **Grazettes** Community Centre, and Government has already spent over the course of the last year almost \$1.3 million on the Phase I rehabilitation of the old St. Lucy Naval Base.

The Youth Entrepreneurship Scheme similarly addresses the concerns of youth but goes further by presenting a package of assistance, including technical assistance, training, mentorship and the access to financial assistance through the non-governmental Youth Business Trust. In 1995-96, the sum of **\$200 000.00** was provided to the Youth Business Trust for on-lending and this year **\$300 000.00** will be provided. This is of significance

since no youth business programme in Barbados has ever provided for financial assistance or indeed the mix of services offered by the Youth Entrepreneurship Scheme. Indeed, Sir, in only 7 months, this programme has catered to 143 persons with one or other of its services. Of that number, 30 persons are receiving the **FULL** range of all of its benefits. It is estimated that it will cater to 500 young people in its **first** full financial year.

The third area of Government's Youth Programmes is the Youth Development Programme which has taken responsibility for the mobilisation and involvement of unattached young people in organised and structured activity. It has successfully completed its **first** module of mass based youth training at the community level. Some 1500 young persons were just trained. There will be two other 10-week modules in basic training catering to **3000** more young persons this year, as well as one advanced **training** module for follow-up for those persons who wish to move on from the basic instruction received.

In order Mr. Speaker, to give full effect to these dynamic youth programmes in this first full year of operation, a further \$1,759,276 will be provided to the Division of Youth Affairs on top of the allocation of \$3.2 million already voted by Parliament.

**This** is a far cry from the **busfare** and lunch money solutions to the plight of our young people which saw the paltry sum of a half million dollars being allocated by the previous administration to their myriad and complex needs.

I deal next, Sir, with the Samuel **Jackman** Prescod Polytechnic.

### **Samuel Jackman Prescod Polytechnic**

An expanded training programme at the Samuel **Jackman** Prescod Polytechnic is also crucial to equip our young people with the necessary skills. This Government found an institution which had been reduced to 1,400 students from a peak of about **2,000** students; a structurally good facility which had been given **limited** funds to do small but necessary annual maintenance to protect the integrity of the premises and an extreme lack and obsolescence of its technical equipment so vital for the delivery of **good** instruction in an institution such as this.

Accordingly, last year this Government indicated that it would be expanding student intake and programme offerings at the Samuel **Jackman** Prescod Polytechnic and that **1995-96** would see the implementation of Phase I of this expansion. As a result the Samuel **Jackman** Prescod Polytechnic increased its roll from 1,400 students to **2,000**, constructed two computer laboratories accommodating 50 work stations, spent over \$510,000 on upgrading its

technical equipment, introduced 11 new courses more relevant to the needs of the economy and decentralised the delivery of its tuition using some secondary schools spread all across the country.

The Government will continue the reform effort in the **upcoming** year. Expansion of student intake will see the roll expand to 2500 students from September 1996, almost double what we found on becoming the Government: A further **\$425,000** will be spent on the purchase of technical equipment. A third computer laboratory will be established. There will be an upgrading of audio-visual aids, an expansion of the library service and a full computerisation of the Administration Department. New courses will continue to be implemented, especially after we provide the new technical equipment.

To support this effort of making the Polytechnic more effective, productive and relevant and most importantly providing the opportunity for 1100 more young Barbadians to be trained **EACH** year a sum of \$872,000 will be allocated to the Polytechnic in addition to the \$5.7 million already voted in the 1996-97 Estimates which is already almost \$1 million more than the **1995-96** provision.

I **turn** next to the Barbados Community College.

### **Barbados Community College**

The Barbados Community College continues to do an excellent job in preparing young people for the world of work and further study. However, there **are** two key areas, Information Technology and Tourism and Hospitality Studies, which require immediate attention in order for us to meet the needs of the productive sectors.

Barbados has been continuing to attract firms in the global Informatics Industry. There is, however, a need to increase both the numbers being trained and the levels of training being offered if we **are** to be competitive.

The Barbados Community College proposes to expand those programme offerings as well as to increase its intake in Information Technology. Accordingly, from this year, the Barbados Community College will be introducing two types of Advanced Diploma in Information Technology – an intensive twelve-week programme and a one-year diploma. The short-term training will be done as required in batches up to 50 in conjunction with companies from the industry which require further specialised training for their employees. The one-year diploma will accommodate an additional 90 persons per year, including university graduates.

Further, the basic training in other Information Technology areas will move from the usual intake of

233 persons to 425, an additional 200 persons each academic year. This will meet 30% of the demand for applications instead of the 15% which is now being met.

Mr. Speaker, in order to enhance our competitiveness in the Information Industry, Government also recognises the need to expand training in the Graphic Arts and the Fine Arts, especially given the irreversible trend of the **development** of user friendly environments in computer software. Accordingly, the Barbados Community College will be introducing from this year a Bachelor of Fine Arts degree to improve upon the level of training in both Graphic Arts and Fine Arts. This will cater to some 40 persons per year initially.

There will also be significant expansions in the area of Tourism and Hospitality Studies in terms of both numbers and course programmes. These will be easily accommodated at the new facilities at the Marine. From September 1996 the numbers within this programme will rise from 200 to 450 persons. However, there will also be for the very first time an additional 75 Barbadians trained in basic 9-month courses in Cooking, Housekeeping and **Bartending**. There will be no entry level requirements of certificates for admission to these 9-month courses.

In order to fully implement all of these new programmes as well as to cater to the increased intake at the Barbados Community College, a sum of half million dollars is being provided in addition to what was provided for in this year's estimates.

I turn next to the Vocational Training Board.

### **Barbados Vocational Training Board**

The Government continues to fully support the programmes being executed by the Barbados Vocational Training Board (BVTB) since we believe that there must always be available basic training that is fully applied and technical in its nature. In addition, Sir, the Apprenticeship Programme continues to be an acceptable solution for putting many young people to work and in a position to learn a trade so that they may be able to enter the workforce quickly. **gnifi**

The Government is resolute in its commitment to expand training at this level through the Skills Training Programme and the Apprenticeship Programme.

Accordingly, the Barbados Vocational Training Board will receive a further sum of \$1 million to supplement the \$3.4 million provided in this year's Estimates of Expenditure.

This will see both the Skills Training Programme and the Apprenticeship Programme being expanded

considerably to cater to an additional 800 young unemployed Barbadians.

### **Public Service Vehicles**

Mr. Speaker, last year, I increased the fees payable by Public Service Vehicles and Operators. At that time, there was more than the anticipated reaction by the persons affected, and after several meetings with representatives of the sector, I indicated that when circumstances permitted, I would consider some reduction in the increases.

Mr. Speaker, I am happy to say that occasion has come and with effect from June 1, 1996, the increases which were introduced last year will be reduced by 50%.

### **PROJECTED ECONOMIC AND FINANCIAL EFFECTS OF THE PROPOSALS**

The measures presented today to Parliament contain elements of increased expenditure combined with **tax** relief. The effects on the economy, particularly over the medium term of these measures are likely to be expansionary.

It is quite possible that the overall fiscal deficit may rise from about 1.6% to approximately 2.5% of GDP after the implementation of these measures.

**They** are, however, intended to create the conditions under which we can sustain the growth of the economy and underwrite the increment to that growth from increased savings and foreign exchange earnings.

As I have stated often in the past, Sir, it is my judgement that Barbados can accommodate a deficit of this magnitude without doing violence to our reserves, while at the same time enhancing job creation and the generation of new income in Barbados.

Many of these measures will have their major effect in 1997 and beyond – understandably so because the growth of the economy in 1996 is very much in keeping with what is desirable for our country.

In seeking to create the conditions necessary to support the medium-term expansion of the economy, I have selectively chosen those areas – savings and investment, skill creation, small business formation, foreign exchange generation – which are of the greatest strategic interest and importance to this economy.

It is therefore my judgement that such moderate fiscal or foreign exchange reserves erosion that may be occasioned by an increased deficit equivalent to just under 1% of GDP in the short term, will be more than compensated for by increased jobs, higher levels

of savings, investment, growth and foreign exchange generation over the medium and the long term.

In relation to the expenditure items which will have their full effect this year, they will amount to approximately \$5 million and will not exceed the \$7 million inflow in revenue to be brought in by the Environmental Levy, but which was not shown in this year's estimates of revenue, although the expenses for which the Levy is being raised were shown.

The increased expenditures proposed will therefore not worsen the fiscal deficit this fiscal year.

The concessions for savings and for pensioners, though somewhat generous, will not result in significant outflow of revenue this fiscal year but will be reflected in subsequent years.

I am therefore not going to raise any taxes but will give this economy the opportunity to adjust appropriately to the new concessions and reforms I have today introduced.

## CONCLUSION

Mr. Speaker, Sir,

We are today at a juncture in our history that offers a choice between stumbling into the familiar economic and social pitfalls of the past on the one hand, and on the other hand the exciting prospect of a journey towards renewed growth, stability and prosperity.

At the risk of offending what some theorists still cherish as the conventional wisdom, my parliamentary colleagues and I accepted the heavy responsibility of leading this country towards a course which I again make bold to offer as the happier alternative. It is based on the solid evidence that what the Government set out in 1995 to achieve for our economy, has been convincingly supported by the results.

This is a matter of record, not a claim made boastfully, but stated to reinforce the serious message I shall be sending today to each and every citizen, whether individual or corporate, in this society.

Taken as a whole, Mr. Speaker, our economic indices point to a golden opportunity that we must not now miss. It is now the responsibility of everyone in this country to help create the basis for further sustained and sustainable development. We must not allow recklessness, lack of will or foresight to nullify the favourable performance of 1995. Indeed we would be forever condemned should we revert to bad habits and behave in such a manner that the happy augury of 1996 goes down in history as a one-shot experience.

If we are to capitalise on those gains we will need the continued cooperation of persons in all sectors, including workers and the Social Partners. I am grateful for their understanding and commitment which have assisted in reversing the sad trends of previous years. It is through our total efforts that we will now be able to move forward by consolidating on what was achieved last year, building on our hard-won gains.

We chose the uncommon road knowing it called for sweat and sacrifice, but also requiring prudent management. As fellow travellers on this journey, we can now say that we have put some distance between ourselves and the hazards of the recent past. As prudent planners, we must all use the experience thus gained to bring comfort for the journey that lies ahead.

I am deeply grateful Mr. Speaker, for the confidence that the citizens of this country reposed in my Government. I am grateful also that our people have resisted the siren call to extravagance which would have pleased a few but, at the turn of the century would have put us in a position where we would be introducing the impoverishment of the past.

We must set our faces resolutely against cheap gimmickry, greed and so-called quick-fix solutions and each in our own way, work, save and invest to build a just and prosperous society.

The fruits of our combined endeavours have fortified the Government in the belief that Barbados is now ready to go forward rapidly, but that progress, to be valuable, must be on a sustainable basis.

Clearly, Sir, we had an option between two roads to travel. We can continue along the sure and secure route that we constructed for ourselves during 1995; or we can return to the pathways of previous years, sign-posted at every step with economic wreckage and the shattered hopes and **dreams** of our compatriots.

Mr. Speaker, in preparing for today's presentation, I was often fortified by the poetry of Robert **Lee** Frost in a Poem "The Road not Taken".

**"Two roads diverged in a yellow wood,  
And sorry I could not travel both  
And be one traveller, long I stood  
And looked down one as far as I could  
To where it bent in the undergrowth.**

**I shall be telling this with a sigh  
Somewhere ages and ages hence:  
Two roads diverged in a wood, and I -  
I took the one less travelled by,  
And that had made all the difference".**

Mr. Speaker, our choice is clear. we too can make a difference, having embarked on the road less travelled; having been given this rare opportunity to rebuild our great country; having earned and reinforced the confidence of our fellow Barbadians. The road less travelled has brought us to the verge of untold reward. We have but to stay the course and savour the fruits of our labours.

I therefore within that context and against that background, Sir, commend these measures to this House.

### SUMMARY OF PROPOSALS

1. Effective June 3, unemployment benefits will be at the rate of 60% of insurable earnings up to the maximum of 26 weeks.
2. Effective Income Year 1996, a deduction will be allowed up to a maximum of **\$10,000** for either the purchase of new shares in a public company or in a Mutual fund or any combination of the two.
3. (a) Effective January 1, 1997, the limit below which no Property Transfer Tax is charged on the transfer of shares will be increased from **\$25,000** to **\$50,000**.  
(b) Full exemption of Property Transfer Tax will be permitted where there is no change in ultimate beneficial ownership. If the beneficial ownership changes within 5 years, the original transaction becomes taxable.
4. Effective January 1, 1997 the allowance for bonus shares will be \$7,500 instead of **\$5,000**.
5. Effective this income year, the allowance for savings with a credit union will be increased from \$1,800 to **\$3,000** per year.
6. Effective, January 1, 1997, dividends on shares issued in lieu of cash to shareholders will be granted exemption from the 12.5% **tax** on dividends.
7. Effective Income Year 1996, the limit in respect of contributions by employed or self-employed persons to a Registered Retirement Plan of their own will be raised from \$1,500 to **\$4,000**.
8. Provision will be made for a Registered Savings Plan from January 1, 1997.
9. Effective January 1, 1997, an allowance of up to **\$10,000** will be given for contributions to either a Registered Venture Capital Fund or the Innovation Fund or any combination of contributions to the two funds.
10. The sum of \$2.8 million will be contributed to the Innovation Fund to support the Small Business Sector.
11. Effective January 1, 1997, contributions to Development Finance Institutions will be treated in the same way as contributions to a Registered Venture Capital Fund or the Innovation Fund.
12. Incentives will be provided for the development of the film industry.
13. Effective June 1, 1996, Exchange Control Fees will be abolished.
14. Additional funds of **\$250,000** will be provided for staff for a Disability Unit.
15. Effective this Income Year, the allowance for pensioners 60 years and over will be increased from **\$20,000** to **\$23,000**.
16. Additional funds of \$1,759,276 will be provided to the Youth Affairs Division.
17. Additional funds of **\$872,000** will be provided for the Samuel **Jackman** Prescod Polytechnic.
18. Additional funds of **\$500,000** will be provided for the Barbados Community College.
19. Additional funds of \$1.0 million will be provided for the National Training Board.
20. Effective January 1, 1997, VAT will be introduced at the rate of 15% with a special rate of 7.5% for hotel accommodation and the following taxes will be abolished:
  1. Consumption Tax
  2. Stamp Duty on Imports
  3. Luxury Tax ,on goods
  4. Entertainment Tax
  5. Hotel and Restaurant Sales Tax
  6. Service Tax on Pleasure Cruises
  7. Tax on **quarriable** minerals
  8. Travel Ticket Tax
  9. Airline Business Tax
  10. Tax on overseas telephone calls
  11. Surcharge on Rental Income
21. Effective June 1, 1996, the increase imposed on Public Service Vehicles in 1995 will be reduced by 50%.

## APPENDIX I

### Zero-Rated Items

- (1) Supply of goods for export;
- (2) Sale of duty free goods to tourists;
- (3) Supply of international freight transportation services;
- (4) Supply of services to an unregistered non-resident person relating to repair, maintenance, cleaning, outfitting, refurbishing or improving a ship, aircraft, or cargo container used by the person in international commercial service;
- (5) Supply of services by the Barbados Port Authority and the Civil Aviation Division of the Ministry of International Transport to ships and aircraft, respectively;
- (6) Charter of ship or aircraft for use in international commercial service;
- (7) Supply of service for a consideration that is payable in foreign currency to an unregistered non-resident person, or to a non-resident individual who is outside Barbados when the service is preformed;
- (8) Supply of service relating to repairing, altering, or improving an imported article for duty free sale;
- (9) Supply of **telecommunications** services to telecommunications carriers who carry on business solely outside of Barbados;
- (10) Supply of live animals, live fish, and live insects, of a kind that **are** ordinarily used or kept to produce or to be used as food for human consumption, and supply of poultry or fish eggs for hatching purposes to a person who carries on a business of agriculture or **aquaculture** for use or supply in that business;
- (11) Supply of animal feed to a person who carries on a business of agriculture or aquaculture for use or supply in that business;
- (12) Supply of plants used as food for human consumption or as animal feeding stuffs;
- (13) Supply of seeds or other part of plants for use in propagating such plants where the plants **are** to be used as food for human consumption or as animal feeding stuffs;

- (14) Supply of fertilizer, insecticide, pesticide, herbicide, fungicide, or other preparation formulated for agricultural use;
- (15) Supply of veterinary services;
- (16) Supply of approved goods to a person for use by him in commercial fishing;
- (17) Supply of drugs or other related items within the meaning of the Drug Service Act to particular individuals or establishments;
- (18) Supply of prescribed medical devices;
- (19) Supplies to foreign sales corporations, international business companies, exempt insurance companies, and off-shore banking companies;
- (20) Unconditional gifts of goods or services to a charity; and
- (21) Supply to an individual of approved books of an educational, scientific, cultural or literary nature.

## APPENDIX II

### Items Exempted

- (1) Supply of financial services;
- (2) Sale, transfer, or other disposition of real property other than a transfer or disposition deemed to be a supply of service;
- (3) Lease of real property for a term of at least **25** years under which the lessee is given continuous exclusive possession of the real property throughout the term of the lease;
- (4) A lease or licence of farmland where the recipient of the supply uses the farmland in the business of farming;
- (5) Supply of residential property;
- (6) Supply of accommodation in an hotel, **inn**, guest-house, boarding-house, lodging house, or other similar establishment;
- (7) Supply of goods or services made by a condominium corporation to the owner or occupant of residential condominium unit located on the land operated by the condominium corporation, where the goods or services **are** supplied in relation to or in connection with the occupancy or use of the unit;

- (8) The provision of transportation to passengers in a motor omnibus, minibus, taxi, maxi taxi, or route taxi in respect of which a registration number that includes the letters BM, B, Z, ZM, or ZR has been assigned by the Barbados Licensing Authority;
- (9) Supply of water or sewerage services by the Barbados Water Authority;
- (10) Supply of postal services by the Post Office;
- (11) Supply of goods or services by a charity, where the charity does not make supplies of those goods or services on a regular basis;
- (12) Supply of medical, dental, nursing, midwifery, or paramedical services by persons qualified under the appropriate Acts to do so or by a public hospital;
- (13) Supply of ambulance service;
- (14) Provision of education or instruction by an approved educational institution;
- (15) Supply of services by trade unions to a member of the trade union or to another trade union where the supply is made in the ordinary course of fulfilling the objects and purposes of the trade union;
- (16) Supply of tickets, cards, or other licence, right or device that permits or entitles the recipient of the supply to participate in a game of chance; and
- (17) supply of a service of accepting a bet.

I therefore within that context, against that background, Sir, commend these measures to this House and beg to move that the following Resolution do now pass:

WHEREAS the Government by its prudent economic management of the economy during the past year has demonstrated that it is dealing effectively with the problems confronting this country;

**AND** WHEREAS the fiscal and economic measures implemented to date have resulted in a consolidation of the economic recovery;

**AND** WHEREAS the measures introduced in the 1996 proposals are designed to:

- (a) further stimulate economic activity through increased savings and investment;

- (b) relieve unemployment and develop the social capital and human resources of Barbados;
- (c) relieve the burden of indirect taxation;
- (d) create new opportunities for the youth and the small business sector,

BE IT RESOLVED that this Honourable House of Assembly

- (1) take note of the 1996 Financial Statement and Budgetary Proposals;
- (2) congratulate the Government on its successful management of the economy and its implementation of innovative measures which will promote the growth and development of a strong, modem, resilient and competitive society.

I am obliged to you, Sir.

#### SUSPENSION

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, I beg to move that this Honourable House be suspended **until 5.00** o'clock tomorrow afternoon, May 22, 1996.

Hon. D. A. C. SIMMONS: I beg to second that.

*The question was put and resolved in the affirmative and Mr. SPEAKER suspended the sitting accordingly.*  
7.34 p.m.

#### RESUMPTION

Mr. SPEAKER: This sitting is resumed.

The Honourable Member for St. John. May I remind this Honourable House that the Honourable Member for St. John, according to the Standing Order, has unlimited time. He has equal television time as the Prime Minister. The Honourable Member for St. John, please.

Mr. D. J. H. THOMPSON: Mr. Speaker, I am grateful for this opportunity again to respond to a budgetary presentation and particularly this one by the Minister of Finance of the 1996 Budget. I should begin by thanking the people of St. John whose constituency I represent for the honour they have given me to serve Barbados in this capacity.

Mr. Speaker, this has been a long awaited event and as Budgets go, and when I compare them, it appears to be an unnecessary one. If the Minister of Finance had nothing to say to Barbadians until December, 1996, he should have spared us the agony of yesterday's presentation because nearly all the measures which he announced will either

take effect in income year 1997 or will **commence** on January 1, 1997, so there was really no need for yesterday's presentation.

Mr. Speaker, the 1996 Budget reminded me of that teaching of Christ taken from Matthew 23 verses 23 and 24, more popularly known when we were doing Religious Knowledge as the Seven Woes, and I quote: -

"But you have neglected the more important matters of the law, justice, mercy and faithfulness. You should have practised the latter without neglecting the former.

You blind guides. You strain out a gnat, and swallow a camel."

Mr. Speaker, the Minister of Finance has swallowed a camel and strained out a gnat. I think Barbadians will only realize how small that gnat is that he has strained out when regard is given to the fact that having delivered last year's Budget, it took him over 12 months, and the collective wisdom of his entire Cabinet for the legislation to give effect to that Budget to be passed. For the last two weeks, Mr. Speaker, this Honourable House has been debating much of the legislation to give effect to the **1995** Budget and even then the Minister of Finance was still changing his mind.

But, Mr. Speaker, he declared that none of his economic policies are cast in stone and he told us that he has learnt not to be adamant. The Minister of Finance, the Honourable Member for St. Peter and the Right Honourable Prime Minister, Sir, is only adamant when he is punishing public service vehicle owners. He is only adamant when he is closing down the Barbados Development Bank. He is only adamant when he is **collecting** the National Housing Corporation arrears of rents. He is only adamant when the Government shuts off people's water supply.

Mr. Speaker, Sir, the Minister of Finance is only adamant when he is paying high salaries to certain public officials in Barbados, like the Tourism Authority and elsewhere. Sir, he is only adamant when he is sending civil servants on special leave. He is only adamant when he is implementing a Value Added Tax. He is only adamant when he is collecting land **tax** arrears. He is only adamant when he increases interest rates and then refuses even after, I assume, some supplications to reduce them. And, Mr. Speaker, he is only adamant when he is confining the contents of leaked Central Bank Board papers in the newspapers of Barbados.

But, Mr. Speaker, the Minister of Finance is more **flexible** on occasions. He is flexible when he is applying a levy on the duty **free** sector, even in the face of illegality in that sector as well because the owners of duty free shops

apparently can get their message to the appropriate places in Barbados. Mr. Speaker, the Minister of Finance is flexible in giving debt write-offs to certain businesses. His Government is more flexible in handing out concessions, write-offs, credits and other benefits to certain people in our society.

We are still to see the legislation relating to the levy on duty free items. We **are** still to debate the legislation on Special Development Areas. And, Mr. Speaker, we will have to wait and see whether what the Prime Minister says in this Budget will reflect the legislation which he subsequently brings to the House for the Environmental Levy Bill differed from what was said in the Budget. The Income Tax Bill differed from what was said in the **1995** Budget. And, Mr. Speaker, what was said in here **yesterday** may in the end be meaningless. For that matter, Mr. Speaker, he may return to the House one day, tender an apology and ask for the entire Budget to be struck from the record. These are very interesting times. So, Mr. Speaker, this year's Budget has been too much strain to bring forth such a tiny gnat.

Now, last year, Mr. Speaker, at this same event the Honourable Prime Minister who did not want the Central Bank Governor or anyone else to steal his thunder was at pains to point out that his Party was charting a new course to restore public confidence and integrity in Government, and in the management of this country. **At** that time, Mr. Speaker, I was forced to point out that his Government had already lost its way. It was already on the wrong road and that is the **reason** why the Prime Minister says today and yesterday **that** he is on the road less travelled. That is what he told us yesterday, Mr. Speaker, that he is taking, or is taking the road less travelled.

I submit, Mr. Speaker, that the Government is on the wrong road and the rest of us in Barbados **are** trying with little success to get the Government on the right road. Mr. Speaker, the difference that will be made by the road on which the Prime Minister is travelling is that not only will he be sighing somewhere ages and ages hence, but we will all be sighing. We will all be crying and we will all be in pain.

So, Mr. Speaker, if you travel on the road the Prime Minister is travelling on, you can be certain, Mr. Speaker, that you will not meet the unemployed in Barbados. He will not meet the thousands of unemployed in your constituency on that road. You will never meet the homeless people who sleep on the streets of our City. Mr. Speaker, on the road the Prime Minister is travelling you will meet the people who cannot get public transport to work on a morning or to home at night. If you travel on the Prime Minister's road, Mr. Speaker, which is the road less travelled, you will never meet the people from

St. John, St. Joseph, St. George or St. **Philip** who want house spots or tenantry roads. You will never meet those who have to sit in the Accident and Emergency Department for days waiting for medical treatment.

Mr. Speaker on the road less travelled, you will never meet those who are on the street corners eking out survival or those who cannot survive on a non-contributory pension. You will meet none of those average Barbadians, Mr. Speaker, who have to face the daily grind in this country and some of whom have felt the impact of this Government's policy more sharply.

But, Mr. Speaker, since I have never travelled on the road less travelled, I do not know who I will meet on the way. You see the road that I am on is the road where I meet all the other people that I just spoke about and, Mr. Speaker, Sir, from what the Prime Minister said yesterday the persons you will meet on the road he is on apparently speak about mutual funds, dividends, shares, property transfer tax for transfers of more than \$50 000 in shares, employee share ownership and retirement plan.  
5.10 p.m.

Mr. Speaker, those are not the people who you and I meet on the road that we **are** on. Those are not the people we meet. I have never met anybody dropping them to work on a morning who has ever told me anything about mutual funds, dividend shares, property transfer tax, employee share ownership and retirement plan. Mr. Speaker, it is on the road less travelled, the road which the Prime Minister is on that you will find fictitious people, Sir, like L. C. Norman, Reggie King, Joe **Addison**, Yvonne Wood, Dick Seale and **Claire** Simmons-Warner and **all** of the other fictional writers and ghosts who attack the Democratic Labour Party and me and the legitimate expectations of the average Barbadian everyday. Those **are** the people who you will meet on that road.

So, Mr. Speaker, Sir, the road that the Prime Minister is on is a road of insensitivity, a road where benefits are limited to a few people, a road paved with no foundation of fairness and justice for all, a road with plotters who are planning the exclusion of the poor, a road which will lead to us, Mr. Speaker, Sir, to the other Barbados which generations of political leaders have avoided. All of the Honourable Member's predecessors in Barbados have avoided that road. Mr. Speaker, Sir, we are on that road less travelled today.

Mr. Speaker, Sir, the other Barbados is one in which the majority of our people will continue to be mere spectators. It is a Barbados with a for sale sign pinned on its back. Sell the City, sell Speightstown, sell the Scotland District, whomsoever will may come. Mr. Speaker, Sir, none of that relates to the average man and woman on the Sargeant Street bus or their children.

So the road we **are** on, Sir, is a dangerous road and I fear that along that road you will not even meet the good Samaritan, Sir. That is why, Mr. Speaker, Sir, this Budget is not a routine Budget. There is nothing routine about it. I do not think that anybody in Barbados should be pleased that the Prime Minister has not only removed the theatrics from the Budget, but he has also removed the content. It is an exercise, Sir, which calls on us to reflect on what we want for Barbados. If we as people and particular Members of this House, Mr. Speaker, Sir, never ask ourselves the question, what are we trying to achieve, we will never even realize that we have a choice. Therefore, I have to ask today having heard the Budget yesterday, having heard the supplications of hundreds of Barbadians, those who called in on the radio and those who commented publicly, what **are** we trying to achieve? Do we wish to exist in a country, Mr. Speaker, in which the majority of Barbadians cannot command a permanent stake in their own country? Can we condone a system which is marginalizing the have nots and extol the virtue and the caprice of the haves and can we continue to accept that the practical destruction of small and medium-sized black business is the **norm** and is not warped economic planning and misguided policies? The real question, Mr. Speaker, Sir, is whose legacy are we building in Barbados and that is a question which the Honourable Member for St. Peter at some point must be asked. I hope that he will answer that question because when he looks at the list of them on the Parliamentary Order Paper, there is a long list of unanswered questions since November 1994 which have not been answered. I hope this **one** at least the people of Barbados will have the courtesy of that answer. Whose legacy are we building in Barbados?

Now, Mr. Speaker, Sir, there is also **going** on at the same time as the Prime Minister is travelling along this road less travelled an economic side show which he is diverting us from the real issues. During the course of this year you had a pronouncement about the creation of 10 000 jobs and then **you** had an apology. You have had the vehement criticism of the Press for calling to account the Government and you have had an apology. You had a series of supplementaries amounting to \$110 million even after the Government said that supplementaries were a thing of the past, part of the old record of the Democratic Labour Party which they were wiping out because they had better forecasting skills than ~~the~~ previous Government. You had the decapitation of the Queen Elizabeth Hospital which was a major event and publicity exercised for the Government and then you have had a series of policy reversals one after the other, some of which I will be dealing with in the course of this presentation. I have come to the conclusion, Mr. Speaker, and I think that we all have on this side that these are just ways in which this Government is testing the public. They want to know the limits to which they can carry the public. What is the limit of our endurance with these publicity and P.R. stunts? How many times can

you make an error and apologize for it and then assume that the public is simply going to accept it? All today, Mr. Speaker, Sir, if you listened to the radio, every 5 minutes there was a new correction on the radio about surtax or surcharge, correction about how the taxes were exigible on a tee-shirt. They said that was an error. All day long some people were trying to clarify if the minibus people were going to get full exemption or only half exemption. But, Mr. Speaker, Sir, those issues affect the man on the street. He is the man who is calling in to understand what the **VAT** is about. There **are** other people who have at their disposal accountants and other professionals who can meet and **sanitize** the environment and pronounce from on high that the Budget meets with their acceptance, whereas the man on the street is still hopelessly confused, even after the Prime Minister's presentation, about the policy direction which the Government is taking. So the Government is testing the public. Let us see how we can get along without giving you all the information. Let us see if the Opposition can get its view across in the Press such as would cause us to put important information before the public. So the public relations strategists **are** trying what one will call a thing or two to see how it works and they are testing the public's endurance. But, Mr. Speaker, Sir, we are not going to be side-tracked by that side show and I want to urge Barbadians to be very serious and resolute in considering the issues which **are** before us.

What therefore is taking my attention at this time is the politics of explanation and meaning. Mr. Speaker, Sir, if the Members on that side **are** not willing to see our virtues and values and build a Barbados in which we all have a stake, then they **are** going to be replaced by politicians who see the world in another way and I think they better come to that understanding soon.

Mr. Speaker, Sir, one of my first acts as the President of the Democratic Labour Party was to get the Party to sit down and redefine its philosophy and to agree to certain philosophical principles. Mr. Speaker, Sir, leaders have to have a mandate. They have to have a philosophy and so too the institutions they lead. Mr. Speaker, Sir, I think this is an appropriate time for the laying of those propositions. I **am** going to make them a document of the House because I want the Honourable Member for St. Peter to take a look at them.

*Aside.*

Mr. D. J. H. THOMPSON: I do not have to give them to the Honourable Member for St. Michael South. He had a major hand in drafting them. You would like the public to believe that we do not function as a team. But in drafting these and in all other things, we function as a team. Mr. Speaker, Sir, there are no Members of any back bench on this side who **are** going to launch any broad sides

on anybody. We **are** holding fast together. So, Mr. Speaker, I do not have to be sidetracked by that.

5.20 p.m.

I want to make the Philosophy and Principles a document of the House and I **am** going to lay them, because I think the people of Barbados deserve to know, and they deserve to have as part of the record of this country, what our Party stands for as we step into the 21st century.

Mr. Speaker, our philosophy emphasises people, **self**-worth, basic needs, freedom, use of political power to secure a just society, mobilisation and fair distribution of wealth, sustainable development, law and order, support for organised labour, community sharing, regional co-operation, world peace, the promotion of virtue, rooting out corruption, **targetting** of vulnerable groups to health and the support of artistic and cultural growth.

Mr. Speaker, I intend to strengthen the Democratic Labour Party on these precepts both in and out of Government, but there **are** a couple I wish to highlight for the purposes of this debate so that we can get our view in context.

7. That political power should be used to secure the evolution of a more just society in which the contributions to and the rewards from the society are made, not on the basis of prejudice of race, colour, class, religion or sex, but on the basis of equitable opportunity, merit and ability.
9. That the instruments of economic policy and economic activity should serve the needs not of a privileged few but of all inhabitants in a new and more caring economic and social order, and that the concepts of economic democracy and economic enfranchisement should be utilised to create the greatest measure of social betterment, to eliminate untenable imbalances and disparities, to improve the distribution of income and wealth and to eradicate the remaining pockets of poverty.
11. That the effective creation and distribution of wealth in Barbados is dependent on the furtherance of a mixed market economy characterised by –
  - (a) a vibrant profit oriented private sector;
  - (b) an impartial, efficient and responsible public sector;
  - (c) the tempering of the profit motive by social commitment;

- (d) the widest possible distribution of shares and financial and other assets among the inhabitants so that a much wider pool of individuals and groups can have a stake in the operations of the economy;
  - (e) a harmonious balance between the interest of capital and labour and effective and timely intervention to correct market failures.
13. That a sound labour relations climate should be maintained at all times through any or all of the following means:
- (a) support for progressive labour legislation;
  - (b) encouragement of workers to join and participate in the activities of trade unions which are democratically organised, properly run, financially sound and genuinely dedicated to true interest of workers;
  - (c) the creation of good working conditions;
  - (d) the maintenance of an equitable system of wages, hours of work, holidays and other fringe benefits;
  - (e) the promotion of processes of collective bargaining through employers' organisations on the one hand and workers' organisations on the other;
  - (f) the establishment and maintenance of machinery for the conciliation and arbitration of disputes.

Mr. Speaker, I commend these philosophical positions, all of them, not just those that I mentioned, because I could not read out all 20 here today, but over time we will have a chance to put all of them in the record of this Parliament and let the people of Barbados know that we carried out that process of defining ourselves once again as we approach the 21st century, and that our statements in this Chamber and on their behalf are going to be based, not only on our record, which is a proud record, but also, Mr. Speaker, on these precepts which will carry us into the future. So I commend them to you, Sir, and more than that I want to reiterate that we will work with any institution which helps us to take Barbados forward. That is why we are truly grateful to those many private sector interest groups and trade unions and other organisations which met, and still meet from time to time, with us as an Opposition to genuinely share their thinking with us.

Mr. Speaker, as the world changes and new technology emerges, and we are extolling the virtue of all of these changes, we are losing sight of some important facts. One of them is that some of the very companies that are innovating are also **downsizing**. They are leaving many without jobs and sometimes we are not even noticing that there is an increase in poverty, violent crime and environmental destruction.

There is nothing that has been done in this Budget that will make me, if I voted for it, feel that I have contributed to the betterment of this society or to the greater security of our children or our grandchildren, because if we are not careful our children will become refugees while their forebears were telling them constantly from this Chamber that our economic policies were working. It has become difficult to make people or help people in Barbados to understand fully and to become fully aware of what this economy is doing. I am not talking about growth, interest rates and those **kinds** of things, I leave those to the Right Honourable Member for St. Peter to announce to this Chamber. I am talking about the extent to which this economy rewards acts of generosity, caring, sensitivity by corporations and individual citizens; the extent to which this economy is distributing the wealth which is being created; the extent to which the growth we are having is resulting in a more even distribution of wealth.

Mr. Speaker, if you were to listen to the *pro forma* speeches of Ministers of Government – I mean those who travel, Sir, I am not talking to those who remain at home and do the people's work – the perception is that globalisation is chic, and if you do not **speak** globalisation you are not with it. Meanwhile, Mr. Speaker, what it is doing is moving real power from Governments to the large traditional private sector. That is what globalisation as defined by some people is saying. It is moving real power from Governments or out of the hands of Governments, out of the hands of elected representatives into the hands of the large traditional private sector. These companies are extracting exactly what they want out of the system. Right now they are extracting exactly what they want out of this economy. They can **downsize** without regard to the fate of their employees, they can indirectly manipulate decision makers by financing political campaigns – and that is probably why the Democratic Labour Party is in such debt – they are able to increase profits, pay low wages and get Governments to respond quickly to their every need, and we are seeing more and more of that.

Mr. Speaker, globalisation means that people can come to Barbados on a birth certificate but you would have to pay \$20 and line up in your own country if you want to get into their country. Globalisation means that countries have to put in place fast-paced, user friendly, private

sector environments while any constituent of mine who wants welfare assistance has to wait for months before a case report is written, and many Government Departments and agencies have not yet been able, or **are** not receiving resources such as to deliver what they have to deliver to the average citizen in Barbados. We are focussing on fast paced decisions for the private sector, all of the amenities necessary, that somebody can fly from some part of the world and come to Barbados and get a decision overnight. I am not against that. What I am against is that the citizens of this country who are looking to get their share of some of the resources of this country, which should be equitably distributed, cannot get fast-pace action on anything they want. Retired persons leaving the Government Service have to wait months before they can get their gratuity and pension, and you can go through a whole list of problems. I **think** we need to be serious and evenhanded in the policies that we pursue.

5.30 p.m.

Globalisation allows corporations to play countries off against each other. Who has the lowest wages, the least environmental responsibility demands? those are the questions which are being asked. Mr. Speaker, Sir, globalisation of capital markets makes it harder for Governments to exercise significant control over economic forces that shape their own lives.

Government has to be evenhanded, Sir. We need to build neighbourhoods and communities to counteract the insecurities of this era. We need to build institutions which reflect our mobilisation of communities, whether it is community resources, whether it is other kinds of community efforts, we need to build those institutions. To ensure that the average citizen in Barbados that his or her needs are being met without bottlenecks and indifference by Government.

What I think is the most important message, Mr. Speaker, Sir, that I want to deliver to the Right Honourable Member for St. Peter about this Budget is that the **post-stabilisation** period in Barbados, in other words, the period after the IMF programme should be a period which should be an exciting one for the Right Honourable Member for St. Peter as an economist brought up in the University of the **West Indies**, having seen the Jamaican experience. He should see the post-stabilisation period in Barbados, when the economy is on a sound footing, when we left it in good shape, reserves are now at record level, as a wonderful opportunity to be engaged in redistribution of wealth in the kinds of policies which would pull those who are outside of the mainstream back into economic activity. But, Mr. Speaker, Sir, when you ask the question, who gets what from the sacrifices of Barbadians in 1991, the Right Honourable Member for St. Peter, turned the equation on its head and the people who made the greatest sacrifice in

1991 are the people who are being least rewarded. The people who most need help in this society are the people who are least likely to get it. Therefore, the Right Honourable Member for St. Peter, the Government, needs to ask the question what constituency in Barbados do they represent. I don't think there is any doubt on this side what constituency we represent. It is very clear to the people of Barbados. It is upsetting to some people in this country that even though we had to implement difficult policies in 1991. There are some people who feel that we should not have the courage to **standby** the very basic policies which informed the evolution of the Democratic Labour Party, that because we had to take difficult decisions in 1991 that we are forever estopped from speaking on behalf of the workers, that because we had to cut public workers' salaries that we are forever estopped from putting a case for the public workers in this country.

Mr. Speaker, Sir, we are going to put the case for the constituencies that we feel we represent and, in that regard, I want to say this. That constituency badly needs somebody to put its case. That is one of the problems that we face.

If you look at the history of action which Government has taken passing a constitutional motion in one year and a few months later legislating salaries in here without the concurrence of the principal public sector union. Grandstanding in here during the constitutional debate, Mr. Speaker, Sir, linking the Party closely to the rights of civil servants and then they follow it with a series of policies and actions which can only be aimed at undermining the confidence of civil servants in this country, that the sacrifice which they made was in vain.

So Mr. Speaker, Sir, whose interests do the Government policies take care of? Whose interests are being advanced in Barbados today? Mr. Speaker, Sir, I only ask the Honourable Member for St. Peter to put his motor vehicle in reverse, go back to the yellow **wood** where he saw the crossroad. I am not telling him to come off his road altogether, because he may wish to go back there and he would be very entitled if he wants to go back there; but I am telling him to go on the road where he will see the people who are being marginalised by the policies of the Barbados Labour Party and the people who most expected to be taken care of.

One of the clearest impediments to our development in the Caribbean, particularly throughout the entire Caribbean region, is that we are always following a cycle of development which has **worked** elsewhere and which others outside of the region believe suits us. The Honourable Member for St. Peter was heard to say 18 months ago that he likes the Mauritius model. He told Barbadians that the example of the Mauritius model is one that he thinks is, or could be, emulated in a country

like Barbados. Others say that the entire East Asian example or experience is one that we should pursue. They deduce that the policies and the success of countries in East Asia such as Japan, South Korea, Singapore and Taiwan are being based on a market friendly thesis. The role of Government in our society is to ensure adequate investment in people, provide a competitive climate for private enterprise and keep the economy open to international trade and maintain a stable macro-economy. Those are the 4 principal pillars.

International institutions want to take credit for the phenomenal growth in the East Asian economy and they believe that since imitation is the sincerest form of flattery that other regions should also pursue such policies, but in many cases they flatter to deceive. Many of the policies which Barbadians would have had outlined by the Minister of Finance are taken straight from the textbooks written by those who praise the East Asian experience, had little time and elbow room to consider the thinking of intellectuals with whom, no doubt, he rubbed shoulders, C. Y. Thomas and others. He is taking it out of the textbook on East Asians.

5.40 p.m.

Contrary to what the Honourable Member for St. Peter tells this House, Mr. Speaker, he has cast in stone the economic fundamentals for Barbados right into the next century. This Budget conceals more than it reveals. I am going to get to that, Sir.

The Honourable Member for St. Peter was under no obligation to do what he has done in Barbados. When the Honourable Member for St. Peter **took** over the Barbados economy in September 1994, the IMF Programme had ended by then. It was over. There was no World Bank **non**-project policy financing programme in place. In fact, as I said already, the World Bank bid us farewell and we agreed to part as friends. There was \$20 million left which was to be drawn down as Structural Adjustment loans. We could not agree with them to their policy conditions. It was dragging on and we parted as friends.

The IADB negotiations had come to a halt. There had come to a halt because the **IADB's** position was that the Government of Barbados had to conclude a programme for enhanced surveillance by the IMF, and until we had those basics in place, there was no point discussing any of the policy conditions any further.

Mr. Speaker, Sir, when I went to Washington in June, right after the No Confidence Motion, the IMF said to me, that either the housing rent, bus fares, and the whole list of other institutional reforms which were to be undertaken have to be done, Government has to indicate what its position is on them, or, Mr. Speaker, Sir, the negotiations

will be final, and particularly, that part in relation to the last draw down of the original **IMF** loan would have come to an end.

When he went to the IADB, the IADB...

*Asides.*

Mr. D. J. H. THOMPSON: No in 1994. I went in 1994. There was a No Confidence Motion and I was on an **airplane** to Washington, with the Honourable Member for the City. She sat next to me and was very well-behaved on that occasion, from Bridgetown to Miami, and we spoke about what happened the day before.

*Asides.*

Mr. D. J. H. THOMPSON: You were very nice on that occasion. Do not spoil it. I have good memories of you on that flight. There is no need to spoil it.

So, Mr. Speaker, Sir, by the time we came back, the Honourable Member for St. Peter cannot say that he is bound by any IMF conditions. He cannot say that he is bound by any World Bank conditions, by any structural adjustments, only project financing, and he cannot say he was bound by any IADB conditionalities.

The Honourable Member for St. Peter inherited an economy, which by the end of the calendar year was growing at 4%. Foreign reserves were improving, tourism, agriculture, manufacturing and international business, all four areas of the economy, in particular export manufacturing, were all growing.

The 1994 Economic Report paints the story. Unemployment was moving downward, investment in tourism was at record levels. Within three months, Mr. Speaker, Sir, the Honourable Member for St. Peter was able to go the capital market, with very little effort, and take up **US\$30** million which the Democratic Labour Party had previously negotiated.

So, Mr. Speaker, Sir, the Honourable Member for St. Peter was a free agent. He was entirely untethered by any policy conditions by any international institution. He had an excellent wicket on which to bat. That came from independent sources. The Honourable Member for St. **Michael** South Central is an independent advocate. He said an excellent wicket on which to bat.

Now, what did the Minister of Finance of Barbados do, Mr. Speaker, Sir? Did he sit down and design a macro-economic programme for Barbados along the road less travelled, which was free of external policy conditions? Did he strategise on a way forward, another road for our country without the IADB or the IMF hanging around?

Mr. Speaker, Sir, if after the September 1994 General Elections Barbados had gone into another IMF Programme and was under a Structural Adjustment Programme, I think the people of Barbados could, quite honestly, say the Democratic Labour Party told them that was the course they were taking. There was no doubts that was the course we were going on.

The Honourable Member for St. Peter told the people that he would take them on another course. He was extricating Barbados from the international institution, from the grip. He was not negotiating with anybody for any paltry US \$35 million, and he was not taking any IMF, World Bank, IADB policies, for paltry **US\$35** million.

Mr. Speaker, Sir, the Honourable Member for St. Peter took his own road, and what was the net result of the road he took? The Minister of Finance, having previously laughed at the paltry, **US\$35** million IADB loan out of four, attacked the IMF, the World Bank and the IADB and then went on to negotiate with the IADB, which was consulting with the IMF.

Mr. Speaker, Sir, I only speak one language, and this is not a boast, it is a fact. I wish I could speak many more languages because we live in a modern world and I may, at some point, have to deal with Latin American, Spanish speaking people, and I hope to be able to learn another language. So I wish I could speak many more languages.

The fact that I only speak one language means that I am acutely aware of the words I use and their meaning. I am also acutely aware of the words other people use. Mr. Speaker, I am an attorney-at-law and there are only two over here. There are about twelve of them over there, Mr. Speaker, Sir.

Barbados has an International Monetary Fund Act, Chapter 18A of our laws. It is an Act, which purports to enable us, inter alia, to become a member of the International Monetary Fund. There has been a long debate in Barbados over the years about the **IMF**. Sometimes, Mr. Speaker, Sir, I wish that level of scrutiny would be given to other issues, but the IMF debate, I sincerely hope, infused from our fate a fair sense of independence and the fact that we understand what we are **talking** about. I make that assumption.

The fact is that the IMF has been hovering over Barbados in a role not hitherto considered for it since 1981. The Democratic Labour Party was not in office then. That role is by way of direct interventions in our **macro-economic** policy from time to time. Mr. Speaker, Sir, it sounds good to deny it, but it is there at two levels. Mr. Speaker, Sir, everything that the Honourable Member for St. Peter said **confirms** it.

Firstly, there is the broad level. Development incorporated, as some people would call it, and Graham Hancock in his book "Lords of Poverty" refers to it. **It** is a the group of lending aid international financial institutions to some of them we belong to. We belong to the IMF, we belong to the IDB, we belong to the World Bank.

Mr. Speaker, Sir, their policies are generally in harmony so when you get an IDB loan with conditions attached, you can rest assure that those conditions accord to the broad consensus of the institutions and the major financial contributors to those institutions. The role of the IMF is very much present in the World Bank and the IDB. Mr. Speaker, Sir, the number two official at the **IDB** was previously an official in the World Bank. No doubt about that.

The second point that I want to make, Mr. Speaker, Sir, is that the Articles of the International Monetary Fund govern its relationship with its members. Barbados is not in a formal IMF programme, and nobody on this side ever said that it was. Mr. Speaker, if anybody wants to challenge me on that, I will take my seat because I have heard people responding to what they thought they heard or what impressions they wanted to give the public that we had said that Barbados was in a formal IMF Programme. That had never been said by the Democratic Labour Party.

We have constantly, in this House, been tabling questions, asking questions and getting no replies. The Honourable Member for St. Michael South, from as far back as November 1994, Mr. Speaker, Sir, in response to a speech delivered by the Honourable Member for St. Peter to the Chamber of Commerce, asked a series of questions about the Inter-American Development Bank loan, the policy conditionalities and the role of other institutions.

Mr. Speaker, Sir, the IMF is performing two roles according to what can be gleaned from the drips of information which we as citizens get from our Government. We only get it in drips.

A surveillance function under Article 4 Section 3 (B) those who say that the IMF is not exercising surveillance, they are always exercising surveillance. It said: "In order to **fulfil** its functions under (a) above, the fund shall exercise **firm** surveillance over exchange rates policies of its members." It goes on to state the nature of the information required for such surveillance. The surveillance is undertaken by providing information from the member countries and by Article 4 - Consultation.

Mr. Speaker, Sir, I have a book here. I can give it to the Honourable Member for St. Peter because I do not ever hope to need it again. It is called "Selected Decisions and Documents of the International Monetary Fund."

*Asides.*

Mr. D. J. H. THOMPSON: He said he has it already, but he knows I would give him if he needed it. I will leave it here just in case he **wants** to refer to anything. Now, it is the 19th issue, dated June 30, 1994, page 16, Article 4, and it says: -

"Surveillance over Exchange Rate Policies - Implementation of Procedures For Surveillance Review."

5.50 p.m.

And in 1993 - the Honourable Member for St. Peter knows this - the Executive Board took the decision to terminate consultation procedures and replaced them by a standard 12 months' cycle. Most countries **are** now on a 12-month consultation cycle.

I have a copy of the Staff Report from the last consultation. I will make this a document of the House, if necessary. It is an interesting Report. This is IMF Staff (Country) Report, No. 95, page 2. It is in May, 1995 and it says on the cover, among other things: "In releasing this document for public use, confidential material may have been removed at the request of the member." I rely on the assumption that no confidential material has been removed.

*Aside.*

Mr. D. J. H. THOMPSON: I **am** not saying it isn't. I am just making the assumption that no confidential material has been removed from it and that what this purports to be is a fair and accurate representation of the consultation. I have no doubt about that, so I put it here on the Table for anybody who may wish to inspect it.

The second function, Sir, which the IMF is performing in Barbados is a monitoring function. So when you hear people making a distinction between surveillance and **monitoring**, they do not need to make such a distinction because the **IMF** is doing both in Barbados. In this regard, Mr. Speaker, I refer the House to a document which I am going to make a document of the House. This has not been made a document of the House before. I heard somebody say that they had laid all the information to do with the **IADB** sector loan.

This, Sir, is a document of the Inter-American Development Bank, Operation No. **900/OC/BA**, approved November 15, 1995, entitled: "Barbados - Sector Reform Programme." **As** I said, I **am** going to make it a document of the House. I have to make this a document of the House, Mr. Speaker, because in this document **are** some of the core issues which **are** going to form part of this debate in this Budget, and it is unbelievable that a Budget could

have been presented in this country yesterday. Barbados is presently under a structural adjustment programme. Barbados is presently receiving an investment sector loan, the tranches of which **are** being disbursed on what one would call a tranche specific conditionality basis. If you look at the Executive Summary disbursement of each tranche it is contingent upon compliance with tranche specific conditionality and maintenance of an appropriate macro economic framework.

And, Mr. Speaker, not one single word in yesterday's Budget about the Inter-American Development **Bank** or the International Monetary Fund's relationship under this programme. So I think we have a duty to tell the public that if you turn to paragraph 3:4 of this document under the heading "Proposed Action," it says:

"The **IDB** will support the efforts of the Government of Barbados in this endeavour and its progress especially in the areas of **stabilization**, incomes policy, trade and ~~tax~~ reform will be **carefully** monitored."

And then it goes on:

"It is anticipated that the IMF will assist in monitoring the stabilisation effort through frequent staff consultations with the Government."

Page 6 of that document also states:

"The macroeconomic programme adopted by the Government of Barbados and supported by periodic **IMF** staff consultations will address the major structural impediments to renewed growth in the economy of Barbados."

Somebody has been telling Barbadians that the only kind of consultations which **are** taking place **are** Article 4 Consultations. I do not know who it is but, Mr. Speaker, if you have a two-year loan and the document says periodic staff consultations by the IMF, the IMF would have to be very negligent only to come here twice during the period of that two-year loan? So the public is told that only Article 4 Consultations **are** taking place but less reliance is being placed on the words: "and other informal consultations." You could do that by **fax** machine. You could do it by any means, Mr. Speaker.

On page 1 of Annex 1 under the Proposed Policy Matrix, it is clear that before the first **tranche** of the loan can be drawn down that the IMF had to **complete** its staff consultation and any stabilisation issues had to be resolved. Mr. Speaker, if you read the document I have just referred you to it says quite clearly "Measures to be taken..." I am reading Annex 1, Page 1 of 5:

"Before first **tranche** satisfactory progress in the macro-policy environment which includes implementation of CARICOM Tariff schedules and adherence to Incomes Policy staff consultation with the **IMF** completed and any **stabilisation** issues resolved."

I have to make this a document of the House, Mr. Speaker. Then it says again at the introduction to the programme, paragraph 1:3 states quite unequivocally:

"With periodic IMF consultations, supplemented by World Bank technical assistance the Government of Barbados will soon put into place a medium-term adjustment programme."

Mr. Speaker, on May 7, I think it was, in responding to a front page **Nation** story, and I am not going to go into any matter that has been expunged from the record so you should feel comfortable, written by a young journalist, the Prime Minister said in his now vehement presentation to the House – I am not dealing with the vehement part. I am dealing with the non-vehement part. I remember it because I wrote it down.

"It is nonsense for somebody to be saying that we have a programme, a macroeconomic framework that requires the **Government** to have surpluses, that those surpluses have to be achieved and they **are** being monitored by the **IMF** when we have brought it to this House last year. I made it clear to the House that the IMF sent a Mission to Barbados in October 1995 recommending that we **run** a surplus and we have told them 'No.' We **are** running a deficit. Sir, we brought a deficit budget to the House last year. We brought another deficit to the House again this year and we hear some nonsense about some secret macro framework."

First of all, Mr. Speaker, neither you nor I would believe that up to yesterday the Government was telling us that the fiscal **outturn** would have been a surplus, so having told the IMF "**No**," and I know how these things work because we used to practise an approach in the Ministry of Finance that when things were a bit **difficult** you would make adjustments midstream. You cut back on your capital works programme and you may have to do other things to make sure that the **outturn** conforms with the macro design that you put in place, so we were flexible on that.

The Honourable Member for St. Peter now gets and tells the public that I do not understand what I am talking about that because he said he was going to run a deficit we should stick to that even if he **runs** a surplus. So that at the end of the fiscal year the Honourable Member, until the Budget was read yesterday, had projected a surplus. The

**IMF** was demanding a surplus but the Honourable Member for St. Peter tells us they have no hand whatsoever in the macro-planning of Barbados, a Minister of Finance who runs a surplus, having told the previous Minister of Finance not me the previous one, that he should run a higher deficit to create some jobs at a certain time. I remember the debate in here that we were **too** constrained. So we have now gone full circle. We have gone from deficits of just under 2.5 per cent of GDP to surplus and people are boasting about a surplus. The IMF wants it. You achieve it by accident and then tell people that you did not **really** want a surplus. You have a surplus, you cannot really explain, but you intended a deficit and then people try to make mock sport out of previous Ministers of Finance saying that they do not understand that. Once you say that you **are** going to run a deficit, even if you run a surplus, you **are** not to pay attention to that. You should only pay attention to the fact that you said that you would run a deficit. With that kind of ambiance, Mr. Speaker, Sir, we cannot have any serious economic debate in **Barbados**. First of all, you do not get the information and, secondly, everything you say people take it and twist it around, Mr. Speaker, to give the impression that you said what you did not say. I need to draw no conclusion in relation to this matter. I need only to contrast what these documents say about the role of the **IMF** with what the Prime Minister has been saying.

6.00 p.m.

Mr. Speaker, Sir, last October – early October, I happened to be in New York. It is only after I left New York I then discovered that I was staying again in the same hotel as the Honourable Member for the City only after I left, not that that would have made any difference. It was a very cheap hotel so it must have distinguished me or us. But anyway, Mr. Speaker, Sir, I did an interview with the **Nation's** North American Editor and, Mr. Speaker, Sir, I said that the IMF would be exercising some kind of surveillance scheme or monitoring of Barbados under the IADB Programme. But I also went on to say that the Prime Minister should explain to the public what it is about. That is all we want – an explanation. It is not a question and this is why we have a problem in Barbados. Because the Prime Minister is always reacting instead of coming up front with the information and telling us clearly what it is and, if somebody distorts what he says, then he is free to say they **are** an idiot. He is free to say any of the things he may wish to say about when he is vehement. But if he does not provide the information, people seek it out, comments based on ignorance. Mr. Speaker, Sir, it cannot **fall** from the mouth of any Minister of Finance to then be so bitter in their criticism of anybody. It cannot. It is not fair and, Mr. Speaker, Sir, then we hear that the IADB President was here so the journalists should have asked the questions. Now how **are** they going to ask the questions – out of thin air? No **journalist** wants to look like an idiot. There

may have been a journalist who came to the Press Conference who did not even know what the IADB was. I do not know. Do you think that he would be foolish enough to ask the President of the IADB what it was? You have to **arm** people with information so they can make rational and sensible choices. But instead of that, Mr. Speaker, Sir, you had a situation where the Honourable Member laid only the loan contract and the economic policy letter. That is all the Honourable Member gave to the journalists. But when you look in the documentation which I have laid in this House, and I will deal with a lot of it later, you will see all of the other elements of the IADB Programme with Barbados.

Mr. Speaker, Sir, it is unbelievable. And when I said what I said in New York, do you know what the Honourable Member for St. Peter did? He was then in Jamaica. He called Barbados – I hope the taxpayers did not have to pay for that – and told the public of Barbados that my allegations were wild and outrageous. Would you believe, Mr. Speaker, Sir, that the IADB itself said last week in a Press Release:

"These loans must be undertaken within the context of a micro-economic programme supported by the IMF and that the IADB maintains close coordination with the IMF on all these loans."?

Now, Mr. Speaker, **Sir**, I did not see that IADB statement myself. I read that in a hundred-year old newspaper. Would you believe that having read that, I then looked at the headline and do you know what the headline said? – "IMF Not Involved". After the IADB said that the IMF maintains close coordination with them, that the loans must be undertaken within the context of a micro-economic programme supported by the IMF, the newspaper headline was: "IMF Not Involved."

Now, Mr. Speaker, Sir, when you are dealing with that gap in public information, when you are dealing with the attempts which **are** being made to pull wool over the eyes of the people of Barbados and obfuscate the issues, and when you **are** dealing, Mr. Speaker, Sir, with a Prime Minister who when he was Leader of the Opposition pilloried the Honourable Member for St. Michael South in relation to every detail including the fact that he criticized the previous Government for not making available to him, the then **Leader** of the Opposition, the targets which we were to meet and all the performance requirements under the IMF Programme.

Now, Mr. Speaker, Sir, I have had a question on the Order Paper **asking** for this medium-term economic strategy, **asking** for the terms of the IADB Loan, asking about the role of the **IMF**, and that documentation the

Democratic Labour Party has had to solicit from outside of Barbados and lay in this Chamber.

So, Mr. Speaker, Sir, I put the facts before the people and, like a judge summing up for a jury, I want to say that it is for you the members of the jury to make a determination on the facts. It is for you to convict or to acquit and some may ask what is the charge and I say that a person who is held in public trust has misled the people of Barbados. Now, Mr. Speaker, Sir, my own approach to such issues is to be open and **frank** and the records in the Prime Minister's will show quite clearly on the file what my views were. I cannot think that there is any major decision which the Democratic Labour Party took which is of any significance at this stage. The Honourable Member could have reversed all including the VAT if he wanted to, but I will get to that shortly.

The House has already been given a copy of our Structural Adjustment Programme which the Democratic Labour Party designed. There was a Structural Adjustment Sub-Committee of Cabinet and it was designed by a Committee of Barbadians. The Honourable Member for St. Peter gives the impression that he is the first person to design any home-grown programme in Barbados. All of this, Sir, is fluff and puff and, when you get beyond it and get to the facts, you see something completely different. So what is the result of all that I have just said, Mr. Speaker, Sir? First of all, a home-grown micro-economic strategy which includes trade reform, the stabilization pay of which requires consultation and monitoring, and the strategy document until yesterday had never been seen by the public of Barbados. Up to yesterday evening we had to be giving copies of this document to members of the Press so that the public would know what was in this medium-term economic strategy. It says May, 1996. But, Mr. Speaker, I asked a Parliamentary Question in this Chamber since last October and the medium economic strategy that I asked for is the one which the Prime Minister sent to the international institutions. That is the one I want. But, Mr. Speaker, Sir, this document conceals more than it reveals and I leave this to be complemented by the information which I have made available to the public. It was never seen by the public. It was never laid in the House until yesterday. It was never given to the reporters who attended the Press Conference with Mr. Iglesias from the IADB and yet, Mr. Speaker, the Prime Minister said it was not a secret. So nobody in Barbados had it. Nobody was going to get it but it was not a secret and he got offended because the **Nation** said it was a secret micro-economic programme. But if nobody had it, what could it have been, Mr. Speaker, Sir? If I asked a Parliamentary Question since last year and this House has not been given the opportunity of seeing this document until yesterday and if no reporter had it, Mr. Speaker, Sir, it could only have been a secret. 6.10 p.m.

I do not understand what games **are** being played with the minds of the people of Barbados. I am not even going to comment on the document. I am entitled as a Barbadian citizen, I think, and I think all Barbadians **are** entitled to have access to this kind of documentation. It cannot be fair, Mr. Speaker, for you to conduct any serious economic debate in Barbados without having access to this kind of documentation, and now the day of the Budget this is laid on the Table and dated May, 1996. That is not the document given to the IMF, so the Right Honourable Member for St. Peter was vexed with the Nation because they said the components of the macro-economic programme remain a Government secret. Up to then they did remain a Government secret.

Now when asked about the macro-economic programme the Prime Minister said it is a rolling plan which, were he to reveal it, would cause confusion, as if this is the **first** time ever in the history of Barbados that we had a macro economic programme. There is a structural adjustment document in this House, Mr. Speaker, designed by the Democratic Labour Party, which has in it a **macro**-economic strategy and an entire programme with targets. The Honourable Member can take it up any time. We laid it as soon as it was approved by the Cabinet of Barbados. It was not a rolling plan. The day on which you make the plan you date it that day. If you change it the following day, then you date it the following day. I asked for the plan which was sent to the international institution. It must have a date on it, and the date was not May, 1996. So this is the kind of answer that I get and this is the kind of answer the people's representatives in this Chamber **are** required to accept. There is nobody on the Back Bench in this House who would have seen the plan either, yet they will be required to go out and defend policies for their Government. If that is how we are functioning, **fine**. What is confusing about the document, as I said, is that it conceals more than it reveals. This is open Government and **this** is accountability for you.

The second element is an incomes policy which is based on a Protocol which restrains wages over the next two years. This Protocol is being used as a weapon against those at the bottom. The Barbados Tourism Authority's executives are not bound by it, the **BNB's** chief executive is not bound by it, the Personal Aides to Ministers are not bound by it, the Youth Commissioners are not bound by it. I got information that there are consultants, including a privatisation consultant, who are not bound by it. Current trends tell us that there will be more groups at the top who **are** going to **find** their salaries increased as a result of job evaluation exercises, but let me tell you, Mr. Speaker, Sir, those groups are not going to include maids, gardeners, watchmen, policemen, teachers, clerks, nurses, bus drivers, labourers, civil servants and lower level officials in Statutory **Corporations**. None of them are included. The job

evaluation is for those at the top, so that in another two years people will be fighting to catch up to close the gap between those at the top and those at the bottom.

Another element of the strategy is the introduction of Value Added Tax. I want to go through this quite clearly, because I think it is very necessary. I think it would benefit the Right Honourable Member for St. Peter significantly if I make this point. It is not a matter that needs a lot of attention, but it needs something said on it. Despite what the Right Honourable Member for St. Peter says, and despite what any of his other Members may say in this debate, despite what his letter writing supporters say in the newspaper every day, the Prime Minister of Barbados and the Honourable Minister of Finance is not introducing a Value Added Tax because I left it for him to introduce, or the Honourable Member for St. Michael South left it for him to introduce, or the Cabinet left it for him to introduce, he is introducing a Value Added Tax because he **fundamentally** believes, supports, the concept of a Value Added Tax. Why do people need us to **confirm** our position? There is nothing for us to confirm.

#### *Aside.*

Mr. D. J. H. THOMPSON: Yes, we were introducing a Value Added Tax and we support the abolition of those 11 taxes, most of which the **Barbados** Labour Party introduced anyway on the backs of the people of Barbados – a lot of people forget that, I want to thank certain friends of mine for reminding me. I was not in the House then, but if you look through that list of 11 taxes they are abolishing, most of them were **taxes** introduced by the Barbados Labour Party – so I am glad that the Democratic Labour Party left it for the Honourable Member to abolish the heinous taxation which the Barbados Labour Party put on the people of Barbados in the 70s and 80s, but I want to say this.

#### *Aside.*

Mr. D. J. H. THOMPSON: I abolished the levies. That is what the Democratic Labour Party did and you were the ones who put the levies on too, and we abolished many other impositions which the Barbados Labour **Party** made on the people of this country. We were introducing a Value Added Tax, and perhaps, Mr. Speaker, that is why so many people **are** calling on us to explain it, because what the Prime Minister said in here yesterday has created more confusion out on the streets of Barbados and on the call-in programmes, and I really thought that having had this long lead-up time to the Budget – the Right Honourable Member said we were frightened for an economic debate and **that** we were consumed with secret documents instead of economic debate. Mind you, Mr. Speaker, in the Estimates you could not even get to

debate the economic Ministries, not the ones in relation to the Prime Minister because we had an understanding, but in relation to the other economic Ministries there was no basis for not debating them. The shadow Minister of Agriculture was here, the shadow Minister of Trade was here, the shadow Minister for International Business could have debated them. All of them could have been debated. Mr. Speaker, the Government ran from the debate then and continued to run from economic debate until the Budget was delivered yesterday.

Mr. Speaker, people are calling on us to explain the Value Added Tax. They are genuinely confused about the tax, genuinely do not understand what the tax is about and we have a civic duty to explain it to them, and we will explain it, but Mr. Speaker, that must not remove where the ultimate responsibility lies for introducing the Value Added Tax. The Government must take the benefit and the burden of the policies it introduces. It cannot share with the Opposition the burden of policies which it, the Government, introduces. History will help the Honourable Member on this point. There is no point saying that the introduction of a VAT is part of a road less travelled. Many Governments have travelled along the road of introducing a VAT, VAT is not part of any road less travelled by anybody. There is plenty of information available on it and, Mr. Speaker, I finally say this. If the Barbados Labour Party did not want to introduce a VAT, they would have abandoned it. It took no special courage to **introduce** any VAT in Barbados, and for all the delay which the Right Honourable Member for St. Peter applied to the VAT, the outcome was not substantially different from what we as a Cabinet had agreed, and he is entitled to tell the people of Barbados what we agreed to at that stage. It is not substantially different, so what was the basis of all the delay? Eighteen months of dithering in the Ministry of Finance by the Right Honourable Member for St. Peter, so it took no special courage. At least, I think not, although when I saw the Honourable Member leaving the Chamber I knew that the VAT is weighing very heavily on his mind. If he had the courage of his political forebears, as happened with the sales tax in 1978, he would have abandoned the VAT. If he felt that he had an alternative. I really thought that the 18 months was the period which the Honourable Member was using to design a new **tax** system, because when the VAT consultants came to Barbados they said we could introduce a VAT in 18 months in Barbados, so we had 18 and probably another 18 months. This must have been the longest gestation period for a VAT anywhere in the world.

5.20 p.m.

The Honourable Member is a technician and he, I believe, brought skills to public life that I didn't possess. He was a technician. What can explain 18 months of dithering and then another 3 months dithering over a

budget which did very little and probably could have been written on the back of a paper napkin and delivered in the dining room.

Mr. Speaker, Sir, labour market reform. That's supposed to be another part of the **IDB**, sorry, another part of the strategy which the Government is pursuing. I am going to read that because the Honourable Member looks a bit perplexed and maybe he hasn't seen this document yet. I am going to read that, Mr. Speaker, Sir.

Page 4: "These are the key remaining elements of structural reform."

I am going to give him time to **find** it. I didn't even know that the Honourable Member had this document. I thought he laid all the documents in here. I am glad to see that he has a copy and it is not mine, because I haven't given mine to the Clerk yet.

Page 4, paragraph 29:

"Labour Market Reform. Labour costs are intended to be lowered and efficiency in labour market improved by revising the Severance Payment Scheme and other labour regulations."

Well, I don't know what those revisions are going to be.

"In fact, incomes policies in effect since 1993 have prevented significant wage increases in that period."

The Honourable Member looks a bit perplexed. Well, if they have been dropped, you had a right to tell the public what it was all about. Not from what I am hearing.

So, Mr. Speaker, Sir, on assuming office, the Minister of Finance immediately locked himself into an IADB programme. He went off to Belize and said he was going to wrap up things, the DLP had left everything in a mess and he was going to speak frankly and tell the President of the IADB no IMF programme at all. I saw that in the newspaper. Off he went, and what he didn't get was an IMF programme. What we got, was the IMF through the back door.

So, Mr. Speaker, Sir, we got an investment sector reform programme, **US\$35** million over 3 years and it is to be disbursed in 3 tranches over 24 months. One of the key conditions for accessing all 3 tranches is that Government should implement a macro-economic programme, including adherence to the agreed CARICOM tariff implementation schedule, adherence to the Incomes Prices Protocol, the macro-economic framework, the crux of which is to be low fiscal deficit supported by monetary and incomes

policies would be monitored by the IMF to ensure winding-up adherence. The IDB also called for the winding up and the dissolution of the Barbados Development Bank, implementation of a management plan for ailing south coast hotels, sale of all the **BDB's** performing assets and the liquidation **and/or** sale of all its non-performing assets.

The Bank also required the Government to issue a statement of intent to privatise the Barbados National Bank and that a prospectus be prepared for the divestment of at least **51%** of its ownership. It also demanded that the physical development plan be revised and adopted by both Houses of Parliament and that Government announce a new policy for making land use decisions.

Another key condition is for all foreign investment promotions and facilitation be centralised in the Ministry of International Business and Trade and that a new Financial Institutions Act replace the Financial Intermediaries Regulatory Act, revamping of them, the Barbados Agricultural Management Company, development of an area plan for sugar estates and other **rural** areas, creation of an interlocking directorate of the Barbados Mortgage Finance Corporation and the **BNB** and the introduction of intellectual property rights legislation were among the conditions.

Finally, Sir, the programme is designed to increase the competitiveness of the economy and encourage renewed private sector investment. It is hoped that land use policy will permit better utilisation of land resources and that starting a new business will be easier and cheaper.

Now, Mr. Speaker, what I have just read to you – I don't quote from newspapers, because it is against the rules. But I adapted a newspaper article which appeared in the **Nation** newspaper. This is the same article. Nobody got up on any point of order to contradict me and say that I was telling lies. Nobody has got up on a point of order to say I was misleading the House. This is almost verbatim, the same thing that a young reporter wrote for the **Nation** newspaper 2 weeks ago, almost word for word, Mr. Speaker, and not one of them over there can challenge it as being any cocktail of fact and fiction. Nobody can challenge it as being dishonest and nobody can say that I am misleading the House. Mr. Speaker, Sir, I will give a copy of this Budget to anybody and they can match it almost word for word except for the first 3 paragraphs to the story which was carried in the **Nation**.

Mr. Speaker, Sir, all this talk about the VAT is not a condition, is not a demand and so on, tell me what this language tells you. Page 1 of V:

"Before the second tranche, satisfactory progress in the macro-policy environment which includes VAT in place."

It says measures to be taken before the second tranche. That must mean that you cannot draw the second tranche until you have the measures in place. Now, there is no time frame. The Honourable Member for St. Peter says there is no time **frame** and I accept that, but the point is that you still cannot draw the second tranche until the VAT is in place. Mr. Speaker, Sir, what is all this talk about the **Nation** misleading people in a cocktail of fact and fiction. Minor errors! The VAT is a condition. It may not be a condition for the **first** tranche but it is a condition for the second.

It is true you didn't draw down, but what the newspaper should have been asking and that would have been a sensible question is why the Government has not yet drawn down, because this document tells us that the Government should have completed all of the first tranche conditionalities by **February/March 1996** and we **are** now in May.

What that article should have had as its headline is: VAT Before Second Tranche, or **Why** Hasn't The Government Obtained the IDB Loan? The Honourable Member said that he has a better relationship with the IDB than we had, his negotiation skills have been better. So why isn't the money here?

A man calls in on the call-in programme every week, quoting a newspaper article which says: In The Bag. And he wants to know how come the money is not yet in the bag. That is a valid question. Not even the first **\$15** million. All the hue and cry and not even the **first \$15** million.

Now I have to bring my legal skills to bear on this, Mr. Speaker, Sir. These reforms, along with others, are set out in an indenture. An indenture is a sealed agreement or a contract. A contract between Barbados and the **IDB**. Barbados has been indentured to the IDB by this Administration. Barbados is indentured, just as you have a conveyance. I urge people who have their conveyances at home to pull them out of the top drawer or your briefcase and sometimes at the top you will see this: Indenture of Conveyance.

We are indentured to the IADB as a result of the policies of the Honourable Member for St. Peter.

What are the implications of that indentureship, Mr. Speaker, Sir? Let us hear what the implications are. No doubt the Honourable Member for St. Peter is reading his history as he reflects on our **IMF/IDB indenture**. He may have the indentureship period on his mind.

There was a St. Lucian magistrate called George Des Voeux who travelled to Guyana in **1869** to investigate

the plight of indentured labourers after their uprising and he found the following conditions obtaining: long hours of work and low wages, high costs of legal counsel, high-handed and arbitrary management, unjustified deductions from wages – I assume he means taxation like environmental levy and others – abuse of vagrancy laws, deficient medical facilities, inadequate housing and deficient water supply.

Mr. Speaker, if he came to Barbados now, I wonder what George Des **Voeux** would say about conditions obtaining in this country. 1, 2, 3, 4, 5, 6, 7, 8 conditions with which we can readily identify. They may not be as severe, but I would have no doubt that there are contemporary reminders of these conditions, and it is that that would have spurred the Right Honourable Member for St. Peter into action with the vehemence in this Chamber on the occasion on which he was vehement.

So this Government proposes to add to the list of conditions under this new indentureship and let me tell you what they are, Mr. Speaker, Sir. Some of these the Democratic Labour Party was also discussing with the **IDB**. And I must tell you, as I said here before, I had little success, particularly in relation to the **BDB** and land-use policy. In fact, while I was in Washington talking to the **IDB** about land use policy, the Minister of Agriculture had a land use policy which the Honourable Member for St. **James** North referred to last week in this House passed by the Cabinet which locks us into a system of zoning. I do not know if it was foreboding that they felt that there would be some attempt to loosen the land use policy but the Minister of Agriculture brought that before us.

Mr. Speaker, I agreed to seek the Government's concurrence to many of the reforms. We had negotiations on nearly all of the items which the Honourable Member has produced in this **IADB** document.

The Barbados National Bank. "Government will privatise the Barbados National Bank." Not by 10% or 20%, Mr. Speaker, which is what the Honourable Member for St. Michael South had announced to the public of Barbados but the Government is divesting its controlling interest. 51% of the Barbados National Bank will be sold. There are implications for that. This is the institution that holds major Government deposits. It is the institution that holds the savings of credit unions and co-ops. So, Mr. Speaker, Sir, up to when the Democratic Labour Party had left office, the Cabinet had not formally agreed to the full divestment of its 51% controlling interest in the Barbados National Bank.

This of course, Mr. Speaker, Sir, had been agreed to by the Right Honourable Member for St. Peter's Government even before Barbadians had been told anything about his own Government's privatisation strategies.

Mr. Speaker, Sir, I was flabbergasted yesterday when I looked in this document and read – I mean after all the criticism the Right Honourable Member for St. Peter heaped on my plate about CBC and the oil company – when I looked through this document, Mr. Speaker, Sir, page 38 and I am quoting 'from the Medium-Term **Macro**-Economic Strategy:

"Sell share holding in Barbados Dairy Industries. Begin the process of preparing CBC for sale. Review options for divestment of Barbados National Oil Company and the National Petroleum Corporation."

Mr. Speaker, Sir, the Barbados Labour Party and in particular the Right Honourable Member for St. Peter almost bit out our throats as a Government when he was Leader of the Opposition for saying that we were considering divesting the oil company. We even had members of the Democratic Labour Party join with the Honourable Member for St. Peter in publicly being critical of us for saying that we were going to sell the oil company. And now, I picked up this document yesterday. I took off my glasses and then I had to point out to the Deputy Leader that his eyesight might be better than mine. Options for Divestment of Barbados National Oil Company and the NPC. That is a complete policy reversal. I mean it is a complete somersault. Totally inconsistent.

So this medium-term economic strategy has not been brought to the public. It is a mis-matched policy *ad hoc*. When I was Minister of Finance, we were engaged in a full-scale privatisation debate. The Right Honourable Member for St. Peter brought a Resolution, debated it and I replied. And our full policy on privatisation was put before the public. The Right Honourable Member for St. Peter now comes 18 months later and says shares in Pine Hill Dairy, CBC, the oil company and **NPC** – they are reviewing the options on them – the **Hilton** Hotel has to be prepared, redeveloped and the Honourable Member for the City announced that it is going into a new arrangement which will involve private investment in the company whichever is the holding company of it and then sell 20% shares in the successor company to the ICB.

I also saw that the Honourable Member for St. Peter made it quite clear when the Barbados Labour **Party** came to office, that the ICB was not to fail. Now, Mr. Speaker, Sir, what could have propelled the Right Honourable Member for St. Peter in this direction? We were selling 20% of the shares and that was bad, reverse, wrong. They are now selling 20% of the shares 18 months later, after the Right Honourable Member for St. Peter said he would not be selling any shares in ICB.

Mr. Speaker, Sir, what would have propelled this, because these were all IMF conditions. This is the

thing that really makes it amazing. So when I think of it and I reflect on the conditionalities and the issues that were outstanding that caused us not to draw down on the last course of the IMF loan, some of these issues were in there. Slow privatisation of assets and so on. Now the Right Honourable Member for St. Peter comes and implements the IMF policies better than we implemented them. He is better at implementing them even though he is not in an IMF programme.

The Barbados Development Bank. The BDB has been closed, Mr. Speaker, Sir, and the Democratic Labour Party, though we did not formally agree to this closure, part of the conditionalities of the **IADB** loan would have been the closure of the BDB and its replacement by another institution. The matter went to Cabinet and the records are there, Mr. Speaker, Sir. I don't think any firm decision was taken. I believe the notes of the negotiations were taken. But, Mr. Speaker, Sir, that is irrelevant now because the Right Honourable Member for St. Peter could have reversed all of that. He didn't need the **US\$35** million. He didn't need the **IDB**. But he closes the Barbados Development Bank. The Minister closes the Barbados Development Bank and no development finance institution has been identified to replace it.

In fact, the Government has clearly agreed, and it is part of this document again, that it will not set up an alternative to the BDB outside of certain specified guidelines.

6.35 p.m.

Any possible future, will include:

- (1) Minority Government Ownership to be reduced over time.

Now the Honourable Member for St. Peter spoke about that in the Budget but what he did not say was this.

- (2) Assumption of the entire credit risk by the **BFI** on its loans, and
- (3) Market interest rates must be charged on all lending.

Now, Mr. Speaker, Sir, what kind of development financial institution is that? Market interest rates must be charged on the lending, assumption of the entire credit risk by the new institution, and minority Government ownership to be reduced over time. So Barbados cannot get a BDB or replacement to it without these conditions being adhered to. That is what the document said. That is a demand. There is no flexibility in that. So all the talk that we are hearing about how much flexibility the Honourable Member has as a flexible programme without conditionality, if it is so flexible why would he bring a Budget and quote exactly

what the IDB said in its document, because this is not a Government of Barbados document, this is an **IDB** document and what the IDB says he must do? What kind of Development Bank would that be? This concerns us, Mr. Speaker, Sir.

What window is there for small business? Two million dollars has been given to the Small Business Association or is being involved in some venture project. Has any of that money been disbursed?

You know, Mr. Speaker, Sir, I **think** it is since the end of last year that money has been floating around. Can anybody in Barbados tell me that they have started a new business? And this is supposed to be a Government that moves faster and is quicker and more innovated than us. Tell me who has started a business with the proceeds of that venture capital fund? I would like to know. I am very interested. I do not want the names of the people. I just want to know the kinds of businesses that they have started.

What window is there for entrepreneurs in Barbados now? It does not have to be a valid question. Who is going to finance the critical new areas of development needed in our economy? Meanwhile, Mr. Speaker, Sir, you have in Barbados a special category of person emerging under legislation called the "Special Development Areas Bill," which gets the benefit of subsidised lending...

*Asides.*

Mr. D. J. H. THOMPSON: ... Well, let me go to the policy then. Forget the Bill. The policy of the Bill is as follows and, Mr. Speaker, I have been in this House nearly ten years. I know that there are some who have been in here for 30 years and more but I know the Rules, so let me get to the policy of the Bill.

*Asides.*

Mr. D. J. H. THOMPSON: ...He has been here nearly 30 years and will be honoured suitably on Friday. I will be very happy to be present and to give honour where honour is due. The Honourable Member for St. Michael South deserves honour for the contribution he made to Barbados. The fact that you are imitating the policies of the Democratic Labour **Party** in so many areas, means that you were honouring us as well. So you do not need a dinner to do that. That is why I said that you can read your Budget at the back on a paper napkin downstairs.

*Asides.*

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, there is this category of person called a developer and an investor, in special development areas. The Investor gets subsidised lending because...

*Asides.*

Mr. D. J. H. THOMPSON. It is not subsidised lending, if you do not pay income tax on the interest you earn from the investment you make, well that has to be some form of subsidised lending. If the Honourable Member can tell me what kind of lending it is, I would like to know. If the Government foregoes that tax, that is not subsidised lending? I am not an economist but I assumed **that** the Honourable Member for St. Peter understood what this was about.

Mr. Speaker, Sir, when the BDB bank closes, who suffers? Black business, small business, supermarkets, construction companies, certain hotels and so on. Mr. Speaker, Sir, I think the methodology for this South Coast Hotel Project is wrong. There are hotels, which owe money to the BDB which are not part of the project, and I think that it is **unfair** that only certain hotels are part of the evaluation and the process. I am not surprised but I think that it is **unfair**. I am saying that there are supermarkets and other businesses in this country in respect of which receivers have or will be appointed. Mr. Speaker, Sir, I believe in regards to that, it is going to create a whole category and a new group of black businessmen who would be frustrated because of the policy of the Government in closing the BDB without putting into **place** alternative arrangements.

I can **think** of a **supermarket** in Bush Hall...

*Asides.*

Mr. D. J. H. THOMPSON: ...Well I have to declare an interest because I am representing many of these small business people who had nowhere to turn to, and would need the best representation possible in the circumstances.

Mr. Speaker, Sir, who benefits? I am not a Gem. You would never describe me as a Gem. Who are the Gems of Barbados? I only know two of them. I know the two in this Chamber who may have interest in the Gems and I have said to the Honourable Member for St. Peter and I am going to repeat it again. I am not taking any one-line explanation about any arrangement to restructure the BDB debt. The public of Barbados must know who the people are, they must know the history of their involvement in the BDB, and if the funds out of the Public Enterprise Investment Fund are being made available for this project, then the public of Barbados is entitled to know.

I am in support of a programme to restructure and benefit those hotels. I have said so already and the Democratic Labour Party has said so, but there must be transparency. What I cannot understand is why the Honourable Member for St. Peter does not believe that it

is even necessary, at this stage, for him to give us details. Maybe, that too, will be like all of the other documentation in relation to this matter which will go by the wayside and after a thousand and one questions, in this Chamber, it will finally be laid.

Now, Mr. Speaker, Sir, who benefits when the BDB is closed?  
6.45 p.m.

Now, Mr. Speaker, who benefits when the BDB is closed? The people who can go into any commercial bank in Barbados and borrow money have no problem. The people who are going to have problems are those small businesses and so on. New businesses, investors looking for development finance, they are affected by virtue of this agreement which the Government of Barbados has entered into with the IADB with the IMF monitoring.

If you look at the land use policy, the **IDB** has locked the Honourable Member for St. Peter into an arrangement which requires administrative changes in the Town Planning Department and in which land has to reach its highest economic use. That means that land is going to be taken out of agricultural production. How are you going to meet your requirements of the sugar sector and your other requirements if at the same **time** you are agreeing to a framework for land use in Barbados in which land will **find** its highest economic use?

The Honourable Member for St. Thomas is yawning because he . . .

*Aside.*

Mr. D. J. H. THOMPSON: Well, you were involved in agricultural land in a golf course.

Mr. SPEAKER: Please. Let us continue.

Mr. D. J. H. THOMPSON: I did not interrupt anybody, Mr. Speaker.

So, Mr. Speaker, the present land use policy divides Barbados into an urban zone and an agricultural zone. That is the Democratic Labour Party policy they are **referring** to. The new policy would see land finding its highest economic use so that the strict zoning policy would not be applied. So, Mr. Speaker, it says that now arrangements will be put in place in order to give land use planning a more flexible and robust policy framework the Government has decided to revise the fiscal development plan. This would provide for more flexibility in allocating land between agricultural and non-agricultural usage.

Mr. Speaker, let us get to investment and trade because this is where the concerns will come.

Before I move off from land use, who benefits from that policy? The persons who own those large tracts of agricultural land which will now go to golf courses, parks and hotel resorts will benefit. Nobody is quarrelling about that. I am saying they will benefit. Who suffers? Sugar production declines and therefore, Mr. Speaker, land use flexibility means we may not meet our requirements. The environment suffers if you take more land out of sugar production and all the consequential problems. So, Mr. Speaker, under this IADB/IMF indentureship, a For Sale sign has been put up on Barbados – "Barbados for sale."

Mr. Speaker, look at the private sector environment, and this is one of the most interesting features of this. This is a proposal which will create a super ministry in Barbados. This new super Ministry which will be the Ministry of Trade and International Business will be responsible for all of the investment promotion and facilitation in Barbados.

#### *Aside.*

Mr. D. J. H. THOMPSON: Mr. Speaker, the final terms of this were negotiated by the Minister of Trade and International Business himself in Washington. The others were not there. He himself negotiated the final terms which will see this big Ministry going to him. All of the facilitation and promotion for investment of Barbados will be in his hands. So, Mr. Speaker, I made a big error because when in the Budget I said that he only had a \$4 million Ministry, I suspect the Honourable Member for St. Peter interpreted that to mean that he should now have the only Ministry, because when he has this super Ministry which will control all of the investment and promotion of Barbados in the image building for this country, what will it leave for the Honourable Member for the City and the Senator in the Other Place to do? So, Mr. Speaker, he is empowering the Minister of International Trade and Business in every respect, and by empowering him, he empowers many others in this country, and they **are** not the people who will be found in my living room. For that matter I doubt they will be found in the Prime Minister's living room, but they are being empowered by us.

I have problems with that. I want to make it clear I have problems with it and if I thought that I was being educated on the backs of people who cut cane in this country and work in the tourism sector and so on to come and find that this Government is going to empower people who in many cases **are** the principal beneficiaries of all the economic activity in Barbados, and the controllers of major wealth, instead of seeking to go through a process of distributing wealth in this country then, Mr. Speaker, I would not have gone into politics. But I am going to stay in politics because you can rest assured that that empowerment will be reversed by the Democratic Labour Party. I hope that the people of this country will give us

the opportunity to reverse it. Look at who is being empowered? It is scandalous. It is almost obscene in political terms, a super Ministry.

So, Mr. Speaker, whereas before a foreign investor would have come to an accountant or a lawyer, and this is an interesting point. It says:

"There is now a public sector organisation that pro-actively promotes investment **in** offshore services."

Enquiries for potential investors **are** referred to accounting or law **firms**. These private sector firms **are** fulfilling the function of a one-stop shop, but at a fee to the investor, and with limited focus. It is replacing that kind of thing, so what the person will now do will **be** to go to the super Minister and the super Ministry will direct them to the professionals who they think should get the work. All of these young black professionals who **are** learning accountancy, law and so on their names will not be on that list. They have never been on the list under the Barbados: Labour Party.

Mr. Speaker, we have to be very careful about these trends. It worries me. All of a sudden they are getting very animated on that side as they always do when one deals with these kinds of issues. So, Mr. Speaker, who suffers? What will be the Minister of Tourism and Industry left to do? Investors coming to Barbados will be directed to a small group of operatives in this country and they will dictate who gets what. They will divide up the pie as if they were not dividing most of it up already.

So, Mr. Speaker, this Budget is a timid Budget. It does not reflect that considerable training which the Honourable Prime Minister has as an economist. It applies uncreative, generic, loose policies to a perceived need for savings and investment. We all agree with the ends. We all agree that we need increased savings but the means by which you **are** going to attain that are confusing and they should be crystal clear.

Mr. Speaker, there is no doubt that phenomenal growth and performance in the East Asian economies have been supported by human resource development, financial resource and development which **are** the three pillars on which this Budget is built. I **see** the strategy clearly. In this Budget the Minister of Finance has followed that model, but I fear that his understanding of the true character of **those** things and their contribution to the phenomenal growth in those economies is very weak. I do not think he thought it through.

I will go to the **first** one, Human Development. This requires a substantial overall budgetary commitment

to education and an allocation of public expenditure to basic education that is going to be higher.

Mr. Speaker, in a book called "The East Asian Miracle, Economic Growth and Public Policy" put out by the World Bank. The Honourable Member for St. Peter, I believe, should have read this some years ago because it is supposed to be a seminal work. One of the persons who he was negotiating with in the IDB was a major contributor to that work and he knows that, a very brilliant American young woman. Mr. Speaker, that book says:

"The allocation of public expenditure between basic and higher education is the major policy factor that accounts for East Asia's extraordinary performance with regard to the quantity of basic education provided."

The share of public expenditure on education allocated to basic education has consistently been higher in East Asia than elsewhere. Now the impact of the training programmes which the Honourable Member introduces by way of yesterday's budget will be blunted unless the commitment to basic primary education is also enhanced. That is the point I am trying to make. If you are going to enhance the training then you also have to enhance that **basic** primary education. Mr. Speaker, Sir, apparently the best held secret in Barbados is the fact that 60% of those who leave our schools leave **uncertified**.  
6.55 p.m.

#### *Aside.*

Mr. D, J. H. TI-IOMPSON: Well any ways, upwards of 70% is something that needs attention, that is what needs to be addressed. The vocational training has to be built on that commitment to basic education so Mr. Speaker, Sir, where is the creativity in this budget? Where is the decisive difference and where is the road less travelled? That is the question we have to ask.

Let us look, Mr. Speaker, Sir, at savings. In the East Asian economy the economic studies tell us that the relationship between income and savings is such that income must rise before savings rise. In other words growth drives savings rather than the other way around. So, Mr. Speaker, Sir, rapid income growth boosts savings rates as households acquire resources faster than they increase consumption. That must tell the Honourable Member for St. Peter a story and two lessons would have to be learnt here. The first is that Government's incomes policy will be subversive of savings and secondly savings support growth. It does not cause growth.

Therefore, Mr. Speaker, Sir, you would have to have an increase in the incomes for average citizens before they

can **turn** their minds to savings. What will they save with? And, Mr. Speaker, Sir, that is very important. When the Government introduced the 8% pay cut in 1991 I do not think the public of Barbados realised the margins that citizens in Barbados were living on. That 8% pay cut was critical. There were some people in Barbados who when you took out their mortgage contributions, trade union dues and all of those things, had just a couple of dollars left so, Mr. Speaker, Sir, we learnt from that experience that there are a large number of people who live almost right on the margin of their wages just to cover their very basic needs.

Mr. Speaker, Sir, efforts at boosting private savings also need to be supported by higher public savings and the transactions cost on small deposits in Barbados will also need to be reduced. Interest rate spread will have to be examined. Savings instruments will have to be designed and regulatory systems will need to be strong so that savers are confident. Where is the creativity in that? The only measure in this budget which has been directed at savings is the increased allowance in respect of credit unions and this will hardly go the way of boosting domestic savings. Where is the actual incentive to save? That is what the social engineer addresses. Savings does not take place in a vacuum and it needs the kind of policy intervention by the Minister of Finance from time to time for major mobilisation of savings. It needs intervention. So, Mr. Speaker, Sir, where is the creative response to the Minister of Finance? **Where** is the decisive difference and where is the road less travelled.

Mr. Speaker, Sir, let us look at investments. High investment spurs growth. Basic principle. There is no doubt about this, Mr. Speaker, Sir. There is also much uncertainty in the world. Yesterday's small business is today's grave yard. Small businesses in this country have been suffering tremendously and we all know this. Some of them have been eking out an existence which is being compounded by the policies which the Government has introduced.

So who do you know who is walking around this country looking for money to invest in small and medium size businesses? Who? So there is much more to be done than using **tax** incentives to encourage investment.

The Minister of Finance is too timid. He must be more aggressive in using important economic tools and institutions to get investments mobilised. The concessions offered in this Budget for investment in shares, investment in mutual funds, employee share-ownership programmes, dividend reinvestment plans, venture capital funds, these have all been used in one sort or another in Barbados before.

So as the Honourable Member for St. Michael South Central said, this is warmed over cold soup. Where is

the creativity? Where is the new institutional arrangement that is going to facilitate this **kind** of investment? And, Sir, we were expecting from the Minister, as he has promised in several debates, in this House that we were going to get all of these new institutions, new legislation and new approaches to savings and investment. He has used all the old tools, all the old methods, and all he has done is increase the limits on them. We had employee stock option plans before. In fact we have had concessions for them. How many employee stock option plans do we have in Barbados? I mean, let's be realistic.

If this is the road less travelled, and if this is the sum total of the creativity which the Honourable Member for St. Peter brings to bear on these issues, then we are in for a long haul, a very long haul because these are not going to mobilise investment in the way anticipated and they would laugh at that.

Mr. Speaker, Sir, I heard the Honourable Member for St. Peter talking about CIBC shares. There were no concessions in place at the time the CIBC shares were being sold but people still bought the CIBC shares. I am **talking** about the income tax concessions. We gave concessions in relation to the operation of CIBC in Barbados. I am talking about tax concessions to individuals who purchased shares from CIBC. So, Mr. Speaker, Sir, there were no concessions which would propel me to go out and buy shares in CIBC but people still went and bought the shares and that must tell the Honourable Member for St. Peter something. It tells us very clearly that it has less to do with tax concessions because the existence of these tax concessions would probably have not sold one more share in Barbados.

What the Honourable Member needs to do is to create the investment market, not simply introduce tax concessions on the income **tax** allowances and not hope that the markets will create themselves. You have to design, structure and help start the institutions which will cater to those who want to invest in the bond and equity markets. That is what I understand the Honourable Member for St. Peter to be talking about but the tools he is using are not the appropriate tools and Government had an excellent opportunity, Mr. Speaker, Sir. For example, instead of abandoning the well-qualified and highly regarded staff of the Barbados Development Bank the Government could have helped them set up a savings institution and investment institution like a unit trust. The Government could have set up a unit trust and put all of these assets they are going to privatise, ICB, BNB and others in that unit trust particularly the attractive ones. ICB would be the most attractive and develop an institution which in turn would invest in the privatisation programme for the Government. So you have the **Hilton** going on the market and we know who will end up buying that. You have ICB buying into the shares of the process of privatisation of the **Hilton** and you have the BNB. I am

saying that there are many ways in which the Honourable Member for St. Peter could have been much more creative in providing opportunities for Barbadians to invest. The Government should not be aggrieved to close down its only Development Bank without strategically creating new ones. The Honourable Member for St. Peter is acutely aware of the constraints on long-term capital finance and those constraints are severe. We need to have development institutions in Barbados and the Government will have to play a leading role and the Government can establish them. Mr. Speaker, Sir, the BAMC and the BACT are private companies. No Minister has any right intervening in them and I am watching a situation very carefully. The directors have prejudicial duties to the shareholder. No Minister should be involved in the Board's decisions of the BACT and the BAMC. Those are private companies, Mr. Speaker, Sir, and since they are private companies, Sir, the most that can happen is that the directors may from time to time consult with the Minister. But the Minister has no power to give any directions to the board of a private company even where the Government is a shareholder.

7.05 p.m.

Now, Mr. Speaker, Sir, I want to make it very clear. You could very well sanitize a development bank by setting it up as a private company. Government can still hold 100 per cent interest in it. You could be a 100 per cent shareholder and set up a company under the Companies Act. You have lawyers over there who can explain to you how it is done. I did it with the sugar industry and, when you set up that private company, detach it from political influence if that is what is responsible for the contamination of the loan portfolio. The Government has to be strategic in its planning. So, Mr. Speaker, Sir, we need to ask the question: What is it that the Government wants to achieve - savings by whom and in what institutions?

Mr. Speaker, Sir, the Honourable Member for St. Peter has not even addressed his mind to that yet. He is applying generic solutions and they are not going to solve the problem. Who does he want to save and what institution does he want to invest in? I am saying that a Minister of Finance is perfectly entitled to direct his economic policy to achieve those ends. He has not even addressed the question, Sir. Investment, by whom and in what institutions? What kind of investment does the Government want? What **kind** of opportunities does it feel should be made to the people of Barbados to the average citizen? That question has not been addressed. So you have a tax policy on dividends being plowed back into the company. How many average Barbadians receive dividends? For how many average Barbadians do dividends constitute part of their income? These policies cannot be designed this way and just assume they will work. That is the hand of a technician and then the technician

gets together with the social engineer and works out the outcome. I heard the Honourable Member for St. James North in here talking about chattel mortgages and the way we can engineer more **borrowing** in the banking sector last week. Some of that energy and enthusiasm should have been brought to bear on this Budget.

Imagine last week we were introducing a new indirect tax and also discussing land acquisition and talking about bank policy and this week the Minister of Finance disappoints his own Members by not being able to engineer outcomes in the financial system which would help those people who they say that they most want to help. Well, that either means that the Minister of Finance is the biggest impediment to the designs that they have for their constituents or he does not understand what his job is as Minister of Finance to engineer outcomes most favourable to the people who elected him. That must be it or both.

So, Mr. Speaker, Sir, once you have determined who is to invest in what and where, who is to say what and where, then you have to make the strategic interventions as Minister of Finance to achieve those outcomes. For example, at times you might want to mildly suppress the interest on savings deposits. This has been done in the same East Asian countries to direct resources to investment. You have many tools at your disposal and the Honourable Member for St. Peter must not be timid in using them. As long as he is using them to desirable ends, he will get the support of the Democratic Labour Party. As long as it conforms to our philosophy and principles, we will not criticize him when he is aggressive. He should be aggressive. His vehemence should not be directed to individuals. Direct your vehemence to the people who are impediments to the advancement of Barbadians. That is where your vehemence should be directed. That is where the Honourable Member's vehemence should be directed, not to people who are trying to reveal the truth of the economic situation. Direct the vehemence to the people who are impediments to the aspirations of the average poor man and woman in this country, the average maid, gardener and policeman who want to enjoy a better life and want their children to enjoy a better life. That is where the vehemence should be directed, Mr. Speaker, Sir, because if we continue to direct our vehemence at individuals and come in here with a lot of trivia, the public will pay no attention to anything that we have to say. When we really need to do the intervention, we will not have the political will or the support to do the things that need to be done. There are people out there who will do them for themselves. They are not waiting on anybody in here to do them. That is why I am saying let us grapple the situation now and deal with it.

The cost of seeking equity **finance** is higher than borrowing. We know that. What does the Government intend to do about that? If it is more costly for you to

attract equity than it is for you to go and borrow money from the bank, what intervention is the Government going to make to deal with that problem? How is the Government going to create more public companies in which people can invest? Where is the decisive difference? Where is the road less travelled?

Mr. Speaker, Sir, I want to make two final comments – one relates to the Value Added Tax. We are concerned about the impact of the VAT. I am talking about the Budgetary Proposals, not with the concept and the design. Everyone should be concerned about it in its initial stages and I think that we need to devise a strategy particularly to help pensioners and the poor from the negative aspects of the tax. When I said at the ground breaking of Julie 'N Supermarket in Haggatt Hall that the Government was going to put aside \$20 million out of the collection of Value Added Tax for pensioners and disadvantaged groups in the economy, the Government laughed at us. They laughed at us and said that it was a gimmick. It was not like the 30 000 jobs gimmick. That was a genuine statement. Mr. Speaker, Sir, we are now about to spend \$150 000 probably to come up with the same answer that we need to put aside \$20 million to help pensioners and disadvantaged groups in the community. Now at this stage of 18 months of a Government looking at the VAT, that study should have been completed a long time ago because the concern about the VAT is the people at the bottom who it affects. We are now spending \$150 000 to find out how it will affect the people who are at the bottom, poorest and least able to bear it. This is the height of foolishness, Mr. Speaker, Sir.

Secondly, we support any efforts to strengthen and develop small business in Barbados and the Government has the resources that if strategically invested can be used to really advance that sector, but the Government must avoid **mis-signals** like shutting down BDB without something else, punitive taxes on the public service vehicle owners and aggressive collection programme. We are not suggesting a free ride, Mr. Speaker. We want every opportunity to be given for business to consolidate and flourish but little drips are dropping in the direction of small business in Barbados.

Mr. Speaker, Sir, finally I think it is of interest that the Prime Minister promised the people of Barbados an economic strategy that would be based on 3 prongs: low taxes, low interest rate and low energy cost. Mr. Speaker, Sir, he has savaged all 3 of them in the space of 18 months. The net effect of most of his proposals will be higher taxes. Interest rates did not decline. In fact, they went up and energy costs will remain the same because not a word has been said about them in this Budget and we are now hearing that electricity bills are going to go up and telephone bills. Any low income taxes the citizens of Barbados pay is the result of the DLP Tax Reform.

Mr. Speaker, Sir, finally a few weeks ago the Prime Minister told the House that he was going to drop a bombshell on me in the Budget and, Mr. Speaker, Sir, he did drop it. For having told the House that he was going to take Barbados on the road less travelled, he then told us that the road less travelled had already brought him to the verge of untold reward. Now this was an extremely short road. Meanwhile, Sir, while he and those with him have reached to the verge, the rest of us were left on the verge. We are mere spectators as road users pass by.  
7.15 p.m.

Mr. Speaker, Sir, his road took him to the verge and I sincerely hope that now he is at the verge or to the verge that nobody pushes him.

I just want to move an amendment to the Resolution. After the word "WHEREAS" at the beginning I want to replace it by the word "THEREAFTER" by:

"The Government's management of the economy during the past year has failed to deal with the many problems confronting our citizens;

AND WHEREAS the 1996 Budgetary proposals are unlikely to achieve the Government's policy of low taxes, low interest rates, low energy prices or the creation of 30,000 jobs;

BE IT RESOLVED THAT this Honourable House reject the 1996 Financial Statement and Budgetary Proposals."

I am moving this, Sir, to replace all the words which follow the word "WHEREAS" in the original Resolution, which is the accustomed way in which these amendments are moved.

Mr. B. M. **TAITT**: Mr. Speaker, I beg to second that.

#### SUSPENSION OF SITTING

Hon. Miss B. A. **MILLER**: Mr. Speaker, I beg to move that this sitting be now suspended until 8.15 this evening.

Hon. Miss M. A. **MOTTLEY**: I beg to second that, Sir.

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

#### RESUMPTION

Mr. **SPEAKER**: The sitting is resumed.

Dr. R. C. **HAYNES**: Mr. Speaker, I am grateful for this opportunity once again to be addressing this Parliament on the occasion of a budgetary presentation.

I from time to time am very concerned about the general direction in which not only this country but in particular the matters which occupy the attention of this Parliament. This Parliament, Sir, I do not think by chance, is situated here where it is, surrounded by the business centres of Barbados and no doubt in the past a convenient location for meetings prior to people like myself and my predecessors entering this Honourable House. So at one end of Broad Street you have the people's Parliament and at the other end you have places like the Chamber of Commerce dealing with the interest of the business classes of Barbados.

What has bothered me now for some time is that we seem to have moved away from the position where we are principally the people's representatives, that barrier between exploiting individuals and the people of Barbados, and we seem to be assuming postures and positions in this Parliament so that from time to time I wonder whether I am sitting in the Parliament of Barbados or in the Chamber of Commerce of this country. We have to be very careful that we do not come inside here all dressed up in our Sunday best and find ourselves in a position where we are viewed as surrogate business tycoons and laughed at by certain people around this country on the cocktail circuit of Barbados. Therefore tonight, Sir, I believe it is my solemn duty, a pleasant duty, to address certain imbalances and speak on behalf of the forgotten ones.

I want to speak, Mr. Speaker, for those who sent me here, from **Carringtons** Village, Halls Road, **Delamere** Land, Bannister Land, Belleville, The Pine, Highgate, **Brittons** Hill, Clapham and even for persons from Orange Hill of like ilk. I am very happy to speak on behalf of those people. I want to speak on behalf of the poor, the young, the unemployed, the sick, the pensioners and those disadvantaged and who have not been helped by the budgetary presentation yesterday and whose condition in fact might be made worse, as I shall point out later in my presentation.

I have warned again and again on the Floor of this House that events in Barbados in recent times have bothered me about the direction in which this country is going. I am concerned that we are creating two Barbadoses here and I am not speaking either out of mischief, nor am I speaking in order to stimulate ugly jealousies in the people of Barbados, I speak from my perception of what is happening in this country.

You have on the one hand people enjoying all sorts of tax concessions, on the other hand you see

Therefore, Sir, I do not need to spend much more time in pursuing that, at the moment, because I would not like to pursue that to the disadvantage of being able to address other matters.

On the issue of growth in the economy, I fully agree with the Honourable Minister of Finance, that we need to get sustained growth. There can be no question, Sir, when we look at the growth record of Barbados.

Would you believe this, Sir, that between 1981 and 1985, five years, Sir, the total growth in the Barbados economy was minus 1.6%? Between 1986 and 1990 it was 11.5%, with 1986-1987 contributing to 7% of that. Between 1991 and 1995 it was minus 2.3%. In 1994 we had 4% growth. In 1995, 2.5% and I would be only too happy if the economy, this year, shows not 4% but 6% growth. I would have absolutely no problem with that, particularly if that growth translates into more money in the pockets of our people and a better standard of living for the people of Barbados, and some jobs as well.

Now, Sir, I want to deal with some of these proposals. Yesterday, Sir, the Honourable Member for St. Peter was very kind in giving the House a little of the history of VAT. That was very nice. Sir, I want to talk a little on the history of related taxes in Barbados largely to warn Barbadians to keep an open mind on this issue and not be fooled.

I recalled, Sir, in 1974/75 there was a Sales Tax in place in this country which yielded about \$6 million, and Barbadians went to the polls and voted against the Sales Tax and in place of that Sales Tax, a broad-based Consumption Tax on ad valorem duties which, principally today, yielded almost \$400 million. That was replaced, six million for what we have today.

Do you know what was the funny thing, Sir? On the night those taxes were introduced in Barbados, Barbadians were jumping up and down and saying what a wonderful Budget. It was only after the taxes started to hit them six months later, that they realised what had happened. It is only next year when this VAT comes into place that they will see what would hit them.

So, Sir, there can be no question, Sir, that this tax is a tax on consumers. It is not a social service. It is money to be taken out of the pockets of people. It is a grave mistake for people to believe that because a tax is reduced, or anything like that, that a price would automatically come down. Not in this Barbados that I know.

The next point I want to make, Sir, is that there will be an increase, in the cost of living for the very simple reason that those indirect taxes that we have now are

charged on goods. But there is another huge block of the economy, services, and the VAT will be charged in relation to services. So when you take a whole lot together, with my suspicion, you are going to get an increase in the cost of living. And I indicated earlier that the yield will be far greater than what the Honourable Member has indicated.

I believe, Sir, that the poor, the unemployed, pensioners, all these people are going to have to be paying these taxes. They may be good for the Government, they may be good for some businesses but, indeed, Sir, I know that the people of Barbados will have a rough time.

We reserve our position on the VAT because, like saying that you support a VAT is like someone telling his daughter it would be wonderful, you got married and then his daughter brought him someone who was totally undesirable and she said, "Well look you have to support this because you told me to get married."

Therefore, I reserve my position on the VAT in public. This is going to be a tax on food, a tax on clothing, a tax on everything in this country. Take for example, Sir, the tax on electricity and telephones. I am going to show you what begins to happen.

Now the rates that we pay for electricity and telephones today, those rates will reflect the cost of providing the service. And in VAT, would be things like consumption taxes, your stamp duties and other taxes in relation to their operations. Now when you introduce the VAT and you apply it to them, their costs are going to be reduced, their profits are going to be enhanced and then my old people in Carrington's Village have to pay VAT on their telephone bills and their electricity bills. That is quite wrong.

Now, the Minister of Finance and the public did not think of that. I am urging him to give some consideration to not introducing the VAT on telephone and electricity services until there has been a new rate hearing or find some other mechanism to do with that particular problem that would be created here. I also would press him right now, to make sure our pensioners, and they can be easily identified, do not have to pay VAT on telephone and electricity services.

Now, Sir, there are other matters I would like to raise in relation to the VAT as well, and they relate to that period when people would have paid consumption taxes and stamp duties on goods already imported into Barbados. There is a limit to which you can rundown the inventory in a country without running into serious problems. And therefore there is going to be a period when the Government is going to be raking in revenue based on consumption taxes, stamp duties and VAT, and people

increasingly the **tax** burden being cast upon the middle classes and the poor in this country. What is frightening me is the rapidity in recent times with which wealth and serious wealth is being concentrated in the hands of a few people in Barbados, whilst at the same time one sees increasing hardship on the poor, middle class and pensioners in this society.

Mr. Speaker, it also bothers me when I see what the people of Barbados collectively own for ideological reasons is being progressively transferred into the hands of a few. I had hoped to hear from the Minister of Finance a budget which would reverse this process, a budget in which he would have chosen a road that was different for the broad masses of our people, but that was not to be, and unfortunately it is my judgment that this budget would further reinforce those economic divisions in this country, and I shall say why.

This is, I believe, the 18th occasion I am making an intervention in this House in a budget debate and I believe on 14 occasions I have been the principal spokesman on one side or other of the House. There **are** many issues on behalf of the people of Barbados which I would like very much to address tonight and I will not be able to do it, because of the manpower available to me. Issues relating to tourism, health, education, welfare of the poor, housing, issues of public expenditure allocations. I would love to deal with these things on behalf of the people of Barbados, but they can rest assured that I am on their side in those matters. Even the **intrinsic**s of a budgetary statement, unless my judgment of time is slightly off, I will not be able to deal with and so I am going to concern myself with some comments on the macro-economic situation and will also address what I referred to last night as a budget which may be deemed to be a cocktail of omitted **IDB/IMF** considerations with some local bitters and a little essence here and there.

Now, it is right and proper, I believe, Sir, that the Honourable Minister of Finance should boast of economic matters when things **are** good and should complain when things are bad. One does not want to take away from him the good things that have happened when he is at the helm, and similarly he must take responsibility in due course for the things that **are** not so good and not shift any responsibility.

We have heard of the wondrous performance of the economy. I will deal with that in a little while, but the question I have to ask is, what has the Minister of Finance done at the macro-economic level to influence the present situation?

8.25 p.m.

I believe that the **unvarnished** truth is that since coming into office there is only one monetary policy which

the Right Honourable Member has taken and that is to raise interest rates some time in the latter half of **1994** and another policy measure removing the taxes on the inputs on manufacturing and returning that to what it was in the past. That is a fair assessment of the 2 major economic **instruments**.

If the Honourable Member believes that as a result of that the present growth in the economy is due **to** that, then I think he is entitled to that belief; but I certainly have other views on the matter and I have indicated in the past that I thought he was very lucky to come to office after an IMF programme and after the economy had shown 0.6% growth, then **4%** growth in the year in which he took office. It is a good wicket, bat on it and try and make some runs, and stop complaining about what you **inherited**. You inherited a very useful legacy.

Now, Sir, what is the macro-economic programme which the Honourable Member has chosen? What is the road he has chosen other than the road he found? I will have to be very honest. There **are** the 2 macro-economic changes and the only change of a macro-economic nature indicated in this Budget is that he would entertain a larger deficit this year and, confidentially, Sir, between the two of us, Sir, there is going to be no larger deficit, because that VAT, for reasons which I shall explain, is going to yield a lot more revenue than anticipated. In this fiscal year, Sir, there is going to be no larger deficit so I am not taken in by that.

We have had, Sir, some tinkering with tax policies. We have had some tinkering with the incomes policies. We have the VAT now and we have some **tinkering** with some **sectoral** policies. If we **are** to be really honest about what has happened since this Government has taken over, there have been major changes in economic policies in this country, and that is a fact. That is the reality that we have to face.

I gave this country an undertaking that I would not get involved in the dispute relating to the **IADB/IMF** until **1997**. I don't propose to get involved until later in this speech, unless I have the time. But the point I want to make is this. Barbadians must understand that the IDB, no matter how much they like me, no matter how much they like the Prime Minister, no matter how much they like the Leader of the Opposition, they cannot make an investment sector loan unless there is macro economic monitoring by the International Monetary Fund.

8.30 p.m.

This arose out of the problems relating to the sixth replenishment of the IDB when the Americans applied all kinds of pressure, at that time, and these policy positions were put in place and there **are** the harsh facts.

will be paying prices based on those as well. That is something, that there must be another mechanism, to get over that particular problem.

Now, Sir, the Honourable Member loves vegetables. Sure, Sir, I know he likes to talk about vegetables in this Honourable House, and in a very unforgiving way. But would you believe it, Sir, that for the first time now we have a tax on vegetables?

Over and above that only last week we had the Environmental Levy with a tax on the boxes that people put the vegetables in.

*Asides.*

Dr. R. C. HAYNES: That is a fact. It might be zero rated as far as inputs into agriculture is concerned Sir. That is for the inputs into the growing of the item or the selling of the item by the **farmers**, but when he sells that to a supermarket and the supermarket sells it to the customer, it is not zero rated at that point.

*Asides.*

Dr. R. C. HAYNES: I do not understand the system? I understand the system very well. The VAT will apply. It applies to the food, it will apply to vegetables as presently presented to Parliament. If it is changed, that is another problem. We are accustomed to changes, but as it stands, at present, that is what would happen.

The second proposal I want to address, Sir, that proposal relating to the public service vehicles. I believe, and I urge, the Honourable Minister of Finance to, not only reduce those taxes further but to give back the people the money that he took from them last year. I think, Sir, it is a moral duty. The tax was excessive. It was a tax on the guilty and the innocent, and we know that tax has caused a lot of hardship to a lot of small people in this country.

Sir, apart from the syntaxes, there is no area of the economy of Barbados that is taxed as high as that in which those minibus operators operate. Those guys, Sir, have to **pay** high import duties, stamp duties, consumption taxes, road taxes, very high licence fees, now last week they have to pay the Environmental Taxes and Levies and other imposts, Sir. Daily, if they spend \$150 to \$160 in gasoline, they are putting about \$90 a day in the Treasury in this country plus the very high insurance they have to pay, the very rapid deterioration of the kind of equipment that they use and also the heavy costs of parts, which again are heavily taxed.

Now, Sir, that was an error in the last Budget but it was not corrected because it affected a lot of poor people.

But we have witnessed here, as by adverted ~~to~~ by the Leader of Opposition, not only corrections were made in relation to the levy of imports for Duty Free Shops. They were never imposed. They increased taxes on dividends. As a matter of fact, in this Budget if the cash is converted to shares they would not pay any tax at all.

Now, Sir, over and above those two, the Environmental Levy last year would have thrown many large businesses in major trouble in the country, and then, those impositions were never imposed but instead the levy was rearranged and imposed on the CIF value of a whole range of goods so a lot of small people would pay them.

You gave them, and it was right. There were errors in the Budget. You did the right thing by not going down the wrong road. All I am saying is that you have corrected it for them, correct it for those large number of small minibus operators in Barbados. It is a matter of social equity and it is a moral responsibility that, I believe, you have to deal with that matter.

8.40 p.m.

In the area of unemployment benefits, I have no problem. In fact, I applaud the Honourable Minister for increasing the benefit to 26 **weeks**, but I am saying this. You are leaving \$90 million in the **NIS** system. I have no problem with that either. What I am saying is, this is your opportunity, especially now that you are imposing VAT on the pensioners of this country, to increase the pensions for our old aged pensioners and those who get the minimum contributory pension. You have an opportunity. You have \$90 million there now and these are the people who are going to suffer. These are the ones who have to pay the VAT on their electricity and telephone bills. You have told us now that it is legally part of the NIS system. We always assumed that it was a separate fund but now we have this **interpretation** that it is part of the NIS system so there is no reason why you should not carry out the NDP Manifesto position and grant a supplemental pension to our old age pensioners, those living in destitute conditions in Barbados. The money they are getting is not enough. You have \$90 million there contributed by the people of Barbados, an opportunity presents itself to give a small **supplementary** pension to the poorest of our old pensioners in this country.

I have no problem, Sir, with the increase of the tax allowance for pensioners to \$23 000. Our policy is no taxation on pensions so that the nearer you get to that position the better, as far as I am concerned. What I am saying is this. I want to let you know this that there are a whole lot of Government pensioners out there who are tonight bitterly disappointed because they expected

in this Budget for some reason or other that they would get some kind of increases arising out of previous debates in this Honourable House.

Sir, this Budget provided a whole range of investment instruments for those who have money to invest in those instruments. I am not quarrelling about it. All I am saying is to recognise that those people with the resources to do so will be able to get involved in that kind of exercise. I doubt if anybody would be making any contribution to venture capital funds and investment in development **finance** to institutions.

Do you know the last time I raised that issue in this House I believe was some time in the 1970s and the then Minister of Finance, the late Tom **Adams** told me, "If you are so stupid to put your money in the Barbados Development Bank, you can put as much as you like, but you will not get a Government guarantee for one cent back." So if you expect that many Barbadians will be putting money in development finance in situations and venture capital funds then I think you do not know Barbadians.

The question of employment I notice that 30 000 jobs were not mentioned, unheard of. Quite clearly at an average rate of 19.7 per cent it is still too high. We cannot remain silent. I did not expect the Honourable Minister of Finance to remain silent on that matter. I expected him now in his second Budget to come here with creative, imaginative, bold proposals to launch this country into a situation to deal with his Number 1 promise to the people of Barbados, the question of the provision of 30 000 jobs.

The issue, **£** relating to foreign exchange, the abolition of foreign **exchange** purchase fees, I agree with that. I urge you further to use this opportunity now that the reserves are buoyant to further deal with the foreign exchange restrictions we have in this country. I also urge you now that the foreign exchange reserves are buoyant to carry out the threat which you said you intended to carry out earlier to free Barbados from the International Monetary Fund.

You do not need an investment sector loan. You may have signed the agreement prematurely last year and now you have to stick by it. I understand you would not want to put your project loans in danger but all you have to tell them is that Barbados has reached the point now that its reserves are at a point we do not need any investment sector loan and put an end to the whole debate. You do not need the **IMF**. You do not need the **IDB**. Your reserves are buoyant. Let us go ahead and discuss project loans for the South Coast Sewerage Project or the West Coast Sewerage

Project and let us then free ourselves then once and for all from the hegemony of these international institutions. The opportunity presents itself. You have a golden opportunity, Mr. Minister of Finance, to do something about it in both those regards.

Sir, the area of tourism, again I cannot get into any depth. I just want this country to understand something very clearly that part of that 2.5 per cent growth must be attributed to unfortunate, unusual occurrences in the Caribbean last year, namely those devastating hurricanes which boosted our tourism position in the last half of the year. I am concerned about the tourism situation for a variety of reasons. One notes the progressive fall in our share of the regional market of tourism. We notice the contraction of available beds in Barbados.

#### *Aside.*

Dr. R. C. HAYNES: The Honourable Member says it is not true. I guess you may be quarrelling with our Chief Executive Officer, but he issued the statement some time this week. I am very **sorry**. I go further and I say that there is a crisis looming in relation to the south coast hotels in Barbados.

Mr. SPEAKER: The Honourable Member has two minutes to conclude.

Dr. R. C. HAYNES: I want to state my position in this Honourable House. Just as we have been able to salvage **bankrupt** plantations in Barbados with people having the opportunity to get their plantations back, debt **free** in 12 years, the south coast hoteliers, Mr. Speaker, have contributed substantially to the economic development of the southern half of this country and any arrangement which they are going to get, they must reserve the equity in their hotels. About that I feel very strongly. They must preserve the equity in their hotels and I am going to warn them too not to get into any arrangements with any corporations unless they have a controlling interest. Anybody trying to water down their interest to less than 20 per cent in the entire exercise they are not acting in their interest.

Sir, if I had more time I would have talked about the need for 100 per cent mortgages as promoted in our Manifestoes and supported so much up and down the country by the Honourable Member for St. Michael West Central. I would have spoken of a special development project for Bridgetown that deals with the people living in the City getting rid of the garbage and this kind of thing which they complain of day-to-day.

Mr. Speaker, I cannot continue. I thank you very much for your indulgence. I sincerely hope that I have

set out and achieved and articulated to some extent the position of the small man in this country where he **finds** himself today.

Thank you very much, Mr. Speaker.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I rise in this debate to lend my support to the measures outlined by the Honourable Prime Minister yesterday in the delivery of his budgetary presentation and to speak as a young person in this country born in the independence era and having the honour through the consent of the good people of St. Michael North East to participate in the governance of this country as it seeks to enter into Phase **2** of **post-Independence** Barbados, and where we would wish to carry this country over the next **20** to **30** years.

Sir, I set that as the parameters for my speech because I believe that the Budget which was delivered by the Right Honourable Prime Minister yesterday saw as its primary motivation the development of a society and an economy in which all Barbadians would have a vested interest, in which people who are now currently marginalised because of systems and policies that have become entrenched over years, be it through education policies, economic policies, that have sought to lead them on the outskirts of participation in this country would be a thing of the past. And, Sir, I am not surprised that neither the Leader of the Opposition nor the Honourable Member for St. Michael South Central could find it possible to address those fundamental areas **of** the Budget which lay the foundation for post-independence development in this phase **2** of Barbados development. Because, Sir, to understand those measures you must have a sense of vision and clearly, Sir, the vision is not there on the part of either Member who has spoken previously today.

**8.50 p.m.**

I would want to suggest, Sir, that the Honourable Member for St. John spent his **2** hours and **20** minutes **seeking** to justify his continued leadership of the Democratic Labour Party. Indeed, Sir, he spent his whole time **seeking** to persuade his colleagues that when he spoke of a secret deal in Queen's Park in the context of the candles on the night before the elections, Sir, that he was in fact speaking to something that was real and that was the context and the content of this speech on the budget this evening.

Indeed, Sir, were I unkind, I would liken it to a mitigation that reminded me of Sir Thomas **Moore** on the eve of his hanging seeking to save his life. Indeed, Sir, one

would have thought that as a member of this generation, of post-independence Barbados, that we would have heard from him, Sir, a vision seeking to articulate where he, as a leader of a major political institution in this country, would seek to carry those persons in this country who over the next **20** or **30** years have to build for themselves a stake in this country.

Sir, I would not seek to go any further than that except to say that I was not sure how he ended because it seemed as though he dropped out of the sky suddenly as if he was dropping into the economic everglades because it had no relationship to what he said before and all of a sudden, Sir, he was **finished** and off the radar screen.

Sir, in respect of the speech of the Honourable Member for St. Michael South Central I believe it is his eighteenth speech in a Budget debate. I believe, Sir, that he has now felt that he no longer has to **think** to make a speech **anymore** in a budget debate. His comments, Sir, in relation to the policy initiative of this Government at the macro-economic level was one that was misleading to this Honourable Chamber and I do not know, Sir, and I hope that it is just that he has failed to remember rather than he was **seeking** to mislead this Honourable Chamber. But, Sir, he said that the only change that we made at the **macro-economic** level was to adjust the duties in manufacturing and agriculture. I do not know where the Honourable Member for St. Michael South Central was when we stated as a matter of policy in relation to the economy of this country that we would move from a 55 000 tonne sugar crop which we found when we came into Government to a 75 000 tonne. When we put a whole set of incentives for the income **tax** allowances between this year's budget and last year's budget to influence the economy, when, Sir, we put in place the incentive for planting sugar, he should know about that because he was the one who removed the subsidies and the incentives for planting sugar and saw a decline in the sugar crop after he was Minister of Finance that almost brought the sugar crop to ruin in **this country**.

He, Sir, should also be aware that in relation to other policies...

Dr. R. C. HAYNES: On a point of order, Sir. First of all, Sir, I never removed any subsidies from anybody at any time. That is the **first** thing. The second thing is, the Honourable Member is confused between **sectoral** policies and macro-economic policies.

Hon. Miss M. A. MOTTLEY: Sir, the Honourable Member is embarrassed and he must **interrupt** to try and throw me off my track but, Sir, he cannot forget that he was the one who refused to give the price support to the sugar planters in this country. That is the **kind**

of intellectual hop-scotching that we have become accustomed to in this House and I want to suggest that his speech does not reflect an appreciation of where this country must go over the next 20 to 30 years and hence his inability to understand the policies that were put in place yesterday. Quite simply put, Sir, the budget was premised on 4 critical challenges which the Honourable Prime Minister made:

1. The need to generate greater savings in this economy so as to be able to **finance** the sustainable growth in this economy and to allow for investment on a sustained base of this economy,
2. the need to meet the challenges facing our human resources in this country to deal with those people who continue not to be able to access training, who continue to be **marginalised** whether on the street corner or whether in their houses by their inability to access employment and to be able to improve the quality of life,
3. To deal, Sir, with the small business sector and the investment in the small business sector which must be a primary motivation for growth in this country, and
4. to deal with the **reform** of the tax structure which ultimately has and must have the capacity of being simplified so that we can ensure that there is the very real prospect of encouraging investment in the productive sectors in this country.

I want, Sir, to deal with these systematically. Neither the Leader of the Opposition nor the Honourable Member for St. Michael South Central sought to make the linkages between those policies and the creation of jobs in this country. For the last year and a half they have been complaining about the lack of Government policy in relation to jobs, yet yesterday all of them were handed a copy of the medium-term macro-economic strategy which was laid in this House yesterday and which on page 13 clearly outlines the Government's approach to employment generation which would be multifaceted and included among other things and I want to quote, Sir, and stop and deal with the policies which we have put in place to bring about that employment generation of which we have already seen evidence with unemployment last year being reported at 19.7%. What is more significant to me, certainly as Minister of Youth Affairs, is that there are 1200 less young people between the ages of 15 and 39 unemployed today than there were a year ago. Twelve hundred more young people in this country have found employment in the period of the last year and this is in the context of a Government that not only sent home people

but had unemployment among young people at its greatest and had also contracted opportunities for training and further education for those same young people.

Now, Mr. Speaker, look at the policies that we have outlined as being capable of generating employment in this country:

1. Reduction in the levels of taxation to encourage increased investment.

Now between last year's budget and this budget which both must be seen together because this year's budget does not wipe out last year's budget automatically. We have had investment incentives put in place for **manufacturing** which has grown by 7% last year. **In** response I will submit to you, Mr. Speaker, the measures which were put in place as one of the first acts of this Government in September 1994.

We have had for the **first** time since 1985 exports in this country exceeding the \$3 million mark and we have put in place incentives in relation to agriculture and we have put in place incentives in relation to the tourism industry as well as to reduce the burden of taxation which the tourism industry will have to face. **Instead of carrying** the burden of \$35 million in taxes as was proposed by the Democratic Labour Party Administration in their proposal to exempt tourism from VAT, we will now be ensuring that they get their return of \$7 million instead of carrying that burden of \$35 million in the industry.

9.00 p.m.

The second point, Mr. Speaker, in this employment generation on page 30 – Strategy, is training and re-training to meet the new skills required in a technologically complex world. Already steps have been taken to address this issue by increasing the intake of students at the Samuel **Jackman** Polytechnic and the Barbados Community College. I want to spend some time on this, Mr. Speaker, because this is not now a question of promises and dreams deferred. This is a question of performance and continued performance. This is a question, Mr. Speaker, of our having kept faith with the people of Barbados when we said to them last year that we were going to increase the roll at the Polytechnic from 1400 to **2000**. But we did not stop there. We recognized that the tasks which were at the Polytechnic which had not been updated or improved upon for 8 years, that we spent over \$510 **000** updating the equipment at that plant as Phase I. We also introduced 11 new courses from small engine repair to boat building, tourism craft and a whole host of other things and we ensured that those extra 600 people who came onto the roll of the Polytechnic, Sir, were not subject to an entrance exam because we were fully cognizant of the fact that 60 per cent of the children leaving school in this country left so without proper certification. Therefore, if you put an entrance exam that required certification, then you would be excluding

the majority of them from admission to the institution. What we therefore did was to change the nature of the exam that had to be sat from being an entrance exam to an assessment exam, so that we would know where a person needed additional courses in Remedial English or where a person needed additional assistance in a particular area in which **they** were deficient and we would be able to service the needs of that youngster. So that we were able to take **600** more young people off the streets of this country and put them in an institution to receive training so that they can come out and either go on to further training or find a job or go into self-employment.

We also, Sir, in this Budget, and I am grateful to the Right Honourable Prime Minister for the measures which were outlined yesterday, have taken decisions that will see that Polytechnic roll rise from **2000** now to **2500** in September. So that we have a virtual doubling of the roll from where we found it upon coming into Government in September **1994**. On top of that, Mr. Speaker, we have said that we are putting **\$1** million more in the Barbados Vocational Training Board so that we can put **800** more young people off the street and put **600** of them in skills training and **200** in apprenticeship programmes where they will work and learn the trade as they are working – **800** more young people, Sir. So that when I add the **500** at the Polytechnic and the **800** at the Training Board, that is **1300** more young people in one year.

But it does not stop there, Mr. Speaker, because we have also taken the initiative to put in the Barbados Community College in the Division of Hospitality Studies the resources behind them to expand the roll from **200** to **450** so that there is an additional **250** people going in during September than would otherwise be going in. Mr. Speaker, this is in the context where these institutions normally have far more applications than they can deal with in their regular intake. That is a fact, Sir. In the expansion of the Information Technology Courses, Sir, we have been servicing only **15** per cent of the demand for Information Technology in this country at the Barbados Community College. While we would wish to go further, we recognize that there is only so much you can do in terms of increasing and that an institution has an absorbent capacity in terms of implementing new policy measures and, to that extent, we are carrying the intake from **200** to **425** bringing about another **225** additional persons in the basic courses of Information Technology and then introducing for the first time an Advance Diploma in Information Technology that will take in **90** persons a year while having an intensive 12-week Advance Diploma that is available for businesses in the **informatics** industry who would wish to be able to expose their employees to further intensive training but in a structured environment and those I believe, Sir, can go up to **50** per batch.

So that when we add, Sir, the **1300** between the Polytechnic and the Training Board to the **250** for the

hospitality industry. That is **1550** to the extra **200** in **Informatics** equals **1750**. There are **90** in the Advance Diploma – **1840** and then we take that, Sir, to a position where we add on the new Bachelor of Fine Arts Programme.

Now I heard yesterday one of the comments on the radio in the post Budgetary debate saying that they did not know the Community College was capable of giving degrees. The Community College has the capacity to grant degrees, Sir, under this legislation. But what is more important, Sir, is that the Community College has entered an agreement also with the University of the West Indies which will allow persons attending the Community College in certain courses, and we are starting with **12** courses from September, once they perform to a certain level to be able to go on to the University and to be able to finish their course in the University at a shorter period of time had they not gone to the Barbados Community College.

Now I want to explain the significance of this to the Honourable House, Mr. Speaker, because when we look at the fact that our unit cost for supporting the training of a person at the Community College is **\$4 500** compared to between **\$13 000** to **\$17 000** at the University of the West Indies, one recognizes the volume of savings that is generated to Government by the implementation of that articulation agreement between the Barbados Community College and the University of the West Indies. Indeed, Mr. Speaker, it is the only one of its kind that the University of the West Indies has with a regional institution throughout the whole region.

I want to continue, Sir, to say that we have almost **2000** additional people to be exposed to some form of post-secondary training in the course of the next year. But it does not stop there, Mr. Speaker. We have also included training for persons under the Youth Affairs Programme. Indeed, we have just completed the training of almost **1500** young persons at the level of the Community College in sports and cultural training that did not take place in this country in excess of the last **5** years of the Democratic Labour Party Administration. I want, Sir, to point to the fact that those funds which have been made available now to the Division of Youth Affairs will allow us to be able to train **3000** more young people at the level of the Community College in those short 10-week training courses. But what is even more significant than that, Mr. Speaker, is that unlike other courses which train them and forget about them, we are also introducing an advance module to be able to pick up those persons who would wish to continue their training because we recognize that they need one more level of training before you enter somewhere like the Barbados Community College to pursue either an Associate Degree in the Performing Arts, an Associate Degree in Fine Arts or indeed some form of

Physical Education training that is available for teachers who would like to participate as Physical Education Teachers.

Mr. Speaker, the impact of those 3000 Barbadians being trained is significant, because the other thing that it does is that it ensures that those 3000 young people are off the streets for a long period of time in structured and supervised activity, even if they do not choose to continue the training in those disciplines, it has introduced them to the capacity to develop a level of self-esteem by feeling good about being able to do something and to do it well. I want also to say that it continues in respect of the programmes we have put in place for the Youth Entrepreneurial Scheme. We have already, in seven months, Mr. Speaker, seen the exposure of 143 young people to the services of that scheme and we have seen it done in a way that they have been able to access technical assistance, that they have been able to accept membership, financial assistance or training, and for 30 of them they have been able to access all four of the services offered. This is commensurate with the kind of work that we see the Small Business Unit doing, which has seen four new businesses per month being created in this country last year.

9.10 p.m.

When I hear about where the new businesses are being created, and when I hear the Leader of the Opposition talk about the fact that all we are doing is presiding over the destruction of black businesses, where was he when the four businesses times 12, 48 businesses, by incentives put in place by this Government were created in this country last year? The 30 young people are now conducting valid businesses, and in the instances of a few of them, employing other people in the conduct of their businesses, because we service people up to 30 years. Indeed, Sir, under my birth date I would still be eligible up to October 1 this year.

Mr. Speaker, those are key policies designed to ensure that in the year 2000 and onward those additional young people brought into the fold, by reason of their being trained and exposed to other aspects of the development of skills, will be able to have a vested interest in this society. If you do not understand that if you want to reap you have first to sow seed, then I do not understand how you can lead a political institution. It is basic common sense and Barbadians understand that principle, that if you want to reap corn you have to first sow the seeds. We therefore have put in position the mechanisms by which we can expand training available in this country.

Do you know what is so misguided too, Mr. Speaker? The Honourable Leader of the Opposition said we should have been investing more money into basic education

instead of looking at training and retraining. If you listened to the Right Honourable Prime Minister's speech yesterday, you would have clearly noticed that he said the human resource development strategy of this Government in relation to education and training had to be based on four premises in the short term. A sound, basic education policy was the first policy that the Prime Minister referred to yesterday in his introduction to these measures on human resource development. A sound, basic education policy with an understanding of a strong diagnostic and remedial programme so as to avoid the spectacle of 60% of our young children leaving school without proper certification.

Since we have been the Government of this country, we have been resolute in our commitment to putting funds behind primary education. Not only have we put additional funds behind primary education and increased their allocation over what was left by the last Government, but we have implemented a Diagnostic and Remedial Policy Unit within the Ministry of Education, because we understand that you cannot talk about improving quality unless you can look at the measures that are causing people to fail within the system, unless you are capable of diagnosing what is causing that child not to perform. Once you can diagnose what is causing that child not to perform, whether it is a physical disability – because, Mr. Speaker, we have started the physical testing for hearing and sight as part of our basic education policy – we have now put policies in place where we are testing children across the primary school system for reading disabilities. Not one of those measures did we find on coming into Government in this country, so we understand that there has to be a strong, basic education policy. What we are saying is that at the same time you are dealing with the 7, 8, 9 and 10-year olds and even those in the secondary schools, there is a whole category of Barbadians who have already gone through the system who are equally valid members and citizens of this country and who deserve the right to be able to re-enter the system of training at whatever level they may be in the system. That is why the range of training goes from the level of the University to the level of the Barbados Community College, to the level of the Polytechnic, to the level of skills training and even in the Barbados Youth Service where they are exposed not only to character building but to basic skills training in the course of the period of time as well as a job attachment thereto.

Mr. SPEAKER: The Honourable Member has two minutes to conclude.

Hon. Miss M. A. MOTTLEY: Thank you, Mr. Speaker. We have also put in place a number of mechanisms to deal further with creating employment. I do not know what has more potential to create jobs in this country than by training people to think for themselves and to be able to employ themselves. I do not believe in an

era of politics that speaks toward restricting information and restricting the development of people through keeping them down pressed. I do not believe in people coming begging for jobs, I believe in people being independent enough to provide for themselves and there is only one way I know we can change this society from being reliant and mendicant to one in which it is capable of being self-reliant, independent and strong, one which I would like to see in 20 years' time, one in which the individual citizens of this country can take responsibility for their lives. In order to ensure that is capable of happening, Sir, one has to expose them to a level of education and training in which they can do for themselves. I have always heard that it is better to teach a man how to fish than to give him a fish when he is hungry.

I want to say, at the end of this speech, Sir, that I do not believe that on the verge of seeking to build and cement the foundation for that second stage of post-independent Barbados there could be a better and more creative mix of policies that seeks to generate investment and savings in this country, while going to the core of that instrument that has always been the reason for the development of this country, its people, and one in which only one other budget which I can remember, that of the Honourable Member for Christ Church South in 1985, sought to put people at the core of its budgetary proposals.

I am obliged to you, Sir.

Rt. Hon. L. E. SANDFORD: Mr. Speaker, this Honourable Chamber has had the benefit of the Financial Statement and Budgetary proposals by the Prime Minister and Minister of Finance. It has had a very systematic and methodical demolition of that financial statement and budgetary proposal. It has had an incisive response from the Member for St. Michael South Central and there has been a raging response also from the Minister of Education. I wish to make a few observations within the time available to me and I am saying that this is one of the latest budgets ever delivered in this Honourable Chamber... 9.20 p.m.

*Aside.*

Rt. Hon. L. E. SANDFORD: That wasn't delivered ...coming after, I believe, the Member for St. Thomas, I hope I am not misquoting him, spoke scathingly of a financial statement and set of budgetary proposals which I delivered and which he claimed was very late. That was the position taken by the Opposition then. This one is one of the latest ever delivered and it is in my view one of the most ineffective as well. I say that, not to disparage, but, like the Member for St. Michael South Central, because it is my honest opinion. I believe that the Prime Minister and Minister of Finance finds himself in a very difficult position, because having taken extreme position on the

measures for stabilisation and for restructuring that the Democratic Labour Party Government put in place in order to deal with the worst economic situation that the world and Barbados faced since the Great Depression of the 1930s, he now finds himself realising that that programme was well crafted and well structured to the extent that he cannot do any of the things which he felt should be done, because the circumstances **are** not appropriate for that.

Sir, he tried to say the problem was the **IMF** and he was going to get rid of the IMF and his idea of getting rid of the IMF was to remove the office and the officers of the **IMF** in Barbados in a most unceremonious manner. Sir, it is well-known among international institutions and countries that one of the best ways of conducting relationships is to have a presence in the country where you **are** doing business. That is true of the **IDB**. They have a presence here. They have an office here. It is true of countries and really it was a puerile response to a particular situation.

Sir, in order to deal with the situation then they said they were going to produce a home grown economic strategy with emphasis on strategy rather than the medium because when you look at it and the artwork the medium starts out very small and it increases onto strategy. So this is strategy that we are dealing with. It has nothing to do so much with the content, but it is home-grown and they forgot that in February 1994 a home-grown strategy was also produced. It is called Barbados: Structural Adjustment Strategy prepared by the Ministry of Finance, the Ministry of Economic Affairs and the Central Bank of Barbados in association with the Ministry of Trade for the Cabinet **Sub-Committee** on structural adjustment.

Sir, you can put the two together. I want to know what it is that is particularly home-grown about this, now laid in Parliament. Medium-Term Macro-Economic Strategy, 1996-99 and the Structural Adjustment Strategy, February 1994 that addressed most of the major areas in the economy and in the society as well including social safety nets, public sector reforms, **direct tax** reform, indirect **tax** reform, reforms affecting the labour market, the social sector, manufacturing and information services and so on. Time does not permit me to go through all of the topics in here, Sir. But here we have one document produced by the Government and laid yesterday, a document produced by the Democratic Labour Party Administration in 1994, both home-grown. What are they trying to do?

One Member, I believe it was the Leader of the Opposition who said that emulation is the sincerest form of flattery. So we produce a document and the Minister of Finance has produced one, too. It reminds me of a presidential candidate for the Republicans in the

United States in his comment on the President and he said, "You know, you can tell what the Resident of the United States is thinking. You know how he thinks? He listens to what I say..." (that is Senator Dole speaking) "...and then all the President says is, Me, too, Me, too."

So what the Democratic Labour Party does or did, this Minister of Finance is doing now. He is very submissive. He has to be very submissive about it, because he is undergoing now a **kind** of scrutiny and examination that calls into question all of the claims and all of his accusations and charges which he was making.  
9.30 p.m.

Sir, I want to **make** a few comments about the VAT, but before I do so let me make it clear, I represent the people of St. Michael South and I have spoken on behalf of all Barbados in a previous capacity. **Right** now I speak for the people of St. Michael South and I wish to say, Sir, that they have been calling me on the Budget, and have been asking what is in it for them. Others have been calling me as well. Sir.

They have been asking what ...

*Asides.*

Rt. Hon. L. E. SANDFORD: ...My office is always open. I cannot say the same about yours. I see the Member for St. James South. I see a door open occasionally now.

*Asides.*

Rt. Hon. L. E. SANDIFORD: Anyhow there will be another occasion for that. I will hold my peace on that, Sir, because I do not know how they are trying to destabilise the people of St. Michael South.

What have they done to the Barbados Labour Party, Sir? I discovered two weeks ago, on hard courts which were laid for some 20 years now and had lights in there, on the hard courts, so that the lasses of my constituency could enjoy some, not only recreation, but serious netball. We talk about the resources of Barbados – half the lights have been removed, from that constituency and they have not been put in other places like on **Rudder's** pasture where there **are** no lights on the courts. They have not even gone to Christ Church West, Sir, because you know I help the Member for Christ Church West ...

*Asides.*

Rt. Hon. L. E. SANDFORD: Mr. Speaker, I see you **are smiling**, I do not know if they went to St. Michael Central. I do not know, Sir, but ...

*Asides.*

Right Hon. L. E. SANDIFORD: ...But something is wrong, Sir.

I do not wish there to be any misunderstanding about the VAT, Sir. It is well-known that my administration at the time took a decision to implement a VAT. There were some decisions still to be taken, but the broad outlines, not only broad but some were very specific, were taken, Sir. I wish to indicate that there **are** certain aspects however, of the decisions that have been taken that I have serious reservations about.

First of all a decision has been taken by the present Government to have two levels of the VAT. I believe, Sir, that fundamentally, that is a wrong decision. I say so because there are going to be other interest groups and other persons who will be clamouring, they will be clamouring for a lower rate than the 15% that has been agreed upon. I would wish to speak in support of a proposal or suggestion raised by the Member for St. Michael South Central, that is, you have persons in this country, the pensioners and those who are disadvantaged, who will need to have some relief from the full impact of the measures that **are** to be introduced, and I would urge the Government to think again.

I am trying to recall, Sir, whether we have been told, in this Financial Statement and Budgetary Proposal, how much revenue is supposed to flow from the VAT.

*Asides.*

Rt. Hon. L. E. SANDIFORD: Sir, we all know, those of us who have done studies on these matters, that it is a very productive tax. In other countries the excess which may be realised from the VAT is applied to sectors in the society who may be disadvantaged. I have a sneaking suspicion, Sir, that we have had what has been called a "no tax Budget" because the Minister of Finance, somehow, believes that he will be able to recoup and have access to some additional funds coming from that particular source. He could talk but those of us who are familiar with the operations may understand what this is all about.

Let me say, Sir, too, that in respect of persons of the owners of the public service vehicles, I believe that the Honourable Prime Minister should explain to this Honourable Chamber whether he advised them, told them, or agreed with them that the punitive taxes which were imposed on them would be removed. From what I have been hearing, it appears as though they believe that he told them so. I believe he is the one who should clear that up in here, because if he did tell them that it would be removed ...

*Asides.*

Rt. Hon. L. E. SANDFORD: ...He must explain in here, Sir, what is going on there. In any event, if there were punitive, taxation should not be used as a punitive instrument anyhow. So it was wrong to deal with that situation, or whatever perceived situation there was, in that particular way, and I **am** calling for the entire impost to be removed. That is not 50% but 100% should be removed.

Sir, I believe that we must really think in terms – while I get back to the IDB, I do not have access to any secret documents, and that has been laid to rest, Sir, because the Leader of the Opposition, not only did he make a comment and a charge and until what he said has been disproved, there is ample credibility because he not only made his accusations but he also said he would lay the documentation, and the onus is on the Minister of Finance to deal with that particular problem.

*Asides.*

Rt. Hon. L. E. SANDFORD: ...I read the public documents.

*Asides.*

Rt. Hon. L. E. SANDFORD: Sir, I believe the Prime Minister and Minister of **Finance** attended a meeting of the Inter-American Development Bank recently. I believe in their **1995** Annual Report they had a small section on Barbados.

9.40 p.m.

*Aside.*

Rt. Hon. L. E. SANDIFORD: I am speaking in support of the position taken by the Leader of the Opposition. They had a small piece on Barbados and it dealt with the Investment Sector Reform Programme.

*Aside.*

Rt. Hon. L. E. SANDFORD: But I am reading from the Annual Report, 1995:

**"The Bank** has made 35 loans totalling \$298 million to Barbados. Accumulative disbursements totalled **\$169** million, Investment Sector Reform Programme \$35 million. This loan will be disbursed in accordance with the progress made by Barbados in implementing reforms affecting private sector investment."

It goes on to talk about the Investment Sector Reform Programme as complementing and supporting the

Government's medium-term macro-economic programme by assisting the creation of a policy framework that is conducive to sustainable long-term economic growth.

The point I am making, Sir, is that this is **policy-based** lending.

*Aside.*

Rt. Hon. L. E. SANDIFORD: I **am** not **looking** for any smoke in gun because I do not deal with guns.

Sir, I sat on the Committee of the Board of Governors. As a matter of fact, I was a member of the Board of Governors when that replenishment that the Member for St. Michael South Central spoke about into which the policy-based lending was incorporated that it related to policies. I believe, Sir, that the Prime Minister and Minister of Finance was told that he and his Government would have to make progress in certain **areas** before any of the money might be drawn down. I believe so, Sir. If I **am** wrong, he can deny that. I believe that is why we **are** dealing with the VAT at this particular **time** because it is related to the draw-down under the different **tranches** of that particular loan.

Sir, if I may turn to the question of the human resources. That is a new term for an old approach. It is well-known that this Democratic Labour Party and its Governments down through the years have always placed emphasis on human resources and its development education. But, Sir, it comes very strange from the mouth of a Government, the Barbados Labour Party Government, that is talking about human resource development, that when they have trained human resources they put them on special leave and now they are to be the stakeholders. They want to bring all the stakeholders into the whole business of Government and they talk about training human resources. What they do with the trained resources that they get? You put them on special leave. You do not want to use the human resources that **are** available. You train them and then you put them on special leave.

Sir, let us understand that the training in tourism, training at the Hospitality Institute of the Barbados Community College is not something that has just happened. The Hotel School was established a long time ago and it grew from very small beginnings into the very structures that **are** going up now and which I had a little to do with. It is a lovely structure. I do not wait for your invitations. I have visited it and gone through it. It is a public building.

*Aside.*

Rt. Hon. L. E. SANDFORD: Sir, I **am** not going down that road at all. The point I am really making is

that the Government should have some humility and they should look the Democratic Labour Party straight in the face and say "Yes, what we **are** doing now is due in large measure to the good policies which you implemented." It takes nothing off the Member for St. Thomas because I know he will acknowledge that.

*Asides.*

Mr. SPEAKER: Please, please.

Rt. Hon. L. E. SANDIFORD: Sir, those are the facts. It is no way that the Government could take any action to ease or to be generous in any sector were it not for the fiscal and other economic reforms introduced by the Democratic Labour Party Government and during my administration.

Mr. SPEAKER: The Honourable Member has two minutes.

Rt. Hon. L. E. SANDIFORD: We laid the foundations, not only for stabilisation but for the resumption of growth. We have to acknowledge. The more you bury your heads in the sand and try to give the impression that nothing was done, or that everything that was done by the Democratic Labour Party was wrong, the sooner you will get to a position . . .

*Aside.*

Rt. Hon. L. E. SANDIFORD: You wish me to **attack** you? You know I would never do that.

I wish to make the point, Sir, that it is time that we **are** straight and honest in these matters. Government must recognise that it has a responsibility to the people of Barbados to do the right things with the resources of Barbados and realize that those resources must be used for the benefit of all, particularly the small man in Barbados, and to redress the imbalances not only in our economy but in our society as well, and realise that those resources must be used for the benefit of all, particularly the small man in Barbados and to redress the imbalances in not only our economy but in our society as well.

9.50 p.m.

Hon. Sir HAROLD St. JOHN: Mr. Speaker, Sir, speaking at this late hour in the night, Sir, I welcome the opportunity to say a few words in support of this Budget.

The Budget must be seen and read against the background of the position of the Barbados economy today, the measures that need to be taken and the particular philosophy of the Government in office.

I am satisfied, Sir, that if one looks at this Budget and in particular considers pages 6 and 8 of the Budget the

economy and the state thereof is well and truly documented and the objectives are clearly identified and the measures that **are** to be implemented, as contained in the summary of proposals at page 20, set out in clear terms the number of measures that will be implemented in the course of the next year. There can be no doubt about it, Sir, that the economy of Barbados is on the improving trend. The productive sectors **are** responding to the stimulus provided by the measures introduced over the course of the last 15 months by the Government in office. One of the most significant policy decisions that has been taken since the return to office of the Barbados Labour Party has been to eliminate the debilitating measures that were introduced on the productive sector by the Democratic Labour Party.

I think that if there is any apology to be given in here today, Sir, it should have been given by the Honourable Member who just sat down, the Honourable Member for St. Michael South and by his successor who spoke earlier, the Honourable Member for St. John for it was they who introduced the measures which crippled the manufacturing sector in Barbados to a very large extent.

I would also like, Sir, to deal with this diversity tactic which the Democratic Labour Party and the Leader of the Opposition in particular have been frequently indulging in in relation to trying to impress upon the public of Barbados and excite them and scare them that Barbados is still under a programme of the IMF and that the investment sector loan from the Inter-American Development bank is dependent upon Barbados continuing in such a programme.

I think it is time that all of us recognise that we are past electioneering. Electioneering will come in due course but we **are** now out of electioneering. The Honourable Member, during the course of the last election campaign, tried desperately to scare Barbadians into voting for him.

*Aside.*

Hon. Sir HAROLD St. JOHN: The Honourable Member for St. John. I apologise to the Honourable Member for St. Michael South Central if he thinks I meant him. I know that the Honourable Member for St. Michael South Central throughout the last campaign tried to distance himself from the Honourable Member for St. John. As a matter of fact he has been consistent in today trying to distance himself from him. So the position is, Sir, having made these accusations the Honourable Member finds himself in the position of having to continue up to this day in order to restore some measure of credibility to himself, he has to continue, up to this day, in trying to prove that what he said was correct on that occasion. The truth of the matter is, Sir, Barbados has been a member of the International Monetary Fund for a long period of time, has been a member of the Inter-American **Develop-**

ment Bank for a long period of **time**. Both of those institutions have rules and regulations which members who take advantage of the facilities which they offer have to adhere to. That is the naked truth, Sir. The International Monetary Fund publishes annually its report on its member countries and people who read documents, newspapers and other important journals will come across regularly, statements by the International Monetary Fund and their opinions of various member countries.

Recently there was a clear warning from the International Monetary Fund to the Chancellor of Great Britain telling him he must not do this and he must not do that. He should not have too many **tax** reductions, he should not reduce interest rates because in their opinion the economy could not deal with it. So people who live in those big countries are not scared of that. But the Honourable Member for St. John and some of the other Members on the other side are really taking advantage of what they believe to be the lack of understanding and sophistication in these matters by our community when they try to scare the people of this country about these matters.

There can be no doubt about it, Sir, that Barbados' economic policies have had to change over the course of the last 5 or 6 years to **keep** up with and to be in **tune** with the current international views about how economies are to be run. There has been a great change in **the** world in this respect. The Honourable Member for St. Michael South Central embraced the Thatcherite and Reaganite Governments. He tried to introduce it in Barbados with the same consequences that it had in the United States of America and in Britain but luckily for us his tenure in that area was short and the damage that would inevitably have flowed from the introduction of his policies was to a large extent halted by the efforts of the Honourable Member for St. Michael South. I find it very strange, certainly strange to me, that today the Honourable Member for St. Michael South Central can complain that he sees trends in this society where the gulf between those who have and those who have not has been widening. I think the Honourable **Member** should examine the comments that have been made on the effect in Britain of the Thatcherite policies and the effect in the United States of the Reagan policies. Having examined it I think he would come to the conclusion that in those countries the very same condition that he complained of today it is now recognised has been contributed to largely by the policies he espoused.

I share the concern about what is happening in Barbados and the rest of the world in this area and I am glad to see that the Barbados Labour Party, since resumption of office, the Prime Minister is taking steps to reduce this **tre**: d.  
10.00 p.m.

This Budget by the concessions that have been granted by way of **tax** reduction for savings and investments, and in particular the **tax** concessions that have been granted to members of the Credit Union Movement by the increase in the amount of savings which are **tax** deductible, will go a long way towards the creation and the development of a greater ownership structure in Barbados among the general mass of people.

#### *Aside,*

Hon. Sir HAROLD St. JOHN: Do not mind Silver Rock. You mind the Democratic Labour Party's contribution to the very serious condition that the Honourable Member for St. Michael South **Central** talked about when he talked about the haves and the have **nots**. The Leader of the Opposition has signed more concessions to those who have than any other Minister of Finance in Barbados had previously signed. I do not blame the Honourable Member. He found himself in such a desperate position as Minister of Finance with a legacy that came from the Honourable Member for St. Michael South Central and **the** Honourable Member for St. Michael South that he had to do something dramatic in order to improve the condition. That is a fact. The Honourable Member **did** that. The basic position with the Honourable Member is that he ought to be the last person to criticize **any** Government for the **granting** of concessions. It is said that the **Honourable** Member **started with** a stud **horse** and he moved right **through** to the development of a very special situation at the port in respect of golf courses and other things. I do not **blame** the Honourable Member. In his opinion at that **particular** period of time, he sought to endorse the policy of the **Inter-American** Development Bank which is complained of today with respect to land use policy. The Honourable Member seems to forget that in the concessions that **he** granted as Minister of Finance for the development of change of use of those large areas of agricultural land were **consistent** with the **policies** advocated by **the** Inter-American Development **Bank**.

So that any attempt to criticize this Government in this area by the Democratic Labour Party has to be looked at in the context of their performance when they were in office, so too any attempt to **trivialize** the very important concessions that the Honourable Member criticized today with respect to the attempts by the Barbados Labour Party to re-introduce measures relating to the encouragement of savings in Barbados.

Now the Honourable Member for St. John is bitterly critical of the instruments that have been introduced in the form of the \$10 000 allowances, savings plans and things of that kind. As long ago as 1985, the Barbados Labour Party started the implementation of that programme. It was interrupted by the Democratic Labour Party. We still believe in it because, just as the concessions that

were granted to the off-shore sector to create the off-shore sector in our opinion have worked but are in need of review in the light of our experience, we believe that had they been allowed to work and not **been** removed as part of the **tax** reform programme of the Honourable Member for St. John and the Honourable Member for St. Michael South they would have worked and our savings institutions in this area would have been much better off.

I recall, Sir, the tremendous trouble that we had to put up with in here when the tax reform proposals came to this House and there was a suggestion that the concessions to the Credit Union Movement should be removed. We had to fight to see that it was not so and look at the great contribution to the development of the Credit Union Movement that those tax concessions have made, a movement that started from \$10 million in savings to well over \$100 million in savings. Indeed, I think that it has recently been published that there are one or two credit unions who have savings and investments far in excess of \$50 million. They are important financial institutions in the context of Barbados today, in the context of the objective of the encouragement of small businessmen and of the encouragement of wider ownership in Barbados. When you look at the composition of the members of the Credit Union Movement in the context of empowering black people in Barbados, the Labour Party must be proud of that.

Now, Sir, there are other areas that I would like to touch on but given the time at my disposal, Sir, I will not be able to touch on because I wish to speak a bit on the introduction of the VAT which again I would like to point out that any suggestion from the other side that the Government in introducing VAT in Barbados is going to create hardship on particular sections of the community cannot and should not carry any credibility. As I understood it, the introduction of a VAT in Barbados was the subject matter of a large measure of our party agreement. After all, VAT is an internationally recognized tax as the Minister of Finance has said in his Budget speech. There are a large number of countries in the world in which it operates. Within CARICOM, there is a VAT. In Trinidad and Tobago, there is a goods and services tax which is a VAT in Jamaica. There is one in **Grenada** and there is one in Belize. So that there cannot be any basic objection in principle to the replacement of the large number of indirect taxes that we have via VAT. Now I would like to see and I say so quite openly that the draft legislation that is going to be the basis of the law relating to VAT should be in circulation so that a larger number of people in this community can have access to the law, so that we will be able to make our **comments**. It is quite clear to me, when one deals with the Schedule, that there will be some adjustments to some of the language both in relation to the items of zero rating and exemption. There has to be. There are some items here in zero rating in

particular which do not appear to be so clearly worded to me that there cannot be any doubt that producers of agricultural produce for sale in Barbados would not be subject to the payment of VAT at the farm gate. I heard the Honourable Member for St. Michael South Central speaking and trying to tell the people of Barbados that the farmer who sells the lettuce, the cabbage and the beans and so on will be the subject of VAT.

10.10 p.m.

Dr. R. C. HAYNES: On a point of order, Sir. I specifically said that when the farmer sells the item that will not attract VAT. If he sells it to a **supermarket** and the supermarket sells it to somebody, at that point it will attract the VAT, under what is before us here.

Hon. Sir HAROLD St. JOHN: You see, Sir, the Honourable Member obviously does not hear what he says. Perhaps we should remember that the Honourable Member is a gentleman of impressions and what he said created the impression clearly and distinctly in my mind, but there can be no doubt about it, Sir, that this House will have its say when the final legislation is brought here, because I do not conceive of a situation in which such a position would be the law. In any event, we must all remember that budgets contain proposals for changes in the law. The law which implements a budget has to be subject to further scrutiny both by Members of Parliament and by interested parties outside, and I would caution in this area that as a matter of urgency the implementing Bill should be the subject of publication, because the collective wisdom of Honourable Members in this House and those outside of this House who are interested in this area should be brought to bear upon the final product which has to be administered in Barbados in the future. So I expect there will be attempts in the course of the implementing legislation to tidy up and to reduce any problems which Honourable Members **see** in the implementation of a VAT.

There has been already some concern about the differential between the rate of tax in hotel accommodation and the exemption granted to residential property. No doubt the lobbies will soon start to operate in this area because, as is known in Barbados, a significant part of our accommodation for tourists consists of houses which under the existing **law** pays the surcharge on rental, but under the proposals **as** set out here appear at the present moment to be exempt. **They** are competitors with the strict tourism **establishments** and therefore questions will arise as to whether that is right and just in the context of the Barbados range of accommodation.

I have no doubt there will be other areas, but the fundamental **point** remains that the Minister of Finance is to be **congratulated** on his decision to implement the VAT, despite the many jibes and insinuations that are **con-**

sistently hurled at him by some Members on the other side, and despite also the bragging and the boasting of some Members on the other side that no Government that has ever implemented VAT has ever been re-elected. That is what those Honourable Members say, but there will be an exception on this occasion.

Now, Sir, the last point I should like to raise in this debate is to lend my support again to the Honourable Minister of Finance in his wisdom in introducing the bold and exciting programme for the expansion of human resources in Barbados. There can be no doubt about it at all that consistently since the budgets from 1983 to this day the Labour Party has constantly advocated the need for a radical change in the curriculum content at our secondary schools, and in particular on the need for the creation of new institutions to deliver skills training in Barbados. Let it never be forgotten it was the Barbados Labour Party who introduced the National Training Board and the training levy. Let it never be forgotten. This programme is consistent with that fundamental philosophy and I am very glad to see that we have now been able not only to expand it but to bring new areas of training in this area. If ever there was an area of neglect under the regime of the Democratic Labour Party, it was in this area. They reduced the period of time the young people had to learn certain trades from nine months to three months. They denied it the resources necessary to expand it and it is now the responsibility of the Honourable Minister of Education to try to bring hope to that general mass of young people who go to school for seven and eight years and when they leave school they have nothing to show for the period of time in which they went to school. They end up around street corners in Barbados liming. I am glad to see the Honourable Prime Minister, encouraged by all of his Members, will be doing something to remove them from the street corners and putting them in training institutions. That is empowerment. The Honourable Member asks where are they going to get jobs from. You only have to go around and see how the Democratic Labour Party has left Government buildings and you will see that there is need for a vast amount of people who are going to take care of the public buildings.

10.20 p.m.

I believe that we should be brave enough to structure our apprenticeship programme and to structure our skills training programme that some of the effort of these young people should be devoted as part of an apprenticeship to taking care of public buildings in Barbados to provide rudimentary repairs to these buildings. It would be a great use of their time and efforts. I hope that the money that is spent here today and has been given by this Budget will be used in that direction.

Mr. Speaker, Sir, there is absolutely nothing that we should worry about in this Budget. This is a progressive

Budget which will do a great deal to enhance black people in Barbados. I know already in my own constituency about the empowerment of young business people. I have seen so many of the Honourable Members in here at the new facility around Oistins. I invite the Honourable Member for St. John to come over on a Friday or a Saturday night where he will see the practical application of the philosophy of the Barbados Labour Party and its impact upon the development of poor, young, black businessmen and women in Barbados. I am grateful to you, Sir.

#### SUSPENSION

Hon. Miss B. A. MILLER: Mr. Speaker, I rise to move that this House be suspended until 10 o'clock in the morning, tomorrow, the 23rd day of May, 1996.

Hon. D. A. C. SIMMONS: I beg to second that.

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

#### RESUMPTION

Mr. WEAKER: This sitting is resumed.

Mr. D. CARTER: Mr. Speaker, I take this opportunity to speak on the Budget which was so well presented by the Honourable Prime Minister and Minister of Finance. I must confess that 3 or 4 weeks ago I was worried about the Budget and about the VAT. Yesterday when the Leader of the Opposition, the Member for St. John spoke, I was of the opinion that he would come in here with an alternate budget but to my surprise it would appear that he had a speech written long before the Budget and he went on for 2½ hours making statement after statement and certainly neither I nor the people of Barbados were aware that he was really replying to the Budget that was so ably put by the Prime Minister of this country.

Mr. Speaker, I am a very new Member in this House and there are times when you look to people for guidance. Certainly on this side there are people who present themselves in such a way that you would like to emulate them and there are times when a few people on the Other Side say things that you would really admire them. I am quite confident now that the Leader of the Opposition did not distinguish himself in this House and certainly I believe that he has done himself more harm than really getting the warmth of the people of this country.

This VAT played a very important part in this Budget and this is the **first** time it will be instituted in this country. To my mind there would be a bit of problems here and there but, as I said, the Prime Minister said that he would not have brought the VAT in this Budget if he was not sure that he was on the right road. I do not think the Other Side really is critical of the VAT because when they were in office obviously they were toying with the idea of bringing the VAT to this country. I believe that there **are** a few grey areas which I hope would not affect a lot of the ordinary people in this country and I refer really to the services of the telephone and electricity. It is a fact that for the majority of the other things we would pay less but it is a fact that we would pay a little more for these services. I would be the **first** person in this Honourable Chamber, if somewhere down the road, it becomes a hardship and a burden to the people of this country, I would have to ask the Prime Minister to do something about it. But, as I said, I was assured and I really believe in the Prime Minister. I believe that he has done all the things he said he would have done and it appears that things **are** going well for us and well for the people of this country.

I know that it must be hard on the ears and disheartening to the other side when they opened the papers last week to see that the economy had grown by **6.2%** over the **first** three months of this year. It must be hard on the Opposition to hear such good things happening. It must be hard on the Opposition to hear that after **16** months in office that unemployment has dropped dramatically from **24%** to about **16%**. It must be hard on the ears of the other side when they realise that over the past **16** months some **7 000** jobs were created.

There is no doubt in my mind, now the economy is growing and booming, that more jobs will be coming in the future for the people out there in Christ Church East Central and all over Barbados. You can see that things **are** going well and I am quite sure that they will get better in the future.

Mr. Speaker, we have got a situation in here where the Honourable Member for St. Michael South Central, a man whom I admire, but I would have thought that he, in his capacity as Leader of the National Democratic **Party** would come in here and really put over some proposals that would contradict the great proposals that were put here by the Prime Minister. Of course he is looking for headlines in the newspaper and once he can get the headlines in the daily papers he would have done his job. As I said, I consider this budget to be a budget of substance and there is no doubt in my mind that over the next **12** months the people of Barbados would be a better people.

One of the accounting **firms** referred to the Budget as a creative one and independent people **are** saying good things about the budget presented by the Honourable Prime Minister.

I, in my own way, over the past few hours, was very happy to pass through my constituency and note that the people are happy with the Budget that was given by the Prime Minister. I know there are a few areas where, in the past, you would have heard a Prime Minister make statements to the effect that as from **12** o'clock tonight rice will go up by 3 cents and gasoline by 4 cents but this is a different one whereby it is a percentage across-the-board by the VAT and I know that some of the old people and the people in the villages may not understand all the technicalities but I can assure you that this budget is one where you, the ordinary people of this country, will not be disadvantaged.

Mr. Speaker, I would also like on this occasion to show you how this Budget and the proposals will help people, like those people who lost their jobs over a period of time when the last administration cut the benefits from **60%**. In this administration the Prime Minister made sure that they were restored to 60% throughout **26** weeks. The past administration, it was **60%** for the first ten weeks and **40%** for the next **16** weeks. Now that is hardship. The Other Side is always **talking** about looking after the poor people of this country and it is amazing to see that after eight bad years between **1986** and **1994** that they **are** still thinking that they are looking after the ordinary people of this country.

The Barbados Labour **Party** when it was formed back in the thirties was the party that looked after the ordinary people of this **country** and they will continue to look after the ordinary people of this country.

Mr. Speaker, I will touch a little on matters concerning my constituency.  
**10.10 a.m.**

Quite recently there was a group of young people in Gall Hill, Christ Church who has seen it fit now to turn their attention towards the Lord rather than behaving with deviant behaviour which it was thought they were expressing over the past years in Gall Hill. I would like to compliment **first** of all the young lady, Rev. **Baird**, who came all the way from St. **James** North to Christ Church to speak to the young people of Gall Hill and I must say that she has done a good job in getting the people of that area to see the other side of life rather than the bad **things** of life. Credit must also be paid to the Rector of Christ **Church** Parish **Church**, the Rev. Ivan Harewood, who in a very quiet **way**, has worked very hard and tried to help in that area.

Quite recently I had to pay a visit to the Prime Minister's Office basically because of the things that were going on there. Although in the Estimates and certainly in the Budget money was not voted in this Parliament for a community centre, because of a meeting that was held in Christ Church only 2 weeks ago by the leader of the youth group, Mr. **Richard** Carter, and other agencies, it came out loud and clear that the one thing that must be given back to Christ Church is a community centre. This Government quite recently purchased the old Gall Hill Centre and I **think** that it is imperative that this Government would give back to the people such a community centre.

The Prime Minister told me quite recently that certainly in the mid-term session he will make the money available whereby we would have a community centre once again in Gall Hill. I would also like to compliment the Minister of Education for giving us permission to use the Water Street Boys' School for services for the people in that area on Sunday mornings. I myself have given my constituency office to the relevant people for consultations **and** consultancies on Tuesday and Saturday evenings so that the people will keep closer to the right people of the community and certainly continue to do the right things in the area.

During the past year the Member for Christ Church East who is now away and myself were fighting very hard to get certain things done in the constituency and I **am** glad that in this year's Estimates the people of St. **Patrick's** and the surrounding area will have that road fixed. It is interesting to note that a letter was written to me about that area and people from St. **Philip** South had actually signed the document. I do not know if this is a genuine thing, but all I can say to the people of St. **Philip** South who use that road that Government has committed itself on this occasion to make sure that between Six Roads and Rising Sun will be done in this financial year to take the pressure off the vehicles which you have got to pay so much money for, and certainly the people around the surrounding area will have a better road.

I also know that the Member for Christ Church East is trying hard to get a round-about adjacent to that same road to alleviate the problems of the people coming from the St. Patrick's and **Edey** Village area to go the other side of the highway, because as you know it is against the law to cross the highway at right angles.

The **MPs** in Christ Church are certainly working hard to make sure that certain things are done in Christ Church. I will take this opportunity in thanking the Minister of Agriculture for having a meeting with myself and the other junior MP's in Christ Church in relation to the Rural Development Plan. The people are dying and crying out for lights and the repair of roads and there is no doubt in my

mind now that certain things have been implemented with the technical people in the very near future the people in Christ Church East Central and the surrounding area will have a little taste of the rural development.

We know that this is a Budget whereby we have got to look closely at the cost, but it is important that we have some things done in those areas and, if the work can be shared throughout the country, certainly all MP's would be happy. As Chairman of the Sports Council, I **try** very hard with the help and guidance of the Minister of Sports, the Honourable Member for St. **Philip** North, to spread our resources throughout the country. We started in the North with a pavilion in Speightstown and in St. **Philip** where lights were instituted at a netball and basketball court.

Mr. Speaker, even in your own constituency quite recently I know that lights were put in your area by the Prisons and it is the policy of this Government to make sure that the bacon is spread all around. Even the Member for St. Michael East quite recently got a hard court resurfaced in the Pine. I am only saying that to say this that we on this side are looking after the people of Barbados on a whole and not for any particular Member of Parliament. Yesterday in here the Member for St. Michael South made a statement to the effect that lights at the **Bayland** were taken down. I would just like to qualify what he had said, because last night when he made that statement I telephoned the Director of the Sports Council and I was told that there were 8 lights on the basketball court and the technical people in that organization said that it does not need 8 lights to light the **court**. It only needs 4 lights. So lights were removed and put to another area. In this area, we have got to share our resources and it is only fair that if 8 lights are too many we would have to remove them. I think that a similar thing was done in St. Michael West sometime ago somewhere in Black Rock where lights were taken down and **transferred** to another area. So that as I said all the people in the area, certainly in the sporting area, will be happy that they are having a few lights and that the Sports Council is sharing the things around.

I am happy to report that in Wotton, the area that I represent, suffered for 10 years under the other administration. They were **overjoyed** only a few months ago to have their lights installed there and now the boys and girls can play up to 8 or 9 o'clock at night. I **am** quite sure that with the constant nudging from the Member for Christ Church South I have to keep on my toes because every time he meets me he is asking me what is happening to Wotton, what is happening to Lodge Road and other areas and surely I will continue to do my best to make sure that things go in the right direction.

Mr. Speaker, I have been fortunate again to be the recipient of a lot of work that was done by the Trade

and Industry Minister in the Newton area. Over the past 12 months there were buildings erected and certainly there are new **firms** that are coming to the area. In so doing, it means that we are reasonably fortunate to have jobs being created in the area. I **am** not saying that I am going to get all of the jobs, but certainly because I **am** right there at the doorstep the possibility is there whereby I should be well looked after.

10.20 a.m.

It is noted that the Trade and Industry **Minister** has created some 1 147 jobs over the past year. All I can say is that the people out there will be the beneficiaries of that hard work. I know when I walk through my constituency, certainly on weekends, people are still enquiring, but I feel happy that the Government has done the right things already and will continue to do the right things which can only lead to a better Barbados in the future. As I said, unemployment is going down rapidly and the economy is booming. With these little pointers, I **am** quite sure that everything augurs well for Barbados.

At the Sports Council where I happen to be the Chairman we take a very serious look at the sporting associations and we try, with limited resources, to make sure that the various associations are well **run** and **are** given financial help. But I must say that there are few organisations in this country which seem to be going in the other direction, and although we as a Government cannot tell associations what to do, it would be nice if people who do not have the managerial skills to seek help where it would be given.

One of the things that pleased me in the Budget was that the tax on plane tickets will be taken off. I know from my own experience that sporting teams who were leaving this country to represent Barbados were under a little pressure with that tax. I **am** quite sure the Barbados Cricket Association, the West **Indies** Cricket Board of Control and all the other associations will be happy to know that the Prime Minister, a man of foresight and vision, was able to remove that **tax** and that it will help the finances of the respective associations.

Mr. Speaker, I am also happy to note that the Budget of this year was a budget where the businessmen seem to be happy, certainly, as I said before, the ordinary people seem to be happy and I **am** quite sure that if there are any problems – because we are not Jesus Christ, there **are** times when little problems will occur – the Prime Minister and Minister of Finance is such a person that if he realises people are having certain hardships he would be the **first** to use his good office and make sure that those problems would be alleviated.

I, as the Member for Christ Church East Central, feel very happy and comfortable that I can now walk through my area knowing quite well that the Government of the day has done the right thing. I can face the people with pride, knowing quite well that they are happy, I **am** happy and all of us are happy.

Mr. Speaker, I am very much obliged. Thank you.

Mr. J. M. EDGHILL: Mr. Speaker, I rise to support the Financial Statement and Budgetary Proposals as presented by the Right Honourable Prime Minister and Minister of Finance on 21st May, 1996. I would also like to commend the Right Honourable Prime Minister for his astute leadership of the Barbados economy over the last 18 months and, more particularly, during the course of 1995.

At the beginning of 1995 there seemed to have been some gloom surrounding the economy of Barbados, in that three of the four major sectors of the economy were in decline. First of all, you had manufacturing which has been in decline for several years, you also had tourism which was in decline. It is true that tourism peaked between the 1987 and 1989 period, but then there was a decline for three consecutive years and then a slight growth in the fourth year. There was also a decline in the agricultural sector, in that sugar cane production fell to about 38 000 tonnes in 1995. However, since the decline in those major areas we have been able to see an improvement in all the major sectors of the economy during 1995. We have been able to see a 3.9% improvement in tourism, which went to about 442 000 long stay visitors in 1995. We also saw an improvement in the cruise ship passengers, which went to about 484 000 people in 1995, giving us an increase of 5.5%. Although sugar production went down, we had vegetable crops and so on which increased considerably, giving us about a **2** to 3% rise in that sector.

We also had an improvement in the manufacturing sector. There was growth in the manufacturing sector and this was more or less attributed to the concessions granted to the manufacturers at the beginning of 1995 by the Prime Minister, and also as a result of the thrust which this Government put into the **informatics** sector and that sector was able to generate 1 149 jobs.

The fourth sector which had some growth, and which has been having some growth for quite some time, is that of the international financial services which has been able to give Barbados a foreign exchange in excess of \$150 million and which has been able to provide employment for over 2 000 people.

These have been the major achievements of the year 1995. As a result of these improvements in these

major sectors of the economy, the economy improved by 2.5%, which was significant when one had to look at the gloom that was facing the economy in early 1995. However, because of the good handling of the Barbados economy, we were able to do much better than was anticipated by major economists in Barbados and within the wider Caribbean.

10.30 a.m.

Since we have obtained power in this country we decided to start a waste management programme, which was unheard of before 1995. It is very important that we decided to introduce such a programme because mismanagement of waste could have a very negative impact on the economy of Barbados. If one had to look back at the period prior to 1994, when we took over the reins of **Government** one would remember the mountain of garbage that piled up at Mangrove, St. Thomas. One would also remember the amount of problems the people in **Bennetts** and Arch Hall had faced, many respiratory problems, because of the mismanagement of the **landfill** at Mangrove, and the fact that there was hardly any money **available** to buy cover material and so for the landfill.

If there is not sufficient money to buy cover material and there is not sufficient money to buy traxcavators to compact the **landfill**, obviously, you **are** going to get spontaneous combustion from time to time which would give rise to odours and so forth which would have caused respiratory problems to many people in those areas mentioned earlier on.

When you talk about waste management, you also have to think in terms of the environment and, in recent times, a levy or a **tax** was put on people who, to some extent are the polluters of the society. In other words, if you buy a car which has to be disposed of after 10 years I feel that it is only fair that you should pay a **tax** for the disposal of this car. If you are disposing tyres or you **are** buying refrigerators and so on you have to pay a **tax** when these things have to be disposed of, so it is only reasonable that we should be paying a **tax** for the disposal of these items.

One also has to look at the debushing programme which is another way of keeping the environment clean and, which has not been done on regular basis over the years. Happily, we on this side were able to introduce a debushing programme by which we were able to get rid of a lot of the bush which concealed objects and receptacles which can hold water. As a result of this, these objects and receptacles holding water, there is always the possibility of the breeding of mosquitoes. They also provide harbourage for rats and vermin and if there is no overgrown vegetation one would be able to see these items and get rid of them in the right manner.

So it is very important for us to think in terms of instituting a debushing programme on a yearly basis, especially a little before the end of the rainy season. My feeling is that **anytime** around September is a good time to start to implement any type of debushing programme. The debushing programme, as I said, is very vital to the environment in that overgrown vegetation tends to conceal many of these items which have a very negative impact, not only on human beings, but on the environment.

I would like to go to my constituency and talk a bit about things that affect the constituency of Christ Church West Central. Over the last year, we were not able to deliver some of the social services that we thought we would be able to deliver. Obviously, this was as a result of not knowing exactly how good we would be able to deal with the economy, or for that matter, we were unaware as to how far the economy would grow and we were not able to deal with some of these social problems as we were planning.

However, with the improved economy, I am sure that people in the back of Silver Hill, in the Silver Hill Access Road, people in Sargeants Village, and also to the back of the Vauxhall School will be able to get some lights, because the lighting in those areas is very inadequate. I **am** also hoping to have some **roads** put into those areas mentioned earlier on. In recent times, we have been able to patch or maintain most of these roads but with an improved economy I am sure that we will be able to build some new roads and even maintain in a better way the existing ones.

The biggest problems facing, not only the people of Christ Church West Central, but the people of Barbados in general, is that of housing. It is true that we on this side have been able to build quite a number of houses in the last 18 months but if you look at the fact that there are over 6 000 applicants for houses at the National Housing Corporation, this is only a very small beginning.

10.40 a.m.

The National Housing Corporation has implemented a Sites and Services Programme by which Government plans to put at the disposal of the National Housing Corporation, some of its arable land so that the National Housing Corporation would be able to provide services, such as electricity, water, and roads, and then people would be able to buy these spots.

At this stage I will like to appeal to the National Housing Corporation to be a bit more humane in dealing with the people who owe rents. We know that the people should pay their rents, We also know that there are

many people who can afford to pay their rents but have not been paying their rents regularly. However, there are many very poor people who would have been **marginalised** by the very harsh policies implemented by the last administration, after the 1991 period that they have not been able to pay their rents.

I feel that the same way that the hotel sector has been given concessions, I too feel, that the poor people in these housing areas should be given some concessions as well. I would like to see these people being given a moratorium of two years, during which time they can remain current with their rents and then the arrears could be paid in a similar time, maybe in within 5 years after that moratorium expires.

I will also like to see a gym being built between the Gall Hill and Silver Hill areas. The fact that there are two districts which have been identified as problem areas, and two districts in which the National Council on Abuse plans to do some work in. I would like to commend the Attorney General for putting at the disposal of the National Council on Abuse about **\$608,000**, in many constituencies, and I am sure that this will give me a chance to get a gym erected in the Cane Vale area where I have already identified a spot. This gym could be used, not only for the people of Silver Hill, but also, of Gall Hill because it is almost midway in between these two areas.

We on this side know that drug abuse is a problem. It has been a problem for a very long time. Most people tend to **think** that alcohol, which is the oldest drug of abuse, is the major drug of abuse. As I said earlier, it is the oldest drug of abuse but in recent times many more potent and newer drugs have come into the marketplace. I think this has resulted from major social cultural conditions, in that, the world has become a lot more urbanised, facilitating the rapid spread of the drug behavior pattern. I also think that, as a result of these changes, the western world has also become more receptive to innovative drug use and in a small world, like ours, the drug behaviour spreads rapidly.

There are many drugs which have come onto the market in recent times, although the two main ones were around for a very long time. For example, opium was used medicinally in Egypt since the 15th century B.C., and cannabis was used in Asia since the second century B.C.

In recent times, however, we have had, not only the **cannibis** oils and the opium oils like heroine, codeine and morphine, but we have also had other types of drugs like, as I said, the **cannibis** oils, which not only consist of

hashish but also marijuana. We also have anti-depressants. We have **stimulants** like amphetamine and cocaine. We have the **bariatrics**, we also have hallucinogens, which are drugs which cause hallucinations and drugs such as LSD, which is the shortened form for Lysergic Acid, **Dilamine** and Mescaline. **These** are drugs which have been used in recent times, not only by people in Barbados, but by people in the western world as well.

So it is very important that we decide to treat drug abuse as something very serious because it could have a very negative impact on the youth of Barbados, and it could also have a very negative impact on crime as well.

Getting back to some of these substances of abuse. In recent times, there have been certain over-the-counter drugs which have been abused by some of these younger people. Not only **Diazepam**, but we have drugs such as codeine phosphate. Codeine Phosphate is used in an ordinary cough syrup, codeine cough syrup which is sold over the counters in Barbados. A bottle consisting of 150 **ml** of Codeine Phosphate syrup contains about 30 doses, each measuring about 8 milligrams of codeine. From this we will get about 240 milligrams of Codeine Phosphate, which is equivalent to about 20 to 25 milligrams of the morphine. This will obviously have a morphine psychosis on the young people of Barbados. So the control of drug abuse is a very important beginning, and it could be used as a tool in helping many of the young people in Barbados.

Getting back to housing in my constituency, I would like to say that I have written a letter to the Ministry of Agriculture so that a plot of land, about 7 acres immediately east of the Maxwell playing field, this is in Briar Hall, can be vested in the National Housing Corporation with the hope of providing, at least, about 60 people in the Christ Church area with spots for building. As I said, it is almost impossible to provide all the houses for the people of this country.

10.50 **a.m.**

For example, 500 rental units would cost in excess of \$120 million, and Government obviously would not be able to afford such, and would have to think in terms of providing land so that people would be able to build.

There is also a piece of land, I think, 4 acres of **land** north of the Maxwell playing field. It is right now used by a small farmer who rears some 100 cows. I have had very many complaints from the people of Warners who have complained to me about the stench emanating from the cows and pigs on this farm. I am having a friendly talk with the man who is renting this land from Government.

I think he is receptive to the idea of going to another part of Christ Church which would be able to accommodate his farm.

Although the stench was bad to the people in the surrounding areas of Warners and Graeme Hall Park, I still feel it was necessary to protect a small farmer like this gentleman in making provision through the Ministry of Agriculture to give this man about 20 acres of land so he could do his farming and expand on his farming. As a matter of fact, this man has stated that he is willing to expand his farm from 100 cows to about 400 cows as long as provision is made for him to get at least 20 acres of land. So this is a very caring Government which, obviously, tries to look after the needs and wants of everybody in Barbados.

It is sometimes amazing to hear people on that side **talking** about this Government being a Government for the big people and not being a government for the small man when, in actual fact, it is as a result of the implementation of their policies arising from the mismanagement of the economy prior to 1991 that caused confusion and a lot of suffering among the poor people of **this** country, and we are now trying to make wrongs right **first** of all by improving the economy, and this is the only way by which one could actually make some of these wrongs right.

Mr. SPEAKER: The Honourable Member has one minute.

Mr. J. M. EDGHILL: Thank you. All in all I think that the Prime Minister has done a very good job, not only in stabilising the economy, but in putting the economy on a path of sustained and sustainable development so much so that jobs in the region of 7 000 were created within a period of 15 months. So far indications are that we will get a worthwhile improvement in the economy when one looks at the fact that for the first three months of this year the economy has improved about 6 per cent. With growth in the tourism sector as well as receipts coming in from sugar cane which has gone to about 62 000 tonnes this year and other productive sectors of the economy, I have no doubt that Barbadians will once again feel proud to be Barbadians.

I would like finally to say congratulations to the Prime Minister of Barbados for doing a very good job. Well done.

Thank you.

Mr. H. F. LASHLEY: Mr. Speaker, I rise on this occasion to make my contribution to the Financial

Statement and Budgetary Proposals as enunciated by the Honourable Member for St. Peter, the Honourable Prime Minister. In my short presentation, I would like to spend some time on some parochial matters in relation to the Budget as it affects the people of St. Michael South East and wider Barbados.

But, Sir, before I get into that, what I would also like to say is that I am hoping that with the implementation of the VAT system of taxation on January 1, 1997, that it would not impact too heavily on the senior citizens of Barbados and also the poor sector of this country. Since as you probably would know by now, Sir, that I **was** a previous employee of the National Assistance Board, I would like to take this occasion in this Honourable Chamber as usual, and I must keep on reiterating it, to congratulate the staff and the Director of the National Assistance Board for continuing to do a remarkable and admirable job for our senior citizens in Barbados.

That also goes to say, Sir, that I think at this point that the Minister of Labour who is responsible for the National Assistance Board is trying his best to do a good job. As I say, he is trying his best.

Now, Sir, I also would like to congratulate the Promotions Committee of the National Assistance Board in its effort to bring our senior citizens a lot closer together. What I would like to **see** Government do is to establish more day care centres throughout the length and breadth of this country for our senior citizens where we could have them interact more harmoniously. I have always said, Sir, that because of the legal situation in Barbados, when you are a senior citizen, as long as you get 65 years old, you are placed into a kind of psychological reservation. In other words, at 65 years old that's it. You hang up your **boots**. That's it. You die.

I am saying that with the work the Promotions Committee is doing at the National Assistance Board, it has truly put this to rest, and I am encouraging Government to put more money into the National Assistance Board to develop programmes of this nature. There is absolutely no reason, Sir, why we cannot have cricket matches for our senior citizens so that our younger people would actually get to know them better and learn more about the great cricketers of the past. There is nothing wrong having an island-wide senior citizens' draught competition, and do things at a national level for our senior citizens.

In addition, Sir, I believe we have to keep our senior citizens' drama programme going at the National Assistance Board for the simple reason that I virtually see senior citizens come back into themselves. The

thing is that they love drama and I am encouraging all senior citizens in Barbados that once they get involved in this aspect to get in contact with the National Assistance Board so we might have a more vibrant organised and a more caring community.

Now, Sir, that is the lighter side. I know that at the National Assistance Board there are well over 1 000 applications for housing repairs in Barbados, and at least 90 per cent of that is in the parish of St. Michael alone. That means that Honourable Members like yourself, the Member for St. Michael North East, and all those other representatives from St. Michael, are in this position to get the senior citizens' houses repaired.  
11.00 a.m.

I am saying that we have to allocate more money to the Housing Welfare Department so that we could take this suffering off the senior citizens who cannot through their meagre pensions have repairs done on their homes.

In addition to that, Sir, what it would also do, Sir, is to provide more work for our artisans, carpenters, masons, electricians, painters and labourers. In my constituency in Haggatt Hall, Sir, when I travel through Pasture Road, **Monroe** Road, Cutting Road and **Roberts** Road there are well over 40 senior citizens homes that are in dire need of repairs. This area is densely populated with senior citizens, Sir. I have been into one of these homes, Sir, and the floor is completely collapsed. In last year's budget, Sir, when I was in this Honourable Chamber I said there was a need to revitalise that programme. And, Sir, would you believe that from that period last year to now I have only had one senior citizen home repaired in my constituency. I do not know how many other Honourable Members, sitting in this Chamber, have had repairs but I have only had one single senior citizen home repaired in the constituency of St. Michael South East.

The Honourable Member for St. **Andrew** is trying to sidetrack me, Sir but I do not come into this Honourable Chamber and do any political grandstanding, what I am saying...

Hon. G. W. PAYNE: On a point of order, Sir. I have not yet spoken.

Mr. H. F. LASHLEY: What I am saying, Sir, is that I have had one single unit repaired. If we look at it overall and we decide we are going to do a concentrated effort of repairing senior citizens homes in Barbados I am sure that work will be provided for Barbadians, especially when I go

through Haggatt Hall and I see the youngsters cooling out on the block and having nothing to do which leads at some point in time to the element of crime. This area of the National Assistance Board would provide work for the **skilled** and also the **unskilled**. They have been doing this for a number of years, Sir, and I say there is a need to resuscitate this area of the National Assistance Board for the benefit of all of us in here and all Barbadians. We have to become a more caring society, Sir. In other words what I am saying is that progress in this country cannot always be measured in dollars and cents. We have got to encourage community groups to get involved in the National Assistance Board programme because there are areas where material could be given to community organisations and let the community groups get involved in helping to repair these units themselves.

The Honourable Member for St. George South is always **talking** about the good society and when I listen to him it sounds like music in my ears because I believe that he is sincere about this whole concept of the good society and if I am here in this Honourable Chamber asking for a better approach for our senior citizens I believe all of us in this Chamber should back me on this.

Sir, I always believe in giving Jack his jacket, just to use a popular Barbadian saying. Sir, on this occasion I would like to compliment my friend the Honourable Minister of Housing from St. **Andrew**. Sir, I think he made mention in this Honourable Chamber or in the newspapers that he is planning to build 1000 houses in Barbados. What he needs to make Barbadians understand is that we do have a housing problem in Barbados. I think there are approximately 6000 applications for houses in Barbados and I believe that if the Honourable Minister could go through with his plans to build one thousand units between now and 1998, at least he would have created a dent in the housing problem. Not only that, Sir, but 6000 applications that we have, we **would** have to consider how we are going to do it because if you build across it will take up valuable agricultural land. There is absolutely no reason why we cannot start building units two and three storeys high in Barbados to start eliminating that problem. I believe that rather than build across we should build up.

Now, Sir, I represent a constituency that could be considered to be the most densely populated in Barbados and within this constituency which I have the honour to be elected to serve there are three housing estates, namely the Parkinson Field, Pinelands and also Wildey and this is very significant, Sir.

I just want to take Members in this Honourable Chamber a step back so that when I begin to make my point you will understand why I am making it. Now, Sir, let us take Pinelands. Pinelands was formulated in 1948 after the flood, where many residents out of Halls Road, Martindales Road, et cetera who were thrust into

that area and because of that thrust they have created what we at that time called a cosmopolitan effect. Sir, up to this present day from **1948** until **1996** there are still residents living in this housing area. The point I want to make, Sir, is that recently the National Housing Corporation has been serving eviction to residents.

Now, Sir, before I go on I want to make it abundantly clear that I am not advocating that residents living in these housing units should not pay their rents. What I am saying however, Sir, is that for the last 4 to 5 years or so, due to the structural adjustment system in Barbados at the time, it would have created many problems for residents who were displaced from their work and who are presently not working. All I am asking, Sir, is that Government grant an amnesty to those residents who live in these housing units and who have accumulated rents over these 4 years so that they can get back on their feet and start paying their rents **again**.

Also there is a situation where there are residents living in housing areas for over 30 years and they would have paid for those units three times over. They might probably have accumulated rents to the tune of **\$1 500**, how on earth could you send them a notice of eviction for this sum when they have been living in the units for well over 30 years and would have paid for units three or four times over? I am asking Government, in this system of **putting** notices to those residents living throughout all the **Government housing** estates in Barbados, that a more humanitarian system be put in place. To be fair, Sir, I know that there is this system in place at National Housing where residents could go in but at the same time they do the reverse, they deal with the effect and not the cause and they have got to start looking at the cause before they attempt to deal with the effect. If we do that then we create a far more harmonious and as the Honourable Member puts it, a good society.

Let us also realise that this Government grant this amnesty that I **am** talking about I know that here on the Opposition Benches we do not like to hear it but it will stay us in good stead with the electorate. I am not giving them any ideas but it is for them to implement it.

**11.10 a.m.**

Maintenance of Government Units. The National Housing Corporation, Sir, has to approach the whole question of changing the asbestos roofs which are making a lot of residents in these housing areas very miserable **and** sick. That creates a lot of problems for them. Not only that, Sir, but the way they are changing the asbestos roofs is a problem. There are only some they are changing on a particular block. Rather than changing 2 or 3 roofs on a particular block, we have to do it systematically. We have to say that we are going to take Block A and we are going to change that entire block. So that you would not hear the

loud cry of partisanship coming from the residents because they are going to feel that it is only certain party supporters that are getting their roofs changed and we cannot allow this situation to continue. If we do it the democratic way, then therefore this will not be a problem. In addition, we are dealing still with asbestos. The National Housing Corporation has a way that as soon as those asbestos sheets are changed that they be removed, because they are very dangerous lying on the ground. If we go into Pinelands right now, you will see a lot of those asbestos sheets lying around on the ground. This asbestos issue needs addressing. This is a very serious thing, Sir.

Sir, we have an unemployment problem in Barbados particularly among our young people. The Honourable Member for St. Michael North East has embarked on a programme of training the youngsters and so on. But, Sir, I believe that we could do a lot in Barbados presently to solve this problem and let us look at it. There are a lot of **unskilled** youngsters in Barbados. Some of them are not going to take the time to go into a Skills Training Programme, but yet if you come and interview them they would tell you that they want to work. What are we going to do? Throughout Barbados there is a great need to maintain and paint the housing units. There is absolutely no reason why Government cannot go on a crash programme of painting these units and provide work for these **unskilled** people in the short term. In the long term, the same training aspect can continue and therefore when everything is set up we can place them into meaningful and gainful employment. There is absolutely no reason whatsoever that we cannot embark on a crash programme. But, Sir, we have a tendency in Barbados that we like to blame Government for everything whether it is a DLP Government or whether it is BLP Government. We like to blame Government for everything. But let us understand that the tenants within the housing areas also have a responsibility to keep these units cleaned and also to help Government maintain them. So what I am saying, Sir, is that I am advising and, if the National Housing Corporation wants to employ me as an advisor, I certainly do not have a problem with that. The Leader of the Opposition and the Party do not have any problem with that. But what I am saying is that if they want to employ me as an advisor, Sir, we can start structuring programmes of how to beautify these housing areas. You can have housing area competitions where Pinelands compete against the Honourable Member for Christ Church West in **Bonnetts** and let that whole approach reciprocate throughout the society. I **am** saying that we need to have beautification programmes. Right now the people in the housing estates are suffering with low esteem because, when you look at the area, they are like concrete jungles. They are grey and very depressing. So I am saying to let us work together, let us embark on a **crash** programme, and let us put some money in the fellows' pockets on the block. You know that I use street **terms** – "the fellows' pockets on the block".

If we do it the way that I am suggesting, Sir, we can eliminate some of these problems.

Now, Sir, I am sorry that the Honourable Member for the City is not in her seat at this present time because I know that right now the National Housing Corporation is removing a lot of persons from **Pondside** and the reason why they are **resiting** them is valid. I have no problem with that, Sir. My problem is however, Sir, that in Meadow Road, Wildey there is a whole block that has a structural problem with the foundation. I have written the National Housing Corporation on several occasions about this problem and I am fearful that one of these days something tragic could happen. I am asking them that in the same process they used to **resite** the persons from **Pondside** that these same people who are living in Meadow Road, which is one block consisting of **10** houses that have approximately 60 persons altogether in this one block, that they be **resited** and have this block repaired as a matter of urgency.

Everyone knows that the area that I represent was one, particularly in the Pinelands, that was considered a bastardized community. But that has certainly been turned around by the hard work of some very dedicated people within the community. I am saying that we cannot afford for housing areas because they are housing areas to slide back. We always have to look at the progressive step forward. I **am** saying, Sir, just taking any person and putting them into a housing area because it is a housing area that they should screen them. Because the more people you have coming into the area with deviant behaviour it depresses the area. All right. I am saying that particularly in the Pinelands, Wildey and Parkinson Field we have got to screen residents coming into this area because they have now built up a good reputation among the people of Barbados and want to maintain that, Sir. So let us work towards this, but at the same time the National Housing Corporation has a lot of good incentive packages. But the question is: How many people in Barbados know about them? I think that what they should do is to embark on a national advertising or public relations campaign using the medium of GIS to let the citizens of Barbados know about their rights. I certainly take advantage of the policy that you have towards the repair programme. I make sure that the people in the community know about it, Sir, and I feel that the people in wider Barbados should know about it. So we must embark on a public relations campaign so that the people in Barbados could take advantage of these incentives that have been offered.

Sir, I believe that this is a Christian and God fearing and caring society and I myself, although not going to church regularly, still believe in God and I will continue to have that deep belief, Sir. But the point I want to make here is that the Seventh Day Adventist Church in Pinelands for years has been **asking** for a piece of land to set up their

church. They are like the Israelites in the wilderness crying for a home, Sir. I am again appealing to the Honourable Minister to grant them a piece of land so that these people can worship in peace. Sir, the Seventh Day Adventist Churches throughout Barbados do a tremendous job in terms of community development and so on and I would like him to look into it.

Sir, in addition to that, my voice has been like one crying in the wilderness in relation to the land opposite the Sanitation Department. I believe that when people work hard, Sir, that they should be made to feel comfortable in their home. I have been saying that and I will continue to say it. They should feel comfortable in their homes in the money that they have invested. Right behind Wildey Gardens there is the problem of bush that is still there and people use it for lawless activity with criminal intent. That area is the ugliest spot in the entire constituency which needs to be **beautified** and there are a lot of prominent people in Barbados that live in that area and we need to do something about it. Because coming from East to West, Sir, it poses a serious problem to motorists because you cannot see what is coming on to you. There needs to be light in the area and, as I said, even as we approach the rainy season it is going to create a lot of problems because the water is going to settle and it will create a lot of problems for those residents in the Wildey Gardens and East Terrace. I can tell you, Sir, to help to alleviate the problem is that the residents have formulated themselves into Neighborhood Watch Programmes and they are trying to help themselves and alleviate some of these problems. 11.20 a.m.

Now, Sir, I have some residents in Haggatt Hall and Lower **Burney** that have been served with notices of eviction from their landlords and they are desperate for house spots. I hope that some of their pleas and cries will be heard so that under the Tenancies Freehold Purchase Act some of them would be **resited** close to home, in Cutting Road, where there are a number of spots available. I hope they will get some help on this occasion.

Sir, I know that housing is not an easy job and whatever we can do to help in this area we will, because I believe all of us in here are part of the Government, whether we are in Opposition or not, and I believe that the people of Barbados would like to believe that is one of the main reasons why parliamentarians function in Parliament.

I **am** happy to have seen **\$1.7** million allocated to Youth Development in Barbados, but I believe that part of that **\$1.7** million should be allocated to **NGOs** in Barbados. I always like to use the model of Pinelands' for development in Barbados, because it is one that works, one which is recognised throughout the western hemisphere as the premier community organisation, and I say so without fear or fault in Barbados and unchallengeable

by any Member inside this House of Parliament, even the Honourable Member for St. Michael North East. Why I say that, Sir, we are talking in Parliament about communities in Barbados and if we empower the communities in Barbados many of the social problems that exist in this country would be eliminated. We only have to look back a couple of years ago when there was the height of gang activity in Barbados, and after the Royal Barbados Police Force set up their outposts and started to work within communities the ratio of crime dropped dramatically in Barbados. If we take some of that money and give it to some of the youth organisations, like Pinelands, for instance, who have just embarked on a bicycle project where bicycles are donated to them, but \$46 000 which could have been assisting them in doing community projects had to go back to the Ministry in taxes, and I would like the Honourable Minister of Finance to reconsider giving them that \$46 000 back so that they could do more progressive community work throughout the length and breadth of Barbados.

There is absolutely no reason why the Barbados Youth Council should not get a subvention; and I am speaking under correction, Sir, why the Pan African Movement, which has a great role to play in terms of educating Barbadians towards a sense of self, should not be given a subvention; why the Bush Hall Community Group should not be given a subvention, because it is one of the most functioning community organisations; why the Gall Hill Community Group, Deacons and others could not be assisted.

Community Development. This has been a Government Department in Barbados that has been working over the years and has established itself. Presently the Community Development Division is understaffed and I think we have to look at how we can make that Division viable again. I am saying that community centres throughout Barbados should be equipped to offer computer programmes where ordinary people like housewives, carpenters, masons on evenings could learn these skills. I think more people in Barbados need to be aware of the work the Community Development Division. It is understaffed and needs a lot more money.

Sir, as I come closer to home, because right now I am in Bridgetown, approximately three miles from St. Michael South East, and I want to get up there before you bring down the guillotine on me. Let me say I am again calling on the Honourable Members to give me lights in Salters Tenantry Road. Residents of Mapp Hill have to stand on the road in the traffic and I am hoping that a bus shelter is put there so that they, as well as residents of Cutting Road and Lower Burney can enjoy these facilities. In addition, I have written the Ministry of Sports and asked for a pavilion at Mt. Friendship so that the growing number of youths could be facilitated with sports activities in this area.

Finally, Sir, as we approach the 21st century we have to ask ourselves what kind of society we **are** hoping for our children and our children's children. Each person in this Honourable Chamber has been elected by the people of Barbados to direct their future and their children's **future**. Let me say that when we come into this Honourable Chamber we should put the people's business first. Let us call a spade a spade so that this island can travel on the course that has been set by our forefathers. Let us not forget our senior citizens or nation builders.

Thank you very **much**, Sir.

Hon. G. W. PAYNE: Mr. Speaker, the Honourable Member for St. Michael South East is generally known as the member on that side who visits the most Government offices to get things done, who writes the most letters and who is very familiar with the system as it is. He is also very familiar with the failure of the last administration to come to grips with a number of the problems which he mentioned, and certainly the provision of house lots and the building of terraced units is one which would alleviate his problems, if only the last administration had paid careful attention to housing. So I think the least said about that the better, it might **only** embarrass the Honourable Member for St. John, the Leader of the Opposition, who was in these Chambers and who occupied the Ministry of **Finance** during the last administrative term.

He did raise one of two points which I would briefly respond to. With respect to the Seventh Day Adventist Church, I think you should **find** out from the Seventh Day Adventist Church exactly what they want, because at one point they had applied to purchase the particular **area**, then they changed their minds. They were then offered a lease, but it seems as though they would want to dictate the terms to the National Housing Corporation. You **are** very good when it comes to dealing with the public buildings, but with respect to the private places, although you say you go to church often, it is fairly obvious you have not spoken **to** the Reverend at the Seventh Day Adventist Church recently, so I would urge you to go to church on Saturday and find out exactly what the Reverend or the Pastor would want, report back and we would be willing to give in. Because you know we on this side are very religious and we like to comply with requests from persons of such persuasions.

The problem with respect to the asbestos roof, this is a problem that has plagued many Government offices. You could probably consult your colleagues on this, even at the Division of Public Works. Only last week I gave instructions within the Division of Public Works to do a **co-ting** of the replacement of the asbestos roof and it would appear as though this would be a very heavy bill. That only applies to one Ministry, so the problems

do not only relate to the buildings at the National Housing Corporation but to other Government buildings as well.

Mr. Speaker, I believe I speak for the whole of the St. **Andrew** constituency, from Hillaby to Belleplaine, including Shorey Village, from Chalky Mount to St. **Simon's**, from Orange Hill to Westmoreland, from Indian Ground to Diamond Corner in commending the Minister of Finance for a very positive Budget which will mean more houses and better roads not only for the people in St. **Andrew** but, certainly, the people in St. Michael Central and the people in the rest of Barbados.

11.30 a.m.

Mr. Speaker, it is also a budget which will lay the foundations for a better way of life for all Barbadians. I am particularly pleased that I can now tell the residents of St. **Andrew** that there will be improved technical assistance for young entrepreneurs and that there will be an avenue or organised help in developing business plans.

This Budget, Mr. Speaker, continues the process which began last year in the stimulation of the productive sectors and which even began before the presentation of the last Budget with a removal of all taxes and duties on inputs including spare parts and machinery to the manufacturing and agricultural sectors, including the horticulture and fishing industry. Mr. Speaker, even though the respective spokesmen for both the Democratic **Labour** Party and the National Democratic Party – I seem to be forgetting the name of the National Democratic Party, a party that is well known one should not forget the name and maybe the Honourable Member for St. Michael South Central can teach me a few lessons as to the name of that party. Even the spokesmen on **finance** and economic affairs from those two particular parties commended this Budget in certain respected areas. The Senator from the Other Place, Senator Mascoll lauded the measures with respect to the credit unions and Mr. **McClean** conceded that the VAT will improve the tax system.

Mr. Speaker, one should not ignore a newspaper commendation when it states that a budget is an assault on poverty or that it has an agenda for national development. I believe that the Honourable Members on that side are somewhat embarrassed by this budget. It is not the type of budget to which they are accustomed, under the Honourable Member for St. Michael South and the former Minister of Finance. I would not include the Honourable Member for St. John in this because in a speech in this House, sometime ago, in naming the former Ministers of Finance the Honourable Member for St. Michael South did not include the Honourable Member for St. John. So I really would not include him in this.

They are accustomed to budgetary measures that will take away workers' rights, that increase **NIS** payments, that

will take away or eliminate income tax allowances, measures that deal with stabilisation taxes, measures that deal with increases in land taxes, measures that deal with all sorts of increases – remember the **11** taxes that will be abolished by these measures come the 1st of January **1997**. They are accustomed to measures which will increase consumption tax, which will increase stamp duties on imports, which will increase luxury taxes on goods, which will increase entertainment **tax**, which will increase hotel and restaurant tax, which will increase service tax on pleasure cruises, which will increase travel ticket tax, airline business tax, tax on overseas telephone calls and taxes on surcharge on rental income. That is that type of tax to which they have been accustomed so no wonder they are embarrassed by these taxes and they cannot respond properly to them.

Furthermore, Mr. Speaker, they are accustomed to **tax** with a different language. On April **2, 1991** we heard about storm clouds on the horizon. That is the type of **language** they are accustomed to. This sort of language is not included in this budget. In the words of the **Minster** of Finance when storm clouds threatened the economic landscape with foul weather, you don't hear that sort of foul language in this Budget. We are adopting a different approach.

At that time, Mr. Speaker, the Minister of Finance proceeded to increase not only the consumption tax but there were also increases in drivers' licences, increase in taxes paid by the insurance companies. Mr. Speaker, this was supposed to be the solution then because he did not intend to preside over massive layoffs in the public sector that was on April 2, **1991**. He imposed those measures as the solution because he did not intend to preside over massive layoffs. Do you know what happened later? Things did not work out. He came back in September on Tuesday 17, **1991** to be precise, Mr. Speaker, and look at the language. This language is not repeated in this Budget. **Look** how he scared all Barbadians. "This is a tough programme that will cause pain..." P-A-I-N, Mr. Speaker, pain and suffering and we had the introduction of something I heard for the **first** time and never heard of it before, stabilisation tax, **\$11** million of it. Increases in consumption **tax** – **\$20** million. That was the language of the members on that side.

Mr. Speaker, one would have thought that would have solved the problem but they were not finished. March, **1992**. **Not** the language! A different language. We are not accustomed to that type of language. That is nowhere in this budget.

"I have to take some hard..."

This is the Honourable Member for St. Michael South, the Minister of Finance:

"I have to take some hard and pain..." ["Fain" again, Mr. Speaker] "...**painful** decisions relating to our economy."

"The decisions were hard and..." [pain again] "... painful being **dealt** with were themselves hard and painful..." [pain again] "... and chronic." That is the language to which those members on the other side are accustomed, Mr. Speaker.

Mr. Speaker, as if the Honourable Member for St. Michael South was a sadist, the graphic language:

"I hear the moans and the groans and I know they cause pain."

"**Pain**", again, Mr. Speaker. There is no pain in this Budget. No **wonder** they don't understand that we are in a new dispensation but one would have thought that this would have **been** all, because in that Budget he indicated specifically that these proposals would serve the recovery of **our** economy from the ills that have afflicted it for almost 20 years. So we thought everything was over. That was on Tuesday, March 31, 1992.

11.40 a.m.

We were suddenly summoned to a meeting of Parliament. We were surprised. July 1992, he was back, Mr. **Speaker**, with increases in income tax, corporation **tax**, **withholding** tax, on **interest** and dividends.

In March 1993, Mr. Speaker, in March 1993 he was not finished, there were more taxes, more increases on **consumption** tax, tax on insurance premiums and increases in **immigration** fees. The Honourable Members on that side would like us to forget about those taxes, but we cannot forget. It is not us, Mr. Speaker, it is the people that we represent. We cannot forget that, Mr. Speaker.

And listen to the language again, Mr. Speaker. Language is not in this Budget: "The contraction, and expansion which take place in an economy is as natural as the **peristaltic** movements of the intestinal tract." I do not know what that means, Mr. Speaker I must confess, Mr. Speaker, that even though I have researched, I do not know **what** that means. That is the Honourable Member for St. Michael South, the Honourable Minister of Finance. In the **same** Budget, Mr. Speaker, he had an onus of things to come. That is one thing I would give to him, Mr. **Speaker**. He had an onus of things to come because in this Budget you have not heard anything about daggers.

The Right Honourable Prime Minister, Minister of Finance and **Member** for St. Peter who has served his constituency well, did not mention anything about daggers. When you are talking about daggers you could only be

referring to people in your own house, because you expect an enemy to do anything at **anytime**.

But listen to the language, Mr. Speaker. Listen to the language. "Let us lay down the daggers, throw off our grudges and remit our jealousies." Do you know that he was referring to the placards, Mr. Speaker, because there were members on that side who went as far as New York with placards.

*Aside.*

Hon. G. W. PAYNE: ...With placards calling for the resignation of the Honourable Member for St. Michael South. The Honourable Member for St. Michael South East knows whom I am talking about: They went to the United States and pranced, all about. I understand that at one demonstration they had a meeting, 250 people, in New York with placards. I do not know if they want to overthrow the Prime Minister of Barbados from New York.

Even though a Member on this side, Mr. Speaker, I would not allow it I would have to join with the Honourable Member for St. Michael South and stop the Honourable Member for St. Michael East from overthrowing **the** Government of Barbados in that way because if they can **overthrow him** from New York, at some point in time it would be our turn.

There **were** placards, 250 of them, and as they were not satisfied, **the** came back to Barbados in their own constituency. **The** Honourable Member for St. Michael East.

Mr. J. O. TUDOR: On a point of order, Mr. Speaker.

Mr. SPEAKER: On what do you rise, Sir?

*Asides.*

Mr. J. O. TUDOR: I rise, on a point of order. The Honourable Member clearly, has fabricated this story about trying to overthrow an administration **from** New York, and Members on this side, using placards, with **groups** in New York. It is a total lie. It has never happened. It did not occur and the Honourable Member should have his words struck from the record because it is a total fabrication, Mr. Speaker. It never happened.

*Asides.*

Mr. SPEAKER: Please, order please.

Hon. G. W. PAYNE: Mr. Speaker, the Honourable Member for St. **Michael** South spoke of plotters. There were a number of placards all over the street. I managed to get a few of them. The placards "**Pain** and Workers

Plight. Pleasure to Back Hurtful Policy." That is one of the placards I am talking about, Mr. Speaker.

*Asides.*

Mr. SPEAKER: Please, please, the Honourable Member. Order, please.

Hon. G. W. PAYNE: Mr. Speaker, these **are** the placards. "Tudor Condemns Hush Hush Attitudes." These **are** the placards that I collected, Mr. Speaker. "Tudor Condemns."

*Asides.*

Mr. J. O. TUDOR: Mr. Speaker, on a point of order. Whatever the Honourable Member is holding up, one that I can recognise immediately is subject to a Court case in Barbados. One article that he held up just now purporting that it is a placard that was used in New York is a very dangerous precedent. It is a lie, There are newspaper extracts that were put together by the Honourable Member or whoever put them together, but they **are** not related in anyway to any plot or plan by any person on this side to overthrow anybody. It is an unnecessary ploy. It is not true. It is not true, Mr. Speaker, and all of what he has said should be struck from the records.

Mr. G. W. PAYNE. Mr. Speaker, I saw these placards. I do not know where they came from. I do not know if they came from the newspapers. There is one which said: "**Not Johnnie**, Sandie is not so sound" with St. Michael East, M.P. This is one of the placards that I found, Mr. Speaker. I do not know what there is to withdraw from the record, Mr. Speaker. These **are** the placards that I found. I am not quoting from any newspapers.

*Asides.*

Mr. J. O. TUDOR: On a point of order. The Honourable Member should read the placard and say where I said that I wanted to throw away or overthrow a Government. And the Honourable Member should read the placard and say where I said that I wanted the Honourable Member for St. Michael South to resign. Let him read the placard then to the record of this house. I am going to have to demand that he makes them a document of the House and that he quotes from them.

Hon. G. W. PAYNE: Mr. Speaker, if the Honourable Member so wishes, I will make these a document of the House. I am not referring to any newspaper article. Get that straight. I am **referring** to placards which I found and I will make all them documents of the House. Somebody who did not like the Honourable Member for St. Michael East, probably did what he said I did, and as a result these

placards are here. I make them documents of the House, so I do not know what he wants me to read.

Those are the placards, Mr. Speaker.

The next year, Mr. Speaker, **1994** . . .

*Asides.*

Mr. SPEAKER: Let us hear the Honourable Member, please.

Hon. G. W. PAYNE: Mr. Speaker, . . .

Mr. SPEAKER: Please, please, Honourable Members, please.

Hon. G. W. PAYNE: ..We had the "kite flying Budget." Now that **was** the worst of all. It was the first time that we had a "**kite** flying Budget" in this Parliament, and the "kite flying Budget," Mr. Speaker, is not my term, The "kite flying Budget," Mr. Speaker, was the same Budget, the same message, a different messenger, Mr. Speaker.

Mr. SPEAKER: Order, please.

Hon. G. W. PAYNE: Listen, I am quoting, Mr. Speaker, from the Budget delivered on Monday, March 28, **1994** by the Honourable Member for St. John, who then was the Minister of Finance, Mr. Speaker: "It is painful," pain again. This could not be a new Budget by a new Minister of Finance. The same words. "**Painful**" has been repeated in all of the other Budgets, Mr. Speaker.

We had a new Minister of **Finance**, the same language but they are looking at a different language, **in** this Budget. It is no wonder they cannot understand it and their spokesmen on finance and economic affairs are saying something different, Mr. Speaker? I am quoting from the Budget presented by the Honourable David J. H. Thompson, Minister of Finance, which was made a document of the House delivered on Monday, March 28, 1994:

"It is painful to go to a shop or to drive past a street corner and see the young unemployed Barbadians caught up in lifestyles which seem to **lack** purpose and direction, and which whistle danger and destruction."

Mr. Speaker, you heard the measures that were introduced into this Parliament in the Budgetary Proposals for young **people**? As articulate and articulated so brilliantly by the Member of St. Michael North East? Did you hear that, Mr. Speaker? Did you hear any of

that painful language, Mr. Speaker? No wonder they are embarrassed, Mr. Speaker.

'New measures to create a new type of young person in the country, because this is a new dispensation. We are doing things in a different way, Mr. Speaker. Look at their solution.'

When you **think** of the solution articulated by the Honourable Minister of Finance and further articulated by the Honourable Member for St. Michael North East. The measures which have been implemented, the expansions for the Community College, Samuel **Jackman** Prescod Polytechnic, the Youth Entrepreneurial Scheme. But look at their solution.

11.50 a.m.

I will read from this document, Mr. Speaker "volunteering to work as a learning experience." Let me read the full paragraph because I do not want Members to lose the gist of it. My point in this is that they do not understand the language of this Budget. It is different language, a different message but they sent a different message. We want the people of Barbados to understand that this is a new way of doing things. We have moved away from that old way of doing things and this Budget is a beginning. The introduction of the VAT is a beginning. It is not just for the spokesman on Finance simply to say that this is an improvement of the **tax** system. It is more than that. But at least it came from the spokesperson for the National Democratic Party.

This is what they said, Mr. Speaker, and this is the Honourable Member for St. John who was the Minister of Finance at that time.

"Mr. Speaker, let me share," and these are not my words. This is their solution to the unemployment problem among the young people. Somewhere in an earlier Budget the Honourable Member for St. Michael South who was then the Minister of Finance stated that it was necessary to send home 2 000 people from the civil service but I mean that 2 000 people was a joke because in my own Ministry over 2 000 people were sent home in the Division of Public Works, because my Ministry includes other areas. It includes the National Housing Corporation, the Barbados Water Authority and the Government Electrical Department. But just in the Division of Public Works we had 2 000, and I checked my facts very carefully - 1 251 plus 800. Add up that. Those were sent home from the Division of Public Works alone. That gives you an idea.

The truth has never been told about the amount of people that have been sent home by the Honourable Member for St. Michael South when he was Minister of Finance. The truth has not been told. They have given us

some bogus figures, Mr. Speaker, but a lot more were sent home. This is the solution of the Honourable Member for St. John who was then Minister of **Finance**. No wonder the Honourable Member for St. Michael South . . .

Rt. Hon. L. E. SANDIFORD: On a point of order, Sir. The Member for St. **Andrew** is clearly imputing improper motives to me **as** Leader of the Government of the day, and I was also Minister responsible for the Civil Service. I gave to this Chamber and to Barbados figures on the layoffs that had to occur in order to bring down Government expenditure and those were figures prepared by the Ministry of the Civil Service in consultation with the various Ministries. To the best of my knowledge, Sir, they were not bogus. To say they were **bogus** is imputing improper motives both to the persons who presented the information and to myself who **was** overall responsible. I would ask him to withdraw those remarks or supply the information that we can examine it to establish the charge or allegation that he is making.

Hon. G. W. PAYNE: Mr. Speaker, I withdraw the word "bogus" and will say incorrect figures. I withdraw the word "bogus" because I know the Honourable Member for . . .

Rt. Hon. L. E. SANDIFORD There is a **Payne** in here, Sir - P-A-Y-N-E, no pain, and our proceedings should be conducted in English.

Hon. G. W. PAYNE: I went to school at **Combermere** and you never taught me in English so if I am using the wrong English, you could tell me. But I believe I was a good student of English.

Mr. Speaker, I withdraw the word "bogus" because I have known the Honourable Member for St. Michael South. As a matter of fact, he has always been one of my fans. I even related to him a little story about him. I had to defend him. Someone **accused** him of roasting **breadfruit** on the beach and I said that is not the Honourable Member for St. Michael South. He would not do something like that.

Mr. SPEAKER: Not on the beach!

Hon. G. W. PAYNE: Not on the beach, Mr. Speaker. But I withdraw those words.

Mr. Speaker, I am saying as a matter of fact, 800 workers went home from the Transport Board. I think it is to the credit of the present General Secretary of the Barbados Workers' Union that they did not send home another 300. That is a fact. One thousand two hundred and **fifty-one** went home from within the Division of Public Works and the figures which were given to the Honourable Member for St. Michael South by the Statistical

Department were 2 000. Somebody misled him so that in the Division of Public Works within my own Ministry over 2 000 went home.

Mr. SPEAKER: The Honourable Member has two minutes to conclude.

Hon. G. W. **PAYNE**: I just want to mention here, Mr. Speaker, to get to the point. This was the solution of the Honourable Member for St. John to the unemployment problem in Barbados:

"Mr. Speaker, let me share an idea with you and I hope the youngsters who may be listening to me can take it up. It is not novel since I have heard the late **Errol** Barrow say this years ago and I considered it such a thoughtful suggestion as to merit repetition here. Some of our unemployed youngsters can offer their services to certain businesses for a minimal cost in the first instances, volunteering to work as a learning experience and apprenticeship for just a small stipend to cover bus fare, lunch and pocket money and eventually through dedication to duty and conscious effort they may become permanent full-time fully paid employees."

That was the response of that administration, Mr. Speaker, to the unemployment situation. They do not understand what we are doing, Mr. Speaker. The restoration of the unemployment benefits, the encouragement to the small business sector and the allocation of **funds** to enhance selective programmes is not only a manifestation of our commitment to the workers of this country, but it is also an indication of our intention to tackle the problems of unemployment, especially among the youth.

Mr. Speaker, this is a departure **from** the last administration. They do not understand what we are doing. This is a departure because their response was an 8 per cent cut. Firstly they cut the unemployment benefits, cut the severance payments allowances and then they packed a number of Government workers home. That was their response. They did it in such an inhumane manner. They gave them a letter on the Thursday afternoon to go home the Friday and did not even pay them the severance. Some of them got their severance a year after. They could come in here and talk about these measures? They cannot.

These measures, Mr. Speaker, the Income **Tax** incentives to foster savings, together with the home allowance for mortgage interest which came into effect in January, should see a resumption in the construction sector. We had a vibrant construction sector going up to **1986**, and I will give them credit between the period of **1961 to 1976** but it disappeared in those eight years. Right now, as a result of not having even a paper in the Division of

Housing to go by, we have to start all over again. It means we have had to go back to the drawing board. We have to look at all the lands of the National Housing Corporation. We have to go to Town Planning. We have to negotiate with certain departments of Government like the Barbados Water Authority.

In the meantime, Mr. Speaker, our job is not only providing houses. We are providing housing for Barbadians, so when we get diverted by something like the floods, we have to deal with that, so we are distracted **from** that. That is what they have done to this country, and the Honourable Member for St. Michael South East has the gall to come in here and talk about the National Housing Corporation does not have houses? He should be ashamed of himself, or come over here.

I am obliged to you, Sir.

Mr. D. St. E. **KELLMAN**: Mr. Speaker, some time ago a great Leader of this country once said that one day we will **wake** up and we would not have land of our own. **12.00** noon

When I heard that, Sir, I took him at his word, but never did I think that I would have seen the day when I would pick up a document and realise that in that document was the evidence that some day the land of Barbados would not be the land we knew before, it would be all owned by foreigners and not by Barbadians.

When one looks at the land use policy one must cry. One must ask if we are speaking about the same pain that the Honourable Member was just **speaking** about. Sir, when I think about land use policy I think about pain and the only thing in this **particular** case I think about is an Honourable Pain. Mr. Speaker, Sir, I have heard about all this pain and was forced to go to the Budgetary proposals and I was forced **to** go to a section which dealt with the **patriarchs** of Barbados, where these people were congratulated for putting the economy in the position that it is in today, where the private sector is bragging about how much money they have on reserve, where the Government is bragging about how much money that they have in reserve but the poor workers cannot brag about how much disposable income that they have to buy bonds, shares or to invest in credit unions. Yet we have a proposal in this Budget to give people the right to buy bonds, shares and invest in credit unions.

One would know, Sir, that in order for someone to be able to invest, one would have to have the necessary disposable income to invest so you cannot bring proposals to this Assembly where you are saying to poor people that we want you to invest and how well we are looking after your interest without giving you the necessary disposable income to invest in those proposals that you speak about.

So, Sir, if I had to make an assumption on this Budget I would have to say, Sir, this is a budget of pain for the poor people of this country. I would have to say this is a budget of hope and all of those proposals **are** for 1997 and my poor people will have to live on hope so that they will be **able** to see 1997. But, do you know the most disgraceful thing, Sir? By 1997 there will have to plan for the VAT for their funeral service because the pain that the Honourable Member spoke about will be on their backs and then they will be asked to put aside some of the disposable income that they do not have for the undertaker to pay him some VAT.

Sir, we had some other speakers in here who said that the economic problem of this country started in 1991. I have already stated in this Assembly that it is not true and I am asking you to turn with me to page 70 of the Economic and Financial Statistics and I would like you to look at the year 1985. At the same time, Sir, that you **are looking** at the Central Bank report for that period I will ask you to look at the National debt and debt service report coming out of the Central Bank and I would **ask** you to turn to Appendix 3.1 where you **are** dealing with the bond Yen issue and I am going to produce some figures to you today to show you that if we did not take the taxpayers money of this country and we did not give that money to the Japanese that today we would have over \$47 million to give to the poor people of this country and that money could have been given to the Honourable Minister from St. **Andrew**, the Honourable Mr. **Payne**. Yes we could have given that money to **him** and he could have used that money to repair all the roads in St. Lucy, whether it be Rock Field, the ones in Crab Hill, Checker Hall, Hope Road, Josey Hill, Alleynedale, you name it. Not only in St. Lucy but throughout Barbados where we have a situation where the Minister of Public Transport and Works would like to get some money to repair the roads but he cannot get that money and the reason why he cannot get that money is because we have given this money to the Japanese.

Mr. Speaker, on the 28th February, 1985 the Government of the day borrowed five billion Yen on the Japanese market. The conversion rate at the time, Sir, was **.01**. The interest rate at the time was 7.70%. That yielded \$19 250 000 in interest. The other loan in October yielded \$18 692 000 in interest. The one in May yielded \$32 436 000, giving us a total payment of interest of \$70 378 000, that is, if we use simple interest but it was not that easy. You had a situation, Sir, where the Yen was increasing and on the first loan of five billion Yen, the Yen moved in year one to **.01**, in year 2 to **.0126**, to year 3 to **.0162**, to year 5 to **.0159** and by May 1989 when the loan was supposed to be repaid to **.0140**. What it means, Sir, is that because of the **increase** in the Yen we were made to pay \$26 449 500 instead of \$19 250 000. On that

loan we gave them \$7 million alone and that had nothing to do with the principal. Do you know what is disgraceful about these loans, Sir?

12.10 p.m.

The same time, Mr. Speaker, that they were borrowing these loans the foreign reserves of this country were very good and I am going to give you statistics to prove it, Sir. In 1985, the foreign reserves at the time were \$309.7 million. But in 1981 it was \$124.1 million. This tells me that in 1981 you had a need to borrow but not in 1985, but yet still this caring Government went ahead and borrowed that loan on the Japanese market. That statistic does not stand alone, Sir, because I am not just talking about the Japanese **Loan**. I need to relate it to what is happening today and that is what I am intending to do now.

Today, we stand in this House of Assembly with foreign reserves of \$516.1 million and, when the first discussion with the IADB started, we had foreign reserves of \$13.5 million. At that time there was a need to borrow. There is no need now to borrow any money from the IADB because if you are telling me that things were bad at \$13.5 million and now you have \$516.1 million record levels, according to the Budget Speech, can you tell me the justifiable reason for going and borrowing money from people and for them to tell you that you have to introduce a VAT first? There is no need for anybody to be dictating to this Assembly at this point in time, Sir. Nobody should be telling us that our agricultural land should fetch the highest value. There is no need for that. We should have a home-grown programme where we set out the policies that we want to follow, Sir, but no we do not have that. We have the highest level of foreign reserves but yet still we are allowing the IADB to dictate to us. I am saying that something is wrong. We cannot make the same errors twice. We made the errors in 1985 and we are about to commit them in 1996 and, if anybody wants to question this calculation, the first thing they will have to question is the Economic and Financial Statistics of the Central Bank and let me stop there, Sir.

Do you know that there was a time when you could not pick up this document, Sir, and find the Yen conversion in it? Do you know that? But do you know why, Sir? The reason why, Sir, you could not **find** that before, is because there are people in this country who did not want people to understand what was going on. They went along with this foolish myth that the Democratic Labour Party through their policy destroyed the economy. Yes, and they fooled a lot of people. I am saying today, Sir, that now when you pick up this Central Bank Report you can see the lie to that argument. All of those people who accused the Democratic **Labour** Party in the early nineties of mismanaging the economy can now **see** that it was not the Democratic Labour Party that mismanaged

the economy, but it was the policies set in place that gave all of our foreign reserves to the Japanese and that is why we had to scramble. That is why we have so many people at the street corners today begging and hoping that some day they will get a job.

I am saying, Sir, that if we follow these policies as they **are** dictated in this Budget the American economy will improve because of the example used that I heard in here, Sir, that an extra regional shirt will be cheaper. Did you hear that, Sir? An extra regional shirt will be cheaper. In other words, what they **are** saying in these **proposals** is that the American manufacturers, the English, German and French manufacturers, will be able to send all of their goods to Barbados and our manufacturers will give up. All of our employees will have to go home. Is that right, Mr. Speaker? Am I to believe that I am supposed to support something that will send home my poor people?

There is also another argument that I would like to challenge. There is an argument which states that food will be cheaper. That is not true because I want you to know that food produced within CARICOM that there **are** no taxes on them. So 15 per cent on zero that you had to pay, now you have to pay 15 per cent. So food will be up by 15 per cent straight in the beginning and when it is compounded it will be higher than 15 per cent. I am glad that you agree that food will be higher though. You **see**, Mr. Speaker, this impression that food will be cheaper is not true and there **are** people who **are** walking around this country who have been giving the people the impression that when they talk about refrigerators that people **are** buying refrigerators every day. That is not a good example. I want to hear examples of things like milk, mixed vegetables and things like those. That is what I want to hear about. I do not want to hear about refrigerators. I want to hear about imported biscuits that the poor pensioners eat. Those **are** the things that I want to hear about.

In the line of agriculture, Sir, we **are** getting the impression that everything is well in the economy but that is not true. How many people would know of the cotton production? Yes, we hear about all of these successes but we do not hear about anything that is going wrong. In 1995, Sir, we left a cotton crop which gave us 1 064 053 pounds of gin cotton, sea cotton.

*Aside.*

Mr. D. St. E. **KELLMAN**: Yes, in 1995 we would have left the crop. Do not tell me anything about agriculture. You cannot speak to me on agriculture. None of you all can speak to me on agriculture. You have to listen to me. But, Mr. Speaker, would you guess what the crop is in 1996? I know you would tell me 900 000. That is not true. That is the difference. It is 900 000 less. We **are** now having a cotton crop of 101 000 tonnes. Gee, do

not be so grateful to them – 101 000 pounds of cotton from a million down to 100 000. Well, if my figures **are** not right, I would like for the Honourable Minister to dispute them and that is not all, Sir. The onion crop this year is nothing that you can talk about, Sir. Do you know that when we left Government we were bragging that there is a possibility that we will have onions year round? We were bragging about that. But now what you have is that the amount of onions that we reaped this year, Sir, is only one month's supply. Can you imagine that, Sir? We as a Government made it a policy that cotton would have been a foreign exchange earner in this country, but now you cannot speak of cotton as being a foreign exchange earner **anymore**, Sir. You have to speak about cotton as a crop that we never had a relationship with.

I want also to say something else. During the Structural Adjustment Programme, a lot of people in this country were encouraged to grow vegetables in their backyards and on small plots. If you drive through St. Lucy, St. **Philip**, St. John and so on, you will see a lot of fields being ploughed. But you know, Sir, it is okay to encourage people to plant their crops but at the end of the day you must give those people hope. I cannot assure my farmers in St. Lucy that there is any hope for them now that the change of the system where people will be able to import vegetables as they like in this country. We as a Government made it a policy and we put conditionalities in place to protect our farmers and now we have a system where we are giving away our farm markets to overseas planters.

12.20 p.m.

So tell me, Sir, if in tourism all the key jobs **are** going to foreigners, if in manufacturing we are wearing brand name gear from overseas, as said in the Budget, if in agriculture we **are** depending on the outside market for our produce, we cannot produce cotton **anymore** because it seems that we knew how to produce a million pounds but now we only know how to produce 100 000 pounds, tell me honestly what hope can we give the young people on the block.

That is not all, Sir. We **are** bragging about a sugar crop that has increased and that is nothing to brag about. Since 1993-94, if you look in the Development Plan put out by the Democratic Labour Party you will see that the figures for sugar production **are** nothing to brag about, because we predicted that. The same thing with foreign reserves. We have a sugar crop which was very good this year, but I cannot guarantee you it will be good next year, because we have a serious rat problem in this country which we are not doing anything about. Once upon a time we used to **talk** about town rats, but gone are the days when you could **talk** about town rats, you have to talk about Barbadian rats now, because wherever you

go you are finding rats in Barbados, and wherever you find rats you will find garbage.

Dealing with economic matters, Sir, I want to warn the Prime Minister, and I **am** very careful about this. He is always reminding me that I was on the Board of the Sanitation Service Authority, but I want to remind **him** that when I was a member of the Board at the Sanitation Service Authority we had plans for putting a weigh bridge up there. I **am** saying he should not put one tomorrow, he should have done that a year ago, because if he does not put a weigh bridge at the Sanitation Service Authority he will not have any money to give anybody in Barbados. I am calling on the Prime Minister to do that quickly, because I feel that as a citizen of Barbados I have a right to make sure that whenever he has a Budget in here the money is well spent, and whenever there is a problem I have a right to let him know that a weigh bridge might be the thing to solve his problem.

Mr. Speaker, I want to get to the transport system in Barbados. We have three systems of transport for moving people. The Transport Board, the minibuses and the route taxis.

*Aside,*

Mr. D. St. E. KELLMAN: I **am** glad you mentioned that to me, I would like you to know that the people of Josey Hill would like you to send another minibus up there, because the one presently servicing up there is not enough. Thanks for reminding me of that. I want the Minister to know that I would like to see some buses on the roads of St. Lucy. I will not knock you on that yet, because I **am** now asking you officially on the Floor of the House, but by this time next year if it is not done I will have to knock you.

We also have a survey going out for the rich and famous asking them how many tour coaches they would like to have. I believe the economic cake of this country must be shared fairly. I believe that if we are to give more permits we should introduce more people into the system, because if you give permits to more of those big people they are going to squeeze out the small ones who have one or two buses. Instead of giving these permits to these large companies to kill off the small companies, you should try to introduce some more people into the system, because if you do not know, Sir, right now there is a serious problem in the tourism industry in this country. Taxi drivers are now being asked by hotels to pay to operate from off their premises and I **am** saying we **cannot** do this. The same taxi drivers are important to the hotel industry, and the Honourable Member for the City will agree with me. We cannot put a pain, whether it is "in" or "yone" on the backs of those poor people. We must put a system where

small businessmen must be able to operate without having to bear unnecessary costs in this country.

Mr. Speaker, I would like to see some of those jobs that they talk about – and I am not talking about the National Insurance jobs, I **am** speaking about real jobs. Neither **am** I **talking** about moving people from off the streets and putting them at Community College or Samuel **Jackman Prescod** Polytechnic and calling them employed. I **am** talking about real jobs, I want to see my people employed. I want to see the guys off the block and the ladies being able to **formulate** plans and gain the necessary capital to open their own businesses. This is a serious country. If we keep forcing these guys to remain on the block, we **are** going to create a situation where jealousy is going to step in and whenever you get jealousy stepping in, Sir, you know what will happen.

They tell me that there used to be gangs before, and all of a sudden I do not hear anything more about gangs, but still I am hearing you cannot even stand up at a bus stop **anymore** because you **are** not sure who will come along and shoot at **you**. I **am** saying to those people who **are** doing those things to stop it, because it is not in the interest of Barbados. I will not do like the others who would give them the impression it was the right thing to do, it is against me to say something like that.

*Aside.*

Mr. D. St. E. KELLMAN: No, Sir, I would never do that. I would not walk around saying they have gangs in Barbados. Not me! What I would say is that **anytime** I can find a solution to stop those people from doing the lawless acts they are doing, I would do anything in my power to stop them. That is why, whether you **are liming** in Bush Hall or in Military Road or Checker Hall or Pie Corner, anywhere in St. Lucy, I feel that now the foreign reserves are \$516 million, even if we have to put in a crash programme, the time is right. Even if we have to employ people to tell them to go and say to the tourists "Welcome to Barbados", at least they will be doing something and doing it in the right way. That is a service too. We must employ people to make the tourists feel happy in Barbados and we must employ people, even if they **are** tour guides, to carry them to see the beautiful island of Barbados, especially St. Lucy, because if you want to have tourists coming to Barbados, all you have to do is to recommend St. Lucy, St. **Andrew** and the other areas as places to sightsee.

Mr. Speaker, we are under the belief that the tourists come to Barbados to stay in these built-up areas. That is not true. They want to appreciate the people, and this **foolishness** about all inclusive tourism where you keep people in a hotel and tell them not to go and mingle with the people must stop.

Mr. SPEAKER: The Honourable Member has two minutes to conclude.

Mr. D. St. E. **KELLMAN**: Mr. Speaker, we must have a system where the tourists who come to Barbados must be able to continue to go into the villages and build that relationship, because that is the relationship that tourism grew on in Barbados. They **are** accustomed going to Cove Bay, River Bay, Stroude Bay, Archers Bay, the Naval Base, Half Moon Fort beach and places like that, and going to the shop and mingling with those people, so that those people got a slice of the cake. But as the system stands now, Sir, they get on a tour bus and all they do is wave their hands. We do not want that, we want the tourists to stop, have a **drink** with the people, ask them how they feel and get some history about Barbados, but with the system as it stands now they cannot know anything about Barbados because when they pass through Military Road there is nobody on the bus to tell them anything about the people in Military Road. They have to stop and ask some questions and then they can appreciate the people of Barbados and their hospitality.

Thank you very much.

Hon. R. St. C. **TOPPIN**: Mr. Speaker, for the second consecutive year the Prime Minister and Minister of Finance has brought to this Honourable House a Budget which is well thought out and on Tuesday you were able to hear a set of proposals which were designed to consolidate the gains that were made over the last year and to keep the economy on a path of sustained and sustainable growth.  
12.30 p.m.

The policies outlined by the Minister of Finance are not wild or sensational policies. In fact, they were presented in the context of the fact that while more gain was made last year than the prophets of gloom and doom on the other side had predicted we are still not yet out of the economic woods. In this year's Budget Mr. Speaker, the emphasis has been on savings, investment and training of our young people including the boys on the block, equipping them with a skill to enable them to secure employment and every single representative in here would tell you and confii that in his or her constituency there are a number of boys and in some cases girls on the block too who simply have no skills. Not because they have no ability, because a number of them have ability and certainly the boys and girls on the block at Cave Hill and Eden Lodge, **Grazettes** and Husbands **have** a lot of ability but they are the ones on whom the last Administration had turned its back. They are the ones who had to sit and watch the last Administration collect a training levy and only spend a small portion of it on training and funnel the rest of it into irrelevant projects in Barbados like Sherbourne Centre, St. Joseph Hospital and a number of other

irrelevant projects. They were the ones who had to sit and watch that.

In the Barbados Labour Party, we take the question of training very seriously. In St. Michael North I take it very seriously and Mr. Speaker, as you **are** a resident of St. Michael North you would know that in fact a St. Michael North Development Committee has been set up by me and that my constituency office is being used to train a number of young people in various skills. In fact, a class is scheduled to graduate very shortly. Honourable Members are invited to attend the graduation. We intend to expand the type of courses being taught as well. So we take training very seriously.

This Budget seeks to address that injustice that was perpetrated by the last Administration and seeks to deal with the growth and development of the economy in a very reasoned way. The Honourable Minister of Finance is to be commended because the last thing that Barbadians should ever want to see again is the type of recklessness or incompetence that was exhibited by the Minister of Finance in 1986, post-elections, when he gave so much to so few in such a short period of time and in such a way that clearly resulted in the collapse of this economy and the hardship which we saw and felt certainly over the period of 1991 to 1994.

Yesterday, Mr. Speaker, the contribution of the Honourable Member for St. John was disappointing, to put it mildly, very disappointing. He seemed not to be able to stay focussed on the budget. The Honourable Member for Christ Church East Central said that it seemed that he had prepared the speech before the Minister of Finance delivered his address. I believe he prepared it even before the Minister of Finance prepared his speech. Mr. Speaker, he really had great difficulty in responding to the Budget.

To some extent, I can understand the difficulty that he had, because last year I well remember the shadow Minister of Finance speaking in **terms** to the effect that he had not heard any policy statement in the Budget on employment. He had not heard anything about Job No. 1. Well, Mr. Speaker, the facts are now here for all to see that, since the Govenunent changed, over 7 000 jobs have been created in Barbados. The average rate of unemployment last year fell to 19.1%. At the end of the **first** quarter this year it was down to 16.5%. So I can understand the difficulty of the Honourable Member who spoke yesterday in his response to the Budget.

He would have loved to come in here and criticise the introduction of VAT. But in fact, the Budget presented by the Minister of Finance spent such a long time on VAT and as it was always a proposal and a plan of the last Administration they in fact had nothing at all to talk about or criticise about the VAT. So that was the

second difficulty of the Honourable Member for St. John. He would also have liked to be able to say that the **tax** concessions granted by the Barbados Labour **Party** in 1994 post-elections to the manufacturing sector had not in any way helped the sector and that the sector was still in decline. He would have loved to be able to come in here and say that but in fact there has been an expansion in that sector by some 7% and more importantly our exports have now exceeded \$300 million for the first time since 1985. So those are the difficulties that the Honourable Member had.

I go back to the basic position I made and held last year Mr. Speaker, that the Honourable Member for St. John does not seem to understand what a Budget is and what it is about and supposed to do. He forces me to go back now to his comments in 1989 in here when he was trying to say what he thought a Budget was and all he could say is that a budget is simply a budget. Yesterday, he portrayed that same simplistic understanding of what a budget is all about.

If he cannot see that allowances and incentives will lead to savings and have an obvious connection with savings and if he cannot see that savings have an obvious connection with investments and that investments have an **obvious** connection with job creation, if he cannot see that, Mr. Speaker, then I am forced to agree with the Honourable Member for St. Michael West that he should be Leader of the Democratic Labour **Party** and that he is only not leader because there is no democracy in the Democratic Labour **Party**. I am forced to accept that view. But I am not going to spend time this morning deciding who should be Leader of the Democratic Labour **Party**.

I want to use the **opportunity** to **inform** Members of this Chamber and the country as a whole a bit about the role that the Ministry of International Transport has played in the performance of the Barbadian economy last year and the role that it has played this year and will in future. There is an inter-dependent relationship between International Transport and Tourism. Any policy initiatives taken by Government in the area of international transport must be shaped in such a way as to respond to the air access requirements of the Ministry of Tourism and, at times, we have to anticipate the requirements of the Ministry of Tourism and of course in Barbados we would want to ensure that Barbados maintains its position as a premier hub in the region.

I am pleased to say, Mr. Speaker, that in the last year the Ministry of International Transport has taken a number of initiatives to create an environment that has facilitated and will continue to greatly facilitate the tourism product of Barbados. In this regard, we held air services discussions with the Government of the **United** Kingdom and made significant **pr** **ress** in that regard. Certain very **importar** points were included in the Memorandum of Understanding

but the main point of significant benefit to Barbados was **the** addition of a third weekly flight for BWIA out of London to Barbados. That flight actually commenced in October 1995.

We are happy about that because for a long time now BWIA and the Government of Barbados have been pressing for that and we have managed to achieve that last year October. Also we are happy because that will result in excess of approximately 7 000 seats per year out of London to Barbados. **Under** the previous agreement, BWIA was restricted to 2 flights in a market that was clearly in need of additional scheduled capacity. U.K. visitors increased by 2.6 last year in a year when, unlike 1994, there was no special event like the cricket test series and we so much intend to provide the capacity for 1996, making it even stronger than 1995, that in fact discussions were held with British Airways directly and they have now improved the capacity of their service as well into Barbados increasing BA flights from 4 to 5 services per week, and the Concord service from 6 to 8 now per week. That, Mr. Speaker, is expected to add an **additional** 3 340 seats for the **summer** out of London.

12.40 p.m.

In Europe, Mr. Speaker, we have been working very hard to reverse the **decline** last year in the **German** market, which has a **number** of problems, unemployment and various industrial problems **and** other problems, and this year we **have managed** to secure the services of Condor which is expected now to operate a second weekly flight out of Cologne, and which will result in an additional 3 309 seats out of Cologne this summer. Once that capacity is utilised, and Cologne is a well-known summer market, then we would have more than **reversed** the decline of 1995 from the German market.

With respect to other Europe, there was an increase last year of some **15.1%** in 1995, after two years of decline. This summer, in addition to the Lauda Air Programme, Air Europe is expected to introduce a new summer programme out of Italy linked with Antigua, thereby providing an additional 1 068 seats out of other Europe.

With respect to North America, as well, Mr. Speaker, there is good news in that last year we saw an increase of **2.7%** after a decline in recent years. American Airlines, after discussions with the Government of **Barbados**, will be increasing the capacity of its aircraft out of both Miami and New York, leading to an increase of some 12 600 seats out of the U.S. market for this summer. So we have a lot to be proud of.

In the region, we have concluded Agreements with Venezuela. Barbados has been in the forefront of pushing for the conclusion of the Multilateral Air Services Agreement which will provide for a more settled and transparent basis for the operation of air services within the Caribbean, while recognising the need for rationalisation of certain routes. Also, the Agreement will seek to remove the spectacle of predatory Pricing in the region. It is expected that a meeting of Ministers of Aviation will be held in June to thrash out any possible difficulties, and if it is not signed then, then certainly in July, at the next Heads of Governments Conference in Barbados, it is expected that Agreement will be signed.

We also concluded an Air Services Agreement with Surinam, which I had the honour to sign myself, on April 4 this year on behalf of the Government of Barbados. That brought to an end, Mr. Speaker, some 17 years of negotiations between the two countries. We managed to have it fully concluded for signature by April 4, this year.

Barbados, of course, stands to benefit, not only in relation to tourists from Surinam, but also in relation to tourists from Miami because according to the Confidential Side, Letter to the Agreement, rights were granted for Surinam Airways to fly from Surinam to Barbados to Miami, and return. So we should in fact have an additional foot in the U.S. market as well.

With respect to Brazil, the Ministry is actively engaged in the search for a solution in relation to the air access requirements, brought about by the fact that **BWIA** has discontinued service on the route and this is a great concern. At the moment there is a public and private sector team holding discussions with tour operators and airlines in an attempt to **find** a solution to the problem. We really want to work on that market because it is our judgement that the Brazil market is certainly worth pursuing.

Right at home, in the region, a bit nearer, Mr. Speaker, the question of Carib Express. Everyone knows, by now, that Carib Express suspended its operations on April 18 this year. The Government of Barbados has agreed that it would provide the staff with a loan of **BDS\$2** million, with a five-year grace period to enable them to acquire equity in a new Carib Express or some new airline. This loan was made subject to the preparation of a satisfactory business plan setting out, inter alia, details of investment proposals.

The Ministry has been working very closely with the staff and the Chief Executive Officer with respect to the business plan, and meetings have been held with a number of interested parties and airlines in relation to the prospect of investment or involvement by them in this venture.

I want to make the point, in relation to Carib Express that this Government intends to make sure that any investment in Carib Express or any other airline is done the right way. The problem with Carib Express, Mr. Speaker, is that it started to fly and went into operation without any proper plan in place. In fact the commitment by the Government to invest in Carib Express was made by letter dated September 4, 1994, another pre-election **rush**, committing the Government to some half million dollars in Carib Express at a time when there was no properly thought out plan.

This Government does not intend to repeat that sort of thing. We intend to ensure that before any taxpayers funds are invested in Carib Express or any other airline, that there is a proper plan put in place in relation to that airline. Mr. Speaker, those are some of the achievements and successes of the Ministry of International Transport with respect to Civil Aviation.

I want to also mention some of the achievements in relation to the Maritime sector. I am not going to dwell on the increase in the numbers in relation to cruise tourism, only to say that for the first time it happened in 1995 on the figures supplied by the Barbados Port Authority itself, that cruise passenger arrivals at the Bridgetown Port surpassed half million, and that the actual figure is 512 947 cruise passengers for 1995, an 8.22% increase on 1994. To further up date the position I would like to say that between January and May 18, this year so far arrivals are at 252 956, already over a quarter of a million which is a 4.05% increase over the same period last year. I would not dwell on that Mr. Speaker, some of that may already be known.

More importantly I want to highlight the fact of the reopening in November 1994 of the Able-Bodied Seafarers School by the Barbados Port Authority. So far they have been 3 classes staged by that school. Some 37 people have graduated. Of the 37 people, 27 have secured employment on Shell tankers, 5 obtained shore-based employment and the other 5 are employed by the Barbados Coast **Guard**. So that the reopening of that school has been a success at the level of passes as well as at the **level** of subsequent employment. I am pleased to announce that the next class will in fact be staged and convened in July of this year. We are hoping that more will graduate and more jobs will be obtained in that area as well.

It is only fitting, Mr. Speaker, that I say something about the 2 fairly large projects in the Ministry of International Transport, **namely** the Airport Expansion Project and the Reform and Expansion of the Bridgetown Port. I will deal with the Airport first. In fact, Mr. Speaker, even before I get into the actual project, I really must make **the** point that this administration inherited a situation where the airport had been very badly neglected.

There was no preventative maintenance programme at all in place at the Grantley Adams International Airport. You had a leaking roof. You had numerous complaints day in and day out about the condition of the bathrooms, how dirty they were. You had an elevator space in the tower but no elevator. Mr. Speaker, everything was really in a very bad way at the Grantley Adams International Airport. Most things were in a very bad way.

Now as you know, Mr. Speaker, the roof is being fixed, in fact it is scheduled for completion in a matter of weeks. The bathrooms have been cleaned up. Since I became Minister, I **think** there was only one complaint made in relation to the bathrooms at the airport, since the refurbishment was done and that complaint related more to a misunderstanding of the fact that that particular bathroom had not yet been finished in terms of repairs, so there is no longer any complaint that I am aware of in relation to the bathroom facilities at the Grantley Adams International Airport.

The elevator in the tower, Mr. Speaker, after years, when I talked about years I am **talking** about in excess of 15/16 years – where men had to climb, I **think** over 100 steps, to go in the tower – was never in place after 15 years. I am happy to report that elevator is now in place and functioning fully, Mr. Speaker.  
12.50 p.m.

You would also recall, Mr. Speaker, I was the one who drove the tractor to start the work on the new parking apron at the Grantley Adams International Airport which is under construction at present. There is also a new VIP Lounge, to be styled a Diplomatic VIP Lounge, which is also under construction at the Grantley Adams International Airport.

It is not, Mr. Speaker, that I am trying to blow my own trumpet but I really wanted to let the public of Barbados know the amount of work that is currently going on at the Grantley Adams International Airport and in the Ministry of International Transport of which I feel very proud.

Mr. Speaker, with respect to the actual Airport Expansion Project, it was becoming clear by the early 1990s that the existing facilities at the Airport and the services could not comfortably serve to the end of this century. That was becoming very clear and there was a need to provide a service which could, in fact, take us into the next century and certainly up to the year 2015.

The Project, at present, is in the design phase. That should be completed by January 1997 with actual construction commencing also in 1997. That would be designed to meet the needs of Barbadians and travellers

until, as I said, at least to the year 2015. There are a number of elements to the project and I really could not go into all at this stage but I want to highlight some so the public would understand exactly the plan for the physical layout.

There is going to be an expansion of **check-in** facilities with a 30 per cent increase in counter space. There is also going to be a redesign of the existing Arrivals and Terminal Halls to create a single new hall for departing passengers encompassing the present Arrivals and Departure Halls.

There is going to be as well a new air-conditioned lounge in the new departure terminal with an air side view and a seating capacity for some 800 people.

There will be expanded facilities for duty free retail shopping and expanded food service again with an air side view as well at the new airport.

There will be an intransit and **interline** facility with provision for ticketing, Customs inspection and security.

There will be a new Arrivals Terminal which will include a number of things. Some of the things it will include will be an expanded primary Immigration Hall as well as secondary Immigration facilities, an expanded baggage claim area with five wide bodied carousels and an expanded Customs area with a clear demarcation between red line and green line passengers to speed up the process of inspection currently at the airport.

There will be facilities also for tour operators, hoteliers, car rental operators and so on. The project will also see a new cargo facility that will be capable of handling some 23 000 tonnes of freight per month by the year 2015. That will be constructed to the west of the present Terminal II building which will be demolished. That project, however, it is intended, will be carried out by private sector interests.

There is also some repair work as well to be done on the aircraft parking aprons, taxiways, and so on.

Also, importantly, we will have to remove some 28 houses from the **obstacle-free** area in the final approach path to the Grantley Adams International Airport.

These physical facilities just outlined, Mr. Speaker, will cater to a combined enplaning and **deplaning** peak hour passenger load of some 3 200 per hour as compared to the 1 700 which the airport could handle in 1993. The cost of the project, excluding the Cargo Terminal which, as I said, will be undertaken by private sector interests, is estimated at just under U.S. \$40 million.

With respect to the reform and expansion of the Bridgetown Port, the feasibility study has been concluded and the design phase of that project will begin in June this year, hopefully next month. It should last approximately nine months and thereafter construction should begin in **1997**. The clear recommendation which was accepted is that there has to be a clear separation of cruise activity from cargo activity and from industrial activity. Industrial activity will be located on the reclaimed land in the area where there is the present flour mill site, and so on, and also from the Shallow Draught area, the cruise pleasure craft facilities. There is also going to be the construction of a new cruise pier as well at the Bridgetown Port.

Now, I need to make a point because you read the newspapers and you see certain allegations made and you wonder how these statements get into the newspaper. I want to make it very clear that as a result of the fact that it was clearly seen that the Barbados Port Authority would not be in a position to service the type of investment that would be needed over the next **10 to 15** years, which is to the tune of some \$60 million, it became clear that we had to do a study of the institutional and financial arrangements of the management of the Barbados Port Authority. That was evident. That has been done.

I want to say that the Government has accepted in principle that the Barbados Port Authority will be corporatised, but with Government maintaining a majority **shareholding**. The details have not yet been gone into. The whole process involving that transformation has not yet been gone into. So I really want to make it abundantly clear that all interested parties will be fully consulted during the process and that the Barbados Workers' Union, in particular, will have nothing to worry about or to fear.

This Government will be operating on the basis, as you know, of a partnership. We intend to fully consult with all interesting parties, and I want to repeat, including and especially the Barbados Workers' Union. The process has not yet begun. We have accepted the thing in principle, but the details now have to be gone into, so there is no fear whatsoever about that.

Mr. Speaker, time will not permit me to go into any further details. I just want to really say that the Right Honourable **Prime** Minister has shown once again that he is capable of presenting a very balanced Budget within the means of the country. I want to commend him very highly and lend my full support to the Resolution before the House.

Thank you, Sir.

## SUSPENSION

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to move that this sitting be suspended until 2.00 o'clock this afternoon.

Hon. G. W. PAYNE: I beg to second that.

*The question that the sifting be suspended until 2.00 o'clock this afternoon was put and was resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.*  
**1.00 p.m.**

## RESUMPTION

Mr. SPEAKER: This sitting is resumed.

His Honour R. D. MARSHALL: Mr. Speaker, I rise in this Chamber this afternoon to support the Budgetary Proposals and Financial Statement so ably put to this country on **Tuesday, May 21, 1996**. Sir, it is a Budget that was well conceptualised, a budget that was well delivered and a budget well received. What is unique about this budget is the interest created with the advent of the much talked about Value Added **Tax**. Barbadians from all **walks** of life, nationals of the wider Caribbean, representatives of International bodies and representatives of foreign embassies, I am quite sure, would all watch with interest as they are once more able to see the quality of **presentation** which was lacking in this Chamber between **1987** and **1994**.

Caribbean people, Sir, always looked to Barbados for guidance and between **1987** and **1994** they were laughing at us but thank God that since September **1994** we have been blessed to have one amongst us with the vision to lead this country into the year 2000. I am quite sure, Sir, that this guidance, as long as we remain as a party in Barbados, will always be forthcoming to the people of the greater Caribbean.

Mr. Speaker, whenever I speak in this Chamber I refer to this Manifesto. It is the working manual of the Barbados Labour Party. We on this side always **see** this book, it is not the gospel, but this book is a social contract between the people of Barbados on the one hand and the Members of the Barbados Labour Party on the other. Like any mechanic he has his manual to work with, like engineers and so on they have their blueprint so we see this book here as a contract by which we work. A contract, Sir, is where we were able to come to this House, Sir, and offer to the people of this country the Budget. This is where it **came** from because if we go back to this Manifesto, Sir, you will see that a lot that we have talked about in this Budget came from this manual, this document, this

social contract, which the people of Barbados elected us on to serve their affairs.

Mr. Speaker, there is a story that goes, Sir. It was about a lion in the jungle that was very, very hungry. For days he was hungry. When things were so bad with him he came across a bull and he ate the whole bull and his belly was full. Mr. Speaker, he was so happy that he began to yawn and he kept a lot of noise in the jungle. Mr. Speaker, a hunter in the jungle heard the noise, ran over to investigate, saw the lion there and he shot him dead. Mr. Speaker, the Leader of the Opposition in his presentation yesterday reminded me of that lion. Sir, the moral of that story is that when you are full of bull you should keep your mouth closed. He said nothing.

Mr. Speaker, the Opposition Leader is a very negative person.

Mr. SPEAKER: Honourable Member you should desist from the use of any comments like that.

His Honour R. D. MARSHALL: Sir, he was anticipating one thing and he got something else and hence he was not prepared to deal with it.

I heard the Honourable Member for St. John in this Chamber yesterday saying about Members on this side **looking** after the interest of a particular group. He must remember, Sir, about that \$4 head tax that he gave to that same group from the cruise terminal with a provision, Sir, that when things looked better he would be able to give them a little more.

Mr. Speaker, the Member for St. Michael South Central, he is not in his seat at the moment and I am sorry he is not there. I think it is time that somebody tells him that he walks around giving the impression that he is the champion of the poor and I am going to ask him a question. What has the Honourable Member for St. Michael South Central done to consider himself to be a champion of the poor? Now, Sir, if I heard those words or heard someone like the Honourable Member for St. Michael South East fighting or purporting to be fighting for the cause of poor people I could understand that. Mr. Speaker, the Honourable Member for St. Michael South Central was in the Chamber talking about our not seeing after the minibuses operators. He is saying that what he termed a plaintiff levy was taken off from them but only 50% was removed.  
2.10 p.m.

But the Honourable Member must realize that these same operators of these public service vehicles have not come around operating in the right manner as yet. We still have **problems** out there, Sir, with the whole minibus

organization. We have to have money to be able to pay the people that have to police them in these various terminals and, until they can get themselves to operate in a manner that there will be no longer the need for these people to police them, then they will have to in my opinion help pay the bill for this policing.

Mr. Speaker, this Budget is geared towards **human** resource development, the small business development and investment. If I may say, Sir, please take a **look** at the Budgetary Proposals that were presented by the Right Honourable Prime Minister and I turn to page 65 where the Honourable Prime Minister has given certain concessions to self-employed persons and employed persons who **are** not members of a company's pension plan. I have made representations to the Prime Minister as one who is involved in the marketing of the insurance products in Barbados and one who has been involved for 20 years. Representation was also made on behalf of the Life Underwriters Association of Barbados by the President. We have been **asking** for sometime, Sir, for products that we can offer to the public. When people invest in these products, they will invest their money as a saving for their retirement and I am glad to see that the Right Honourable Prime Minister has given these people what they so long asked for. We can see, Sir, that 50 per cent of your assessable income from the employment for the income year or \$1 500, **whichever** is the lesser, was the amount that could have been deducted for income **tax** purposes and invested into a registered retirement plan for their sunset years.

Now the Right Honourable Prime Minister in this Budget has increased that amount to \$4 000 a year which has gone up by over 100 per cent. Mr. Speaker, if I go further and look at this registered savings plan, we **see** here that when you invest money in this registered savings plan and you do not want to keep your money there for your retirement years you can approach that fund and you can take out some of that money and gut it down as a down payment towards your house. Because, Sir, I know that it is very hard sometimes when people go to get a mortgage to find that 10 per cent or 25 per cent down payment that the bank, insurance company or trust company requires before you can get that loan. As I said, Sir, you can approach it and you can take that money from there and roll it over as an investment into a house. We can **see** that this will be a very big plus for these people. It reminds me, Sir, of a system in Canada where you can set aside some **funds** into what is known as a Registered Home Ownership Savings Plan where you save for a down payment on your house. If you go to this fund before 20 years and you use the money for any purpose other than for putting it for a down payment on a house, it triggers tax in the year that is removed from that vehicle. So as I said, Sir, we **are** very happy to see the Right Honourable Prime Minister looking after these areas that are so necessary.

I am also glad, Mr. Speaker, Sir, to see the advent of mutual funds into Barbados. In North America, the mutual funds is a vehicle where people can save and invest for the future. As I said, Sir, it is a good thing for us to be having these kinds of things in Barbados. I am also happy, Sir, to see that area where bonus shares are concerned and it has gone up from **\$5 000** to **\$7 500** where a person **working** for a company can have shares in lieu of a bonus.

Mr. Speaker, I want to congratulate the Ministry of Industry, Commerce and Business Development for the role that it is playing in this country. I want to congratulate them for the effort that they have made and are succeeding in **making** to get this economy back on course. If I could mention, Sir, the manufacturing sector recorded its second consecutive year of growth in **1995** with an increase of 6.7 per cent in output over **1994**. Sir, it is one of the largest foreign exchange earners in the economy of Barbados and the **450** businesses in this sector were responsible for employing some **14 000** people and contributing to approximately **10** per cent of the gross domestic product of the country. The main growth areas were in the electronics field, chemicals and food and beverage. The main targets for export from Barbados were the CARICOM Countries but Barbados had been pursuing links with other nations in Latin America. We have gone so far North as Haiti, Cuba and Martinique and to the South as **Suriname** and Belize. Mr. Speaker, the Government has been making efforts and has been exceeding in helping to restore the confidence in this sector and I really want to congratulate the Minister for what he has done.

Mr. Speaker, another area I would like to look at is the Small Business Development which we heard so much about in the Budget presented here by the Honourable Prime Minister. In Barbados, we can say that the small business has its fastest rate of growth for the future in the manufacturing and handicraft division and this is one of the key areas to equip people for achieving economic enfranchisement and to contribute significantly to the economy of Barbados. The performance in **1995** was very, very good and, as we heard the Honourable Prime Minister say yesterday, **4** of these small businesses were being formed each month. In addition to that, the Barbados Industrial Development Corporation has provided consultation to over some 600 people as well as giving them assistance in photocopying, secretarial help and with their faxes. I also heard the Honourable Prime Minister yesterday make mention of the home for these small business people and it is here where the Prime Minister said that a complex will soon be built in the **Fontabelle** area and, if I remember, it is the area where once was the old N. E. Wilson house. It is now Crown land, Sir, and it has been vested in the BIC and it would be used as a home for businesses.

**2.20 p.m.**

It will house, as the Prime Minister said, the National Business Information Centre, the SBA Secretariat, a Design Innovation Cluster, an exhibition area for small businesses, small business consultants and an incubator type facility for at least **20** new entrepreneurs.

Mr. Speaker, I also want to mention the fact where many people wanting to set up businesses have to go to organisations such as the commercial banks to borrow funds to buy machinery and to use as working capital. When this money is borrowed, it has to be repaid starting the following month and every month with principal and interest. What the BIDC has been doing for people is getting involved in equity, where you take a company, the company puts some money into this small business, have someone sit on the Board to watch the interest of their funds and to help that business off the ground. When the business can manage itself, the company then offers the shares it has bought in the company back to the company or possibly can sell to someone else. When the business gets out its money it can go and do a similar thing for another small business. As I said, Sir, I really want to congratulate that Ministry for the work of looking after small business.

Mr. Speaker, I should like now to look at what we have always ~~lanned~~ since we came to power about the development of urban Barbados. Urban Barbados consists of the constituencies in St. **Michael**, not the constituencies that are represented by the members of the Barbados Labour Party, but represented by all members of the House of Assembly. All those constituencies will be seen after. You yourself, Sir, have some areas, which I know – I am from that area – the Waterhall Land area, the **Snagg** Land area, the Station Hill area, where there are a number of young people just sitting around with nothing to do. I have similar areas in the Black Rock area, **Fairfield**, **Wavell** and the St. Stephen's area, where we have young people who might not be willing to go and be officially trained in the conventional way of going to the Polytechnic or the Community College. A lot of these people do not have confidence in themselves. I would like to know that we can look at some way of training **20** or **30** of these people at a time in little crash programmes to help build their confidence and put them out there to work in masonry and that area.

In the Urban Development Programme I know there are plans afoot to seek after housing for Barbadian people. We also have to look at sites and services for these people. Recently it **has** been brought to my attention that in my **Fairfield** area I will be having about four or five acres of land where roads, sidewalks, telephone and electric poles, sinking of wells and so on will be done so that this land can become available to people so they can have **3000** ft. lots on which to put their houses. In this way we

will be enfranchising people, people will be able to own their own homes, have some equity in their own homes.

Mr. Speaker, I **am** also glad to know that recently we had some natural gas put in the area. We had some road works and right now there are some roads being repaired in the area. Also, in places like Happy Cot and **Perkins** Land in your area I know that under the Urban Programme we will be able to have these things corrected. As I said, I want to thank the Minister responsible for Housing and Lands for what he has been doing in these area.

Mr. Speaker, I still have some time and therefore I would like to go back to small business development. There is some difference between the way a lot of small businesses in Barbados operate and the way in which the Lebanese and Indians operate and I would like to see some encouragement, some guidance given to these people where these black people can show how they should be passing on their businesses to their children. I would like to see that these people be shown what sense it makes to incorporate their businesses, the benefits to be derived from incorporating their businesses. I would also like to see where these people will be able to know they can take out some term insurance on their lives and the business owns it, so that at their death the same money could be paid into the companies to take care of all expenses the business had or the person had left at their death. In this way then the businesses would not have to come on the market for sale, this insurance would take care of all the liabilities the person had and the business can then be passed on to their offspring. There are too many businesses out there where black people do not know what is happening, but the Lebanese and the Indians have this thing about them where their businesses are passed on to their offspring and kept in the family.

Mr. Speaker, as I said, I want to congratulate the Right Honourable Prime Minister for the foresight of bringing this Budget at this time. There are one or two people out there who are not so clear on how the VAT goes, but as time goes on and we go around we will be able to explain to the people more and more how the VAT works. Some people are concerned about things like telephone and electricity being increased, like the Prime Minister said, a little, but I **am** glad to know that he has at the same time he has said, on page **105**:

"To effect this, I now propose to allocate an additional **\$150,000** to the Welfare Department to carry out a study and to devise a mechanism through which such relief will be granted to pensioners and other needy persons, effective with the introduction of the VAT."

What he has thought about is that he knows that one or two people, the vulnerable, the old and so who are in need

might be affected and he is putting some money there to carry out a study to see exactly how we are going to help these people.

Another thing I should like to mention, Sir, is that one or two people on the other side mentioned investment and said that poor people do not have any money to invest and that it is not a Budget for poor people. As I said, it is a Budget geared at savings. The middle class people are people with money and would invest in the shares in this country and the money then begins to work in the economy and in that way the money turning over in the economy would offer the opportunity for the creation of jobs and the reduction of unemployment in the country.

Mr. Speaker, as I said, it is a good Budget, a Budget that will help Barbados, put Barbados back on the road to recovery, a Budget based on human resource development, small business development and encouragement of investment.

With those words, Sir, I thank you very much.  
2.30 p.m.

Mr. G. A. **CLARKE**: Mr. Speaker, it gives me the greatest pleasure to be able to speak in this debate today on behalf of the constituency of St. George North, in particular and Barbadians in general.

Mr. Speaker, I want **from** the outset to say that I support the measures as outlined by the Honourable Prime Minister on Tuesday afternoon when he delivered the budgetary proposals, I also want to wish the Honourable Minister of Labour who is now ill a speedy recovery and I want to tell him that today I shall be speaking on some of the areas that he has been covering since **1994**.

Mr. Speaker, I want to speak on behalf of the thousands of young Barbadians who may be viewing this budgetary proposal here today. I want to speak on behalf of the workers who are out there working hard today. I want to speak also on behalf of the homeless those who are endeavouring to find a home in today's Barbados. **First** of all I want to look at the budgetary proposals as presented by the Rt. Honourable Prime Minister.

Mr. Speaker, a budgetary proposal is simply a review of the performance of the economy of a country *vis-a-vis* the economy of other countries. It also sets out to raise revenue if it needs and to look at the goals set by that country and to present proposals to meet those goals.

Mr. Speaker, the budget of **1996** to my mind did just that. In fact the Budget of last year **1995-96** stabilised the economy and therefore in this year's presentation the Prime Minister was able to outline 4 broad areas to try to push the country forward. Those areas which I would

like to speak on today is the savings and investment creation, the human resources development, the business sector and I will also look at the new VAT.

Mr. Speaker, one has to look at this year's budget in contrast with what happened before because some Honourable Members on the Opposition are of the view that the economy in 1994 was indeed very strong and I want to focus our attention back to 1994. I believe Mr. Speaker, that the economy in 1994 has not yet begun to settle. In fact it was a time of massive unemployment. It was a time when workers were in distress. It was a time of negative growth. It was a time of a declining sugar industry. It was a time of social and political uncertainty. It was a time of reduced severance payments. It was a time of reduced unemployment benefits. It was a time when Barbadians chose a new path, a new direction. It was a time when this Administration took the reins of Government. It was a time when we had to put stabilisation programmes in place to help the economy which had declined by 12% between 1990 and 1992.

Between 1990 and 1992 the economy recorded 12% decline. In 1993, we had a moderate growth of less than 1% and in 1994 a growth of 4% following 3 years of decline. Now I personally do not think that one can say that a growth of 4% was of any consequence because after so many years of decline with so many people unemployed, with crime and lawlessness in the society one cannot say that the rate of growth was any meaningful thing at 4%.

At the same time Mr. Speaker, while the books show that there were indeed 4% growth a number of Barbadians were sent home. In fact, by the end of 1990, 107.1 thousand persons were employed in this country. By the end of 1991 that figure was reduced to 101 000 showing that 6 000 persons were actually sent home during the years 1991. Between 1994 and 1996, today it shows that the Labour force is now 113.3 thousand persons actually working. It means that 12 000 jobs were actually created before 1994 and 1996.

The unemployment record shows that unemployment fell from 24.3% in 1993 to about 16.4% at the end of 1995. So that within a space of 18 months we have been able to create employment in this country not only in the offshore banking but in manufacturing, in agriculture, and in all sectors of the economy employment was generated during the 18-months period.

I believe, Mr. Speaker, that the Rt. Honourable Prime Minister was the first person I heard on record to use the phrase an "export culture". I have never heard it used before and that is why between 1994 and 1996 incentives were created to promote export and also to save foreign exchange. The export culture that the Prime Minister spoke of was to implement and to help manufacturers export their

goods and that is why at the end of 1995 we see that exports have grown from \$374 million to \$463 million. It also shows that we have in this country today a more than favourable balance of payment. That despite imports are growing, we are now exporting more than we did in previous years.

2.40 p.m.

The productive sector, Mr. Speaker, is growing. If you look at non-sugar agriculture, livestock has grown between 1994 and 1996. If you look at cultivation in other areas, if you look at fishing, you will see a growth from 27.9% to 33.7%. If you look at textiles, in manufacturing, it has grown from 9.1% to 10.3%. In all areas of the economy they recorded growth. That is why we say that the country is, indeed, in good hands.

I want to look at the sugar output during the last couple of years. Between 1993 and 1996, sugar production in this country had its ups and downs. In 1993, 48.4 tonnes were produced, 1994, 50.3 tonnes, 1995 recorded a low of 38.6% tonnes. That was the last year of the DLP rule, because they would have planted the crop of 1995.

Today we see a full year, of the Barbados Labour Party Government. It has now returned to 52% so far and the sugar output is expected to produce 62 000 tonnes this year.

It is also a fact, Mr. Speaker, that the last administration intended to close down Bulkeley factory. It was the political will more so than the advisors, because from my knowledge many of the advisors were asking the Prime Minister and the Minister of Agriculture to close Bulkeley factory. It was the will of the Barbados Labour Party to keep Bulkeley going and the facts are that today Bulkeley is still grinding sugar.

Andrews factory has been closed several times for this crop season whereas Bulkeley is still grinding. Bulkeley is the only factory today, Mr. Speaker, that has the capacity to load bag sugar. It is the only factory and Bulkeley is doing tremendously well. I want to say to the House that for the first time this year Bulkeley was out-producing both Portvale and Andrews at one stage in this crop. Therefore the decision by the Government to reopen Bulkeley was, to my mind and to Government's mind, a direction in the right way.

The country must not fear. The country knows that growth has occurred in the economy. Things are much better. The civil servants have received an increase in salary, the pensioners have received increased pension. Throughout Barbados there has been an increase in almost everything we can talk about, both in the social life as well as in the economic life.

I want, Mr. Speaker, to look at the VAT, because a number of people have been fearful, especially some of the students that we teach, and they have been asking, what is this VAT? I am sure that most of them will be viewing today. I want to say, Mr. Speaker, that as far as I am concerned, the Value Added Tax will not create severe hardship in this country.

The facts are, that both sides, this BLP Government and the DLP agreed to the introduction of the VAT. I believe there will be relief in terms of agriculture as well as manufacturing in Barbados.

There will be a number of items that will be zero-rated. When we talk about zero-rated, Mr. Speaker, we are talking about items that will not attract any tax at all and Barbadians must understand this.

The main problem as I see it in the VAT, Mr. Speaker, is the collection. I think the Government will have to put up a unit responsible for monitoring and collection of the VAT. We hope that most of the business people out there will be scrupulous enough to pass in the tax to Government.

The Prime Minister has made the point that 11 taxes will be abolished, the consumption tax, the stamp duty on imports, luxury tax, entertainment tax, hotel and restaurant tax, service tax, tax on travel tickets and the list goes on. I feel that when a VAT is introduced by January next year and a good PR is used, Barbadians will understand it.

The VAT is not hard to understand. It is simply a Value Added Tax, simply explained that if for example, Mr. Speaker, a manufacturer buys a door for \$100, the 15% tax he pays, his total is \$115. He brings the door into his manufacturing plant polishes the door, he puts on new additives on the door, sells the finished door for \$150. The tax on that \$150 now is now \$22.50, based on the 15% tax, bearing in mind, Mr. Speaker, that he has paid the 15% tax already to the person who supplied him with the door. He does not pass on the \$15/plus the \$22.50 to the Government. He deducts his \$15 out front and passes the \$22.50 to Government, because that is how it works. So there is no tax on a tax. The Value Added Tax is not a tax on a tax.

What happens here is that he deducts what he has paid and the consumer pays the final tax. I believe, Mr. Speaker, that it is people like Honourable Members here, if they do understand the tax, to explain it to young Barbadians across the country what this tax intends to do because both sides agreed to it and both sides will have to implement it when the time comes.

Now I want, Mr. Speaker, to look at some of the measures that were introduced in this year's Budget. First

of all, I believe that the opportunity for savings and investment have been created. There is an opportunity where Barbadians can now save and invest.

There is a notion out there, Mr. Speaker, that Barbadians, in recent times, have been spending more than they have been saving. They have been spending on consumer durables and consumer non-durables, and therefore there is need to be an opportunity for Barbadians to save. I have always made the point that opportunities exist in North America where young persons are able to invest. You hear about all types of Retirement Saving Plans, so the North American understands from early that he has to save and invest, not so in this country. Most Barbadians agree about saving a little money in a bank account.

Opportunities must be available for Barbadians to invest and save their money. After all, Mr. Speaker, it is through savings and investment that capital formation is formed. When capital formation is formed, Mr. Speaker, employment is generated. The standard of living must improve through savings. Opportunities have been created by the Prime Minister to present a package to Barbadians where they can save, their bonus at the end of the year, where they can buy shares in business and where they can expand their opportunities.

We have heard, Mr. Speaker, about the critics – there are a number of critics who came out and said recently that most Barbadians do not buy shares in companies. In fact the records have shown that only about 1 200 people actually are involved in buying shares. The opportunities must be provided. Incentives, Mr. Speaker, must be there so Barbadians in their large numbers will want to invest into this country.

Some people say, Mr. Speaker, that the timing of the VAT was wrong. There are a lot of critics out there who do not understand that January 1, might be the best time to introduce the VAT, when most businesses would have reduced their stock at Christmas time and the level of refunds would be lower.  
2.50 p.m.

We believe that in this country if employers will give their employees the opportunity to invest they would do so. In fact, there are a number of employers who are deliberately preventing their employees from investing into their companies, which is wrong. There are a number of privately owned companies and we need to get these privately owned companies into public hands. We need to open up the doors where employees can invest into their companies.

Mr. Speaker, this year's Budget also provided opportunity for training through the Vocational

Training Board, extended training. Now, the Vocational Training Board was established by the Barbados Labour Party way back in **1981** or thereabout. I recall that its very first Director, Mr. Lawrence Green, came to Canada **when** I was the Liaison Officer there. I took him to Seneca College, Centennial College and George Brown College to look at some of the programmes that were introduced at the time. At that time an Apprenticeship Programme was implemented. The Work Experience Programme was implemented and the Skills Training Programme. There were three programmes at the time. That is before **1986**.

Since **1986**, Mr. Speaker, the National Training Board was reduced to a mere skeleton. Only a small sum of money was spent on the National Training Board. Today we have improved the Centre. There are now **12** centres which are providing training for **18** trades or disciplines. Today the revenue for the National Training Board has increased.

One has to look at the figures to show that in **1991** the Training Board was receiving **\$4** million. It was cut to **\$2.4** million in **1993**. It was cut again to **\$2.2** million in **1994**. In **1995** the Honourable Prime Minister gave an additional **\$1** million raising it to **\$3.4** million. Today, the National Training Board is receiving **\$4.4** million. In addition to this, we are providing an additional **\$1** million in this year's Budget to help the Training Board carry out its programmes.

The Training Board, Mr. Speaker, is training more than **2 000** young people in this country in trades such as woodwork, masonry, electrical installation, training in auto mechanics, plumbing, steel bending, and the works go on. We need to provide an opportunity where young people will go off the street.

I heard the Member for St. Michael South East talking about a number of people are on the blocks, but yet he did not tell his Government when it was in power that they should not have cut the funds for the National Training Board. We are talking about providing training for young people yet the funds were cut between **1993** and **1995**. We are providing opportunities whereby young people will be trained, not only at the Vocational Training Unit, the Samuel **Jackman** Prescod Polytechnic, the Community College, but all of these institutions today have widened the scope and are providing more opportunities for young people all across Barbados. We have to compliment the Government in doing a fine job.

I also want, Mr. Speaker, to look quickly at the NAB. I understand from what one Honourable Member said that the board is not fixing any homes in his constituency. The record shows that in the last year five homes were fixed in St. Michael South East. How can an Honourable Member

come in here and say to this House that only one home was fixed in his constituency when five homes were fixed in his constituency? The record shows that when the Barbados Labour Party left office in **1986** they were repairing **150** homes per year. In **1987** the Democratic Labour Party Government reduced that figure from **150** to **12**. Twelve homes were fixed in **1987** under the last Government. Today we are now repairing **60** to **75** homes a year, yet we hear complaints. The last Government had reduced it. In **1986** the then Prime Minister Sir Harold St. John is on record as saying that he wanted to ~~fix~~ **500** houses and the people threw him out. The people of **this** country threw out Sir Harold St. John after saying that he wanted to repair **500** homes. The Honourable Member for Christ Church South, the then Prime Minister stated in the then Budget he wanted to fix or repair **500** old people's homes and lost but the last Government could only fix **12**.

The record shows that there are over **2 285** homes in Barbados that need to be fixed, **2 285** persons that are appealing to the National Assistance Board to fix their homes, and it is a shame. We have to put more money, we agree, but funds are not always available, but the National Assistance Board is doing their best to fix some of the homes. The records are alarming but the Government is doing more than they have done in the past.

I also want to say that through the Minister of Labour, once again privately run **Childrens'** Homes are now receiving grants again. There are more welfare cases. More people are receiving welfare out there. I also want to say that the Thelma Vaughan Home in my constituency the grant was cut from **\$200 000** under the Democratic Labour Party Government to nil in **1993**. They did not receive a single cent from the last administration as a grant. Today I understand they have been given **\$120 000** once again by this Government.

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

Mr. G. A. CLARKE: But, Mr. Speaker, there is so much to say. I also want to say that in the area of housing, one Honourable Member spoke today about housing in his area but the record shows that the National Housing Corporation has been spending **\$3.2** million per year in repairs alone, and they have an **outreach** and beautification programme which they have been using in St. Michael South East and across the housing estates.

But, Sir, I have three more minutes?

Mr. SPEAKER: The Honourable Member wind up, please.

Mr. G. A. CLARKE: Mr. Speaker, it is unfortunate that I could not be spared more time but I want

to assure Barbadians that we are trying our best to provide homes, not only in St. Michael, but also in my constituency of St. George North.

Thank you.

3.00 p.m.

Mr. L. R. TULL: Mr. Speaker, I would like to congratulate the Honourable Member for St. George North for his very excellent exposition. He has stolen some of my thunder because he made a number of points that I intended to raise.

I want, Mr. Speaker, first of all to make reference to part of the introductory section of the Budget. In a word, according to the exposition given by the Minister of Finance the foreign reserves are at a record level. Real growth is being experienced in every sector of our economy. Our growth is now being led by our export sector. Government finances are reasonably in order, inflation is low, major new investments are being undertaken in the public and private sectors and many more have been planned, designed and are ready to be brought on stream. Unemployment is receding and domestic and international confidence in the prospects of the economy has seldom been stronger. That, Mr. Speaker, creates the background against which we speak in this debate.

It has been a long time since I have been in this Chamber that I have heard in Budget Proposals such a strong record of achievement in the year prior to the Budgetary Proposals and I want to commend the Government for those achievements. I do however, Mr. Speaker, want to suggest that those who have made enormous sacrifices in the cause should now be the main beneficiaries now that the table is full. As the Honourable Minister of Finance said, Sir, those who wait upon the Lord will renew their strength. I represent some people who, while they are waiting on the Lord to renew their strength would also like us in the Government to give them something to keep them going while they are waiting and I am going to be, during part of this debate, raising a number of concerns that will apply specifically to my constituents and by extension to certain sections of the public of Barbados.

We have a situation, Mr. Speaker, where the Minister of Finance has said, and I agree with him, that we have sacrificed and we are now beginning to see the fruit of our sacrifice. We are moving forward, things are good and therefore we are in position to see things like cutting unemployment in this country. I understand that the unemployment rate has dropped by approximately 8% over the past year. This is a big figure, Sir, and I am glad to see that.

We understand too, Mr. Speaker, that all the plans based on the present status of the economy are for further cuts in the level of unemployment in this country. We also, Sir, will expect that because of the strength of the economy and I am again, Mr. Speaker, aware of the statement of the Minister that one swallow does not make a summer. I, however, have confidence that it will not be just one summer and I am looking forward, Mr. Speaker, that the Minister of Finance and the Government will do something to create an environment in Barbados where the poor people, the disadvantaged people who have suffered for so long as every speaker on this side has so far stated, will now be able to come into the Kingdom.

Poverty alleviation should be at the top of the list of priorities of this Government and I am pleased to hear the Minister of Finance say that he is allocating the sum of \$150 000 to the Welfare Department for a study to see how that category of person can avoid the harshest effects if they are any of the implementation of the VAT. Over and above the Value Added Tax and what it may portend for Barbadians and at this point, Mr. Speaker, all of us have reached the point where knowledge ends and faith sets in. Empirical knowledge has come to an end, Sir, and we have to get by on faith. I am minded to place my faith in the Minister of Finance because he has given assurances and I have some respect for his professional ability and therefore my act of faith is firmly rooted in him as to the implementation of the Value Added Tax.

Let me just say however, Mr. Speaker, in relation to the VAT while I am on it because there are other things I will speak on. While we are talking of Value Added Tax, Mr. Speaker, let me just say that the greatest problem that we are going to have with the Value Added Tax is the question of implementation. Do not let us fool ourselves, Honourable Members on the Other Side have been apostles of the Value Added Tax. They have spoken about it early. It was part of the plan of the Democratic Labour Party to have a Value Added Tax introduced in Barbados when they were the administration so there is no quarrel between the political parties about the need for the introduction of a Value Added Tax in this country. Indeed, Mr. Speaker, if a Value Added Tax is to bring more equity into the tax system in Barbados it has my support. I am told by all sides that there will be a greater equity in taxation and the burden on individuals across this country through the implementation of a VAT to the extent that it will be more fair and more equitable it has my support. But in respect of implementation, Mr. Speaker, we have to be very careful.

Now, Barbadians consider collecting money for other people anathema. They do not like it, Sir. Take an example of what we see in many parts of Barbados. We have for instance the problems with a number of employers who do not collect National Insurance Contributions from employees or alternatively they collect them and do not

pay them in. That is almost part of the culture of Barbadians. They do not like to collect for others. We have a number of people in private operations who claim that they are performing duties that do not require them to be **tax** collectors. We have a number of areas where people are reluctant to collect on behalf of the Government and it is not going to be by executive fiat that from the first of January **1997** that people who are averse to a certain type of behaviour will suddenly become the best exemplars of it.

**3.10 p.m.**

Therefore, we have as a Government to constantly be on the review of the legislation and its implementation. We have constantly to be refining the way in which it operates so that what the promise is that is held by the Value Added **Tax** will eventually be what is performed in the end.

Now I want, Mr. Speaker, to go back to the sharing in the good things of Barbados. I have been speaking for a long time about the virtues of the good society and I speak about it again today, Sir. The good society, Mr. Speaker, is based on the general acceptance by all sectors of the community that there is a level below which no Barbadian should fall. I speak not only, Mr. Speaker, of an economic level but in the quality of life of all Barbadians to the extent, Mr. Speaker, that those of us who are involved in the representation of the people understand that in this year of our **Lord 1996** that this country has reached a level of affluence, and that there should not be **significant** numbers of our people, in fact, there should be none of our people who should still be falling through the cracks in the safety net. When all of us as representatives of the people understand that, then we are on our way to the creation of the good society.

What is postulated in this Budget, Sir, as the aims and goals of this administration **fortifies** me in my view that we really are on the way to creating the society that all of us who represent people aspire to, Sir. The **\$150 000** that the Minister is allocating, to the Welfare Department for a study to determine how those who are unemployed, pensioners and the needy will make out in the years to come, Sir, is a useful **first** step. I think that it is important that those who are going to study the affect of new taxes or new dispensation on the fortunes of the needy and the unemployed should draw heavily on the day-to-day experiences of those who represent those persons. Sometimes we get these studies done and we use a lot of information gleaned **from** sources that are not directly at the source. I would like to think, Sir, that I see my fair percentage of persons in this **country** who are finding it extremely difficult to keep their head above the water. I see that on a regular basis. Unemployment has fallen but there still is a lot of people unemployed and particularly women. All across my constituency, Mr. Speaker, I see women on a daily basis who have problems of finding work. Some of

them are the only source of support for their children. They are the only bread winners when they can find money. Other social problems ensue because they cannot find money to support their children.

I am not going to use this opportunity, Mr. Speaker, Sir, to go into all of **the** areas of social problems that these people encounter **as** a result of lack of funds. The Government, therefore, must be mindful of the fact that the numbers do not really represent a very large percentage of the total population of Barbados. Since, Mr. Speaker, as I am contending that this country has reached the level of affluence that it has reached, there must be some engineering by Government to make sure that the benefits that have accrued to this country as a whole and which were well articulated in the Budget in its Preamble that those benefits should be so engineered by Government to make sure that those who are dispossessed at last get a chance to come into the kingdom. It should not require a great deal of intellect to do that. The numbers are there. All of us can identify those persons and, if we are to have the good society to which we aspire, we should not move into another year unless a search is done for those people and the benefits come to them so that their standard of living will not be below what we consider an unacceptable level.

I am going to speak very briefly, Sir, on the question of training and re-training or to use the new fancy term "human resources development". We have always had a problem in this country with deciding what we are educating for and what we are training for. There has been the age old debate of whether we train people for refinement of the mind or whether we train them for a job. The blinding pace of change in our world today, Sir, and particularly in the field of technology requires that a **fundamental** change be made in the way in which we approach education and training in this country. Change is rapid, Mr. Speaker, and for those countries which **are** to survive in a highly competitive international arena greater resources have to be placed in developing the training and the human resources, as we call it, in our communities. Knowledge industries are rapidly overtaking industries that require physical and manual work and we cannot be left behind if we are to be in the vanguard of change particularly in this area and at a wider international level.

I recall, Mr. Speaker, and I say this only parenthetically because I really do not intend to be unduly partisan that much of what I have heard in the debate relating to human resources development and the status of the children in our schools both in the Budgetary Presentation and by the contribution made by the Honourable Member for St. Michael North East when she spoke, the Minister of Education, suggest to me that over the past few years there has been a de-emphasizing of the kind of education and training that is required for this phenomenal change that is taking place in the

work-place and in the national arena generally. I remember when the Barbados Labour Party became the **Government** in 1976 that one of the first policy decisions it took and one of the first important acts it took was to take the young children from the age of 14 and 15 who had been cavalier and insensitively put out of school by a Democratic Labour Party Administration put those children back into a learning situation, because if we are to continue to say as we have been saying for decades that our greatest resource is our people then the quality of the preparation of our people for the world of life and work is critical. We took a decision then and we have to be careful that we do not try to **re-**invent the wheel. Politics is an interesting occupation because you find in many cases that the more things change the more they remain the same and that a lot of things that we talk about as new and exciting are things that we have gone through before. The Democratic Labour Party has a dismal record in the training and education of the young people of Barbados for preparation for life and work.

3.20 p.m.

What I have heard in this debate so far, Sir, in relation to the lapses in that **kind** of training is something we have gone through before.

I hear, Sir, there are 1 400 children in the Polytechnic. The Polytechnic was built for 2 800 students in more than 20 disciplines. It was built at a large financial cost to the taxpayers of Barbados and to have it under utilised, Mr. Speaker, is something we should be ashamed about, so I welcome the undertaking by the Government to go about the energetic enrolment in the Polytechnic and also in the Community College to make sure that the areas of training that are vital for our people's personal development and for our national development are met.

Now, quickly, Sir, about rural development and preparation of people in rural areas who I keep hearing are sitting on the block, who are not getting anything to do. I speak now very strongly for my constituency. Everybody knows that St. George has for all of this century been the bread basket of the nation, that St. George has produced more food per parish than any other parish in Barbados, that it is pulling its weight and it is time that St. George be rewarded for its contribution to this country.

My representative, the Honourable Member for St. George North, has spoken about the continued opening of the Bulkeley Factory. I would be showing dereliction of duty if I did not make a few comments about that. That the Democratic Labour Party administration had the colossal gall to contemplate the demise of the **Bulkeley** Factory shows a total insensitivity to the people of St. George and the contribution it has made over centuries to the development of the sugar **industry** in this country. If, as the

Honourable Member for St. George North has said, this administration had not taken the sensible decision to keep the factory open this year, there would have been absolute chaos in the sugar industry in 1996. It is not as if the Democratic Labour Party Government was not warned, the two other factories – **Portvale** and Andrews – were not in sufficiently good condition to handle the sugar crop this year and were it not for the continuation of the opening of the Bulkeley Factory, we would have seen some disaster in the sugar industry in 1996, so I want to commend the Government for that.

In talking about St. George and the Rural Development Programme, I want to raise something I believe also has to go at the top of the priority list in Government's plans as it seeks to generate economic activity and improve the lot of people in this country. I refer to the promise the Government has made of providing land for the landless. All across Barbados, and no less in St. George, I see a lot of land lying idle, I see a lot of land lying fallow and it seems to me, Mr. Speaker, that where there is high unemployment and there are a lot of young men in rural Barbados who are not working and who have expressed an interest in **working** in agriculture, if they can get the land to do it, I believe Government should expedite its programme to provide land for the landless.

You have an excellent opportunity, Sir, since as I understand that agriculture is one of the areas for greatest growth and also one of the areas where those who undergo training can usually find employment. If it is true that agriculture has a remarkable capacity for the absorption of people who are trained, then it is necessary for the Government to look at providing land for the **landless** and helping these people, particularly since I hear the Ministry of Education and the Ministry of Labour are working for the development of an entrepreneurial ethos in this country. You train entrepreneurs, you give them the opportunities and then you have to give them something on which they can work out what they have learned. The old Chinese proverb that is constantly referred to, that if you give a man a fish you cure his hunger for a day but if you teach him how to fish you cure his hunger for ever. There is no point teaching these people to fish if they do not have a pond to fish in. There is no point going through all of this training, training people in agriculture, admitting that it has great capacity for the absorption of unemployed Labour and then you do not provide the pond in which these people should fish after you have taught them to fish. You must bear with me for mixing my metaphors, but I believe the point is made, Sir.

I understand the Government has set up an **inter-**ministerial committee to deal with human resources. I do not know which Ministers serve on the committee, but I do hope that the Minister of Agriculture, whether he is on the committee or not, is in a position to make a

serious input into the deliberations of the members of that committee, because a large area of Barbados and its resources are affected by this particular aspect of Government activity.

Mr. Speaker, I want to raise, very quickly again, the minibuses and taxes. Last year I did not say a word on it, I was advised that it was politically incorrect – I think that is the new expression they use – for me to speak on it. Let me say that contrary to the view of any people in Barbados, I do not own any minibuses or ZR vans. I do not even own a fender on one of them, Sir, so that is my declaration. But I really want to make a statement on their behalf. I believe that these people who supplement the Government's transport system are carrying out a very important and critical role in this country. I do not condone the bad drivers, because they are a menace to me too when I am driving on the road, but the owners of the minibuses do not condone it either. It would be a foolish owner of a minibus who spent \$185 000 for a bus and wants some young, reckless driver to destroy it, so there has to be a separation between the owners of minibuses and ZR vans and the drivers of these vehicles.

3.30 p.m.

Now I am not making out any case for those who play the fool on the road who make life difficult for law-abiding citizens but I think it is hard for us to unduly penalise the poor black man. I know of an old man in my constituency who is retired took his gratuity and bought a minibus and had some young men to drive the bus. He tried hard to get the right type of person to drive the bus. He has one bus and is trying to make a living out of it as a retired man to look after his children who are still not at an age to work. I think that we have to be careful in visiting on persons of that ilk punitive taxes because they are not the ones at fault. As I said, last year I was told it is politically incorrect to say something... I find it extremely difficulty to keep quiet for long.

I want also to raise the question of the interest on land tax arrears and I raise it because 2 persons in my constituency in recent times contacted me about it and if the rate is high I feel the same way as they do that it is a little harsh for persons who owe the Land Tax Department arrears. Many of them cannot find the old tax bill and the payment and who receive notices from the Commissioner of Land Tax in recent times claiming that they haven't paid land tax since 18 years ago and asking them to pay interest on those arrears. That is a little bit harsh. On their behalf these people who live in my constituency on behalf of all Barbadians who find themselves in a similar position I am advocating their cause. I am calling on the Minister of Finance to take a look at it and see what can be done to alleviate this problem that is causing so much problems and difficulties to Barbadians.

Finally, Sir, I want to say that I have no difficulty in giving my full support to the Minister of Finance in what he is trying to do to strengthen the economy of Barbados, the fact that the Opposition has been floundering about trying to find something to say on the Budget is itself ample evidence that what has been done has not been inimicable to the good society and on that note, Mr. Speaker, I take my seat.

Mr. J. O. TUDOR: Mr. Speaker, as I said before today I will be very careful in this presentation because I certainly would not want the false impression to continue that this Honourable Member is the person who misbehaves in this Honourable Chamber and I want to set the record very clear that I am a respecter of this Honourable House. I respect the Chair of this Honourable House but I think that it is my right and duty to speak fearlessly in here in this Assembly and give my honest representation to persons who sent me to this Honourable House. At no time will I ever disrespect this Chair but I am going to demand that Members in this House also respect the integrity of this Honourable Chamber.

Over the last few weeks, I have witnessed some incidents in this Honourable House that are questionable, including in today's presentation where an Honourable Member which I could only describe it as being a malicious intervention by seeking to interfere with the records of this House by suggesting that this Honourable Member at some stage, in New York, was involved in an incident of placards etc. trying to overthrow a government in Barbados. I reported to this Honourable House that it was a lie and I do not know if the Honourable Member is trying to provoke me to repeat what I said about him in St. Andrew, but I am not going to be so carried away. I am going to leave him alone because at the end of the day his lies and his fabrications may not do him any good. They certainly will not affect the minds of the people in St. Michael East who will continue to properly return me to be their representative.

Mr. SPEAKER: I am sure you are aware of the Rules of the House where you cannot refer to anything stated by Honourable Members as lies.

Mr. J. O. TUDOR: Your Honour I will put it a different way. What the Honourable Member did Mr. Speaker was to get photocopies of newspaper articles that were written by the local newspapers, superimpose them on white card...

Mr. SPEAKER: Do you withdraw the word "lie"?

Mr. J. O. TUDOR: Yes. I withdraw it. He took newspaper clippings that had absolutely nothing to do with any posters in New York and superimposed them on white card and tried to impress on this House that

they were posters that were used in New York. What the Honourable Member should have reported was the posters last week in New York that came on **CNN** "You Must Not Call People A Half-Illiterate Indentured Servant" Those **are** the posters that he should have reported on, the posters that were condemning the Rt. Honourable Prime Minister of this country for using language in this House that was derogatory to a journalist. But we quite understand why he would continue that charade.

So I am not going to get carried away by those comments and that continual trend where they repeatedly come in this House trying to mislead the country.

It is shameful. It is really overbearing that they continue to do it. Anyhow I leave them to **God**.

Mr. Speaker, this Budget this year there were 5 Members that spoke on that side of the House before me and it is clear to understand why they were waffling and really had little or nothing to say. Actually they said nothing about the budget because the Budget itself was aptly described as a see-through Budget. For many Members on that side understand see-through in a different context. I am talking about a see-through budget where you can see through it clearly. They know see-through in another context but this budget aptly described by **Iffing Around** – I can't quote from it. But it is preferred reading. They haven't read it yet but it is preferred reading. They should read it: Butt and see-through. You can see through it clearly the intention of this Budget.

Can you imagine Mr. Speaker, that in this Honourable House of Assembly the Rt. Honourable Prime Minister the Member for St. Peter – and I want to quote **him** up front and set the tone for my address. I **am** quoting from the Official Records of the House of Assembly on page 4764 on Monday, March 28, 1994 and I am speaking the words of the Member for St. Peter who is now Prime Minister and Minister of Finance. He said on that occasion:

"So Mr. Speaker [not you, the other Speaker] the Government is committing this country to a development programme based entirely on **IMF** styled policies, World Bank styled policies, IADB styled policies that have not worked in return for no more than at the most U.S. **\$35m** spread over the course of the next three years. Look how this country has been reduced!"

3.40 p.m.

Recently, Mr. Speaker, and I am just quoting, this is not me: I am making it very clear that every word I am saying here is coming from the Right Honourable Gentleman, at 1 recently, the same date, March 1994, he was not then the Prime Minister and Minister of Finance.

He goes on and he said:

"As recently as 1990, Mr. Speaker, Barbados could have gone to the international market and **borrowed**, on its own accord, \$120 million to assist with the rebuilding of the economy without having to genuflect at the laws of any international institution."

The Government would want this House and the people of Barbados, in general, to support a set of policies, according to the Minister of Finance's Budget, that was needed to receive from these institutions, no more than \$35 million spread over the next 3 years.

Mr. Speaker, he goes on, and I am going to read it into the record again, because I am going to explain the difficulty of this Budget that is being presented here today.

He went on to say in the next paragraph:

"Therefore, Sir, I say to the House that the Barbados Labour Party is of the view that when we ask ourselves the question "what is in it financially for us people?" And we realise that all that is in it for us is no more than \$35 million spread over the course of the next three years, we say to this House and to the people of Barbados that it cannot be worth it.

It cannot be worth it for the Government of this country to expect the households of this country, many of whom cannot pay their bills, their mortgages, and who are having great difficulty sending their children to school to put up with any more economic pressure inscribed by the World Bank, IMF, IADB policies over the course of the next three years."

This same Right Honourable Gentleman has the temerity to come into this Honourable House – I would like him to come and refute these statements that he made on that date. He goes on, and I am going to read every single word because it will relate to the type of Budget that we have seen presented here today.

"We on this side **are** also saying to the Government and the people of Barbados as well, that the Government cannot expect the producing enterprise of Barbados, many of whom **are** facing bankruptcy, still today, many of whom have had to **downsize** and send home people, many of whom cannot pay the bank, many of whom have lost confidence in the future of this country, to endure **anymore** IMF, World Bank, IADB styled policies in return for only \$35 million."

Mr. Speaker, I do not think I need to go on to make the point. When a journalist on May 7 could write

and indicate to the people of this country that Barbados is still in a structural adjustment programme for the same **\$35** million that this Right Honourable Gentleman condemned, it must hurt. We can understand the agony and the distress that he would have suffered from realising that, finally, despite all of the posturing that, yet he had to succumb, he had to go to pick up the same **\$35** million that was junk two years ago.

The people in this country cannot be fooled **anymore**. They can see through the gentleman easily. Mr. Speaker, I think you can understand, I am not using see-through in a pejorative context. We have to understand that the journalists, for the first time in this country, had the courage to stand up and write what were the conditions. They exposed that Barbados was still in a structural adjustment programme. They were trying to convince the entire Barbadian community that was a thing of the past. No longer could they accept any IMF money, dirty money. They do not want anything to do with that because they would be able to do it on their own, yet today they come into this House quarrelling, imposing measures, imposing conditions to try to receive the same **\$35** million that they condemned.

Mr. Speaker, I am going to show you why it is unfortunate. In this budgetary presentation, the Honourable Prime Minister was able to report that there had been significant success in the programmes of this country. In the same **document that** was presented to this House, and it is more a document of this House, the Investment Sector Reform Programme, on page 3 Section 2.5, the document indicates that we went through difficulties and they are reporting on the record of the Democratic Labour Party's performance, and the authorities are saying that:

'The authorities responded to this crisis in the latter part of 1991 by adopting a comprehensive adjustment programme that was supported by a stand-by arrangement with the IMF. The initial stabilisation phase of that programme was designed to stem the reserve drain without recourse to currency devaluation.'

Very important, without recourse to currency devaluation.

'This required drastic cuts in aggregate demand which were effected, primarily by hard fiscal measures supported by tight monetary policy and a general wage price freeze.

The stabilisation programme was a success, was a success, that by **1993** the fiscal deficit was virtually eliminated, international reserves substantially increased and inflation was reduced to, practically, nil.'

That trend has continued where the stabilisation of the country had taken place over the last four or five years.

For the Honourable Members to suggest that they have anything to do with the stabilisation, it is a sad day in this country when they claim the credit of the work of other people. The people of this country paid a heavy price. Many of them went home. There was a sacrifice, but, at least, today they can boast that collectively they were able to resuscitate the Barbadian economy and we have to give credit to the people of Barbados, not to the Barbados Labour Party. The people of this country suffered and suffered very hard, and it is as a result of that suffering that they are able today to come and brag that they have stabilised the economy. They have not stabilise anything. They have not brought one single programme to date, after 18 months, to address the needs of the people in this country, a lot foolishness that they are going over, year after year, about the Democratic Labour **Party** do this and that the Democratic Labour Party do that, when the records and the report that are available to this country suggest that, even though we were in a difficult period that the magnificent management of the economy at that time saw Barbados through one of the most difficult periods of its life.

Mr. Speaker, I want to make it very clear that this country has finally seen **through** the Prime Minister of this country. He walked all over this country lambasting the Democratic Labour Party saying that he wants nothing more to do with the IMF, the **IADB et cetera**. We **are** under significant control. Our Honourable Leader said that we are now **indentured**, and in fact we **are** and he must not get away from the lashes he deserves for having convinced the whole of Barbados, not me and the IMF **"boosie"**. If I was still a writer, Mr. Speaker, my calypso for this year would be 'Not me and that IMF Boosie.' That is the song I would have written if I was still a writer. I have not been writing for a little while.

We can safely sum up the whole VAT argument. I would like to congratulate the journalist and we **could** safely say that VAT stands for "Very Accurate **Terry**." That is what it is because he was dead on. I would like to congratulate him and encourage **him** to continue that level of journalism despite efforts by the newspapers to **water-down**, by their editorial, to try to save the **Prime Minister some** embarrassment.

He **could** be shame and fired as the Prime Minister of this country for having misled us the way he did. He had the temerity to . . .

Mr. SPEAKER: The Honourable Member . . .

Mr. J. O. TUDOR: I am saying that he should be fired. He should be fired. The Honourable Member

is on record as reporting to this country that the office of Prime Minister should not be brought into disrepute, and it had more than been brought into disrepute. Shame on him.

Mr. SPEAKER: Honourable Member, please, please. The Honourable Member, you will have to withdraw those remarks. To allege that the Prime Minister has brought the office of Prime Minister to disrepute, you are imputing dishonourable. . .

Mr. J. O. TUDOR: No, Sir, I am not imputing . . .

Mr. SPEAKER: I am **asking** you to withdraw those remarks.

Mr. J. O. TUDOR: I will withdraw, I am not quite sure what I have to withdraw, but I will withdraw.

Sir, we had a situation where a newspaper report was written "VAT first." The next day we had a report . . .

Hon. D. A. C. SIMMONS: On a point of order. Sir, the Honourable Member has been here long enough now, he may not have learnt much but he ought to be aware that you cannot quote from newspapers, Sir.

Mr. J. O. TUDOR: Mr. Speaker, I was not **quoting** from the headline, I was saying what was in it. It said "VAT First." The very next day we were told that it was a lie when, in fact, we have now found out that the Barbados economy is being monitored and controlled by IMF/IADB policies and programmes. That is when I spoke about bringing the office into disrepute. You cannot on the one hand say that you want to **always** tell the truth when you are denying something and then the IADB themselves confirm that what the Prime Minister was saying was not, in fact, true. That is what I talk about bringing into disrepute.  
3.50 p.m.

Mr. Speaker, I want to make this point though, and I want to make it very seriously, that even though we are still in a structural adjustment programme, that I am not against the structural reform this country has to go through because for us to incorporate the young people in this country, for us to absorb them into the system, there has to be new investment and there must be investor confidence.

There needs to be reform to some extent which the Democratic Labour Party was prepared to take this country through. We were not **allowed** to take this country through it because to get through reform calls for cut-backs, control and measures that were not pleasant, but we were pilloried by the Opposition and not allowed to take this country's structural adjustment successfully. I am not against it because I recognise that it must happen. What is painful is

when we are told that **structural** adjustment is a no, no. We will make sure that the people of Barbados are not controlled by anybody else only now to find out that we really have no say of our own. It is really very sad.

Now, we are talking about the fact that this administration promised that there would be an ease on the poor man, taxes and everything in this country. We have seen a significant increase in taxation in this country. In addition to the taxation that is coming on **board** through the VAT, by the end of this year, real **licks** **are** going to be shared on the people of this country. At present very few Barbadians are able to save money. At present very few Barbadians are able to invest money, so this Budget clearly is not a Budget that has created opportunities for anybody to save because people are scrambling to live nowadays and scrambling to pay their bills so I do not know what savings you **are** talking about. Who are the Barbadians you are talking about that are going to save money? Identify them to me.

There is not one single member of my constituency, except **those** who have won the lottery, that can boast that they are able to save any kind of money. Every day many of my constituents **are** complaining that they have **no** money. They are scrambling to pay their bills, Things are very tight. This **Government has not brought** any hope to anybody. In fact, it has frustrated **many** people, and you have frustrated the residents of St. Michael East **because** many of them who bore the brunt of the **structural** adjustment programme, when **you think today** that they would be **coming** back into the system, no, the Minister they have at the Ministry of Public Works is bringing a few misfits and putting them over people and under people. There are all kinds of confusion at **the** Ministry, but that would take a whole debate. I **am** going to deal with **him** because I already told you how he behaved in here and I know what **kind** of person he is.

Mr. SPEAKER: Please, please. You are going a little bit too far.

Mr. J. O. TUDOR: It is painful to think that my constituents were disadvantaged during the structural adjustment and they cannot be the beneficiaries now that we were able to restore it. It was our intention to make sure that they would be the first persons restored to full employment in this country.

Mr. Speaker, I want the entire Barbadian community to understand that in addition to the taxes that have been imposed by this Budget – there are a lot of little taxes that are imposed here from time to time and not necessarily during the Budget, but the Environmental Levy and the **tip** ing fees that have been introduced to this country will add a significant burden on the taxpayers of this country. You **are** going to have to pay additional taxes

on every single item coming into Barbados for the removal of garbage in this country, and you **are** going to be dealing with a situation where you are throwing away money in an ill-advised effort to set up a **landfill** at Greenland which all of the consultants in this country have indicated that the country is taking a tremendous risk in setting up a **landfill** at Greenland, but the people of St. **Andrew** can safely declare that they do not have a representative who is willing to stand up and defend their rights as citizens. He has refused to defend the residents of St. **Andrew** when he knows within his heart that the Government of which he is a part is making a monumental mistake in seeking to set up a **landfill** at Greenland. To do that, they **are** imposing a monstrosity of a levy that they started.

Mr. Speaker they introduced levies into this country and condemned the Democratic Labour Party for continuing some of them. We got rid of them and then they set them back up again. This is an amazing strategy. They set up levies. We continued to operate some of them. We set up two on our own. They told us we had to remove all the levies and they themselves set them back up again after telling the people of this country that levies are bad, *et cetera*, amazing people, and they have the gall to come into this House and believe they have any right to govern?

Would you believe, Mr. Speaker, they created one big stink about a mistake, or because of bad management at the Mangrove landfill, which really should never have been mismanaged but today all over Barbados smells like Mount **Stinkeroo**. We are now the beneficiaries of the worst Minister of the Environment ever.

Mr. SPEAKER: Please, please. The Honourable Member must you resort to such kinds of language?

Mr. J. O. TUDOR: Mr. Speaker, I did not think that "beneficiary" was a bad word.

Mr. SPEAKER: Please. Just keep it at a higher level.

Mr. J. O. TUDOR: I think you are understanding the point that at present when we thought that this whole problem of garbage disposal was going to be solved and that we had all the experts, this administration came into office, set up a task force that the Minister then instructed, professional people, that they must discuss the placement of a **landfill** in this country. They went and met with them and told them that they must talk about solid waste management but they must not discuss a **landfill** site.

Hon. Miss H. E. THOMPSON: Mr. Speaker, I rise on a point of order. I have already indicated to this House and

to the Honourable Member for St. Michael East, who is using the opportunity of the television cameras to mislead the public, that the Task Force that was set up was set up with a specific mandate from Cabinet, and it dealt with recycling and solid waste generally, but did not include within that mandate the Mangrove or Greenland landfill. It was specifically excluded from the mandate. Therefore, in seeking to tell the Task Force what its mandate from the Cabinet was, I had no choice but to tell them that that was outside their remit. There was no attempt at impropriety, as is the implication from what the Honourable Member for St. Michael East is saying, but I know he cannot help himself.

Mr. J. O. TUDOR: Mr. Speaker, I am not talking about any impropriety. I am just saying that it is madness to talk about a solid waste management system and to remove from the **terms** of reference the discussion of a **landfill**. It just does not make sense. The people of Barbados are being called upon to pay more money in taxes and they sit down idly by as if it is just a joke that no more money is going to be pulled out of the people's pockets of this country when they are now going to waste a whole lot of money to set up a **landfill** at Greenland when they could simply follow the advice of the professional consultants of this country and take the professional advice that has been set out in the EIA and in the other documents available to this country. You must not be stubborn and you must seek to accept the professional advice which is available to the country so that the taxpayers of this country will not have to suffer this kind of foolishness.

4.00 p.m.

Now, Mr. Speaker, it is said that we should set up at Mangrove because it is the least cost factor. Mr. Speaker, I am the shadow Minister of Tourism and I know that my time has run out.

Hon. Miss H. E. THOMPSON: On a point of order, Sir. Again the Honourable Member for St. Michael East is misleading the House. The Honourable Member did not rise with the idea. He may feel he understands. The EIA did not say that Mangrove was the best site. That is not true.

Mr. J. O. TUDOR: Mr. Speaker, it might not have said specifically that it is the best site but clearly by what the report suggested it was clear that Mangrove was by far, in relation to the terms of reference, the **preferred choice** and that Greenland was in fact the fourth choice. It was very, very clear.

Now, Mr. Speaker, I just want to close on tourism. I really did not want to discuss tourism in any detail because

by far, in relation to the terms of reference, the preferred choice and that Greenland was in fact the fourth choice. It was very, very clear.

Now, Mr. Speaker, I just want to close on tourism. I really did not want to discuss tourism in any detail because there has been some increase in the tourism industry but I want to say that the increase has not been as a result of anything done by the present Minister of Tourism. The Caribbean suffered a very rough period last year with hurricanes and as a result a significant amount of business was redirected to Barbados. I am very happy about it but the Honourable Minister may want to claim credit but she must not claim any credit.

Hon. Miss B. A. MILLER: On a point of order, I have not yet spoken in this debate.

Mr. SPEAKER: Please. The Honourable Member has two minutes to conclude.

Mr. J. O. TUDOR: Yes, Sir, I will conclude in 2 minutes. Mr. Speaker, Sir, the Honourable Minister is likely to want to claim credit for any increase in tourism arrivals. I am suggesting, Sir, that nothing that has been done by the Honourable Member has accounted for any **increase** in tourist arrivals in this country.

Would you believe, Mr. Speaker, that this Parliament is not yet aware that a budget has not as yet been presented to the Board at the Tourism Authority. A budget has not yet **been** presented after all of the talk about the high flyers and the big lotto money *et cetera*. And they have, according to my information over spent the budget by some \$6 million in the last financial year and they are now scattering and confusing all of the overseas offices about cutting back and not spending a cent, only paying salaries. That is what is going on in this country because of the waste of money and I challenge them to get up in here and deny it because I know every single bit of information and do not doubt me when I put it on the record. It is true.

So we are going to have, Sir, to examine this Barbados Labour Party. They have misled this country into believing that we have done something wrong because we **now** understand them for what they are. We clearly understood the difficulties that we were going through. We set a programme in place, including setting up a programme which was under the TVET programme for the displaced workers and we should have been given the opportunity to continue to govern and to manage the affairs of this country but time is longer than twine and we will return. Thank you, Mr. Speaker.

Hon. Miss H. E. THOMPSON: Mr. Speaker, Sir, I rise in this debate to lend support to the budgetary

proposals of the Right Honourable Member for St. Peter, the Prime Minister of Barbados and Minister of Finance. In **looking** at the issue of the Budget, Sir, I had to **ask** myself the question, what does this Budget do for Barbados and Barbadians? In asking that question and in listening to Members on the other side I have had to go back over the course of the last 15 or 18 months. I have had, Mr. Speaker, Sir to go back and start on the night of September 6, Sir, because in my view this Budget answers a lot of the questions that people were **asking** up to September 6 and it is an example of why we now sit in Government and the Democratic Labour Party sits in Opposition, still very bitter and that is obvious from the general timbre of the way in which the Honourable Member for St. Michael East just spoke about they should still be in office and they will come back and so on. Still, after all this time not able to accept the decision of the people of Barbados.

Mr. Speaker, Sir, on the night of September 6, the people of Barbados spoke in clear unequivocal language that they would no longer support the Democratic Labour Party and its policies. On that night, I went as indeed many other Members of the Barbados Labour Party went to our Headquarters on **Roebuck** Street and I want to share with this House, Mr. Speaker, and with Barbados what my experience was on the morning of September 7.

It was perhaps about two o'clock. It was raining, Sir. I was being driven but I could not get near to **Roebuck** Street. I had to park some distance away and walk through the rain to BLP Headquarters, **Grantley** Adams House. As I **came** up **Roebuck** Street with some friends, some supporters, some people from St. James South who had voted, many of whom, Sir, had been people who were strong supporters of the Democratic Labour Party but were forced, under the whip and blows given out to them to turn away. We walked up **Roebuck** Street. It rained with thunder and lightning and I was confronted, Mr. Speaker, Sir, by a massive throng of people. Barbadians of all colours, of all social classes, people who clearly just came out of their houses, who ran from home, people who were elated at the result of the election. People were embracing me. People were hugging and kissing me. I saw, Mr. Speaker, Sir, an outpouring of joy and relief on the faces of Barbadians. They were people dancing in the street. There was a **tuk** band. There were people who were crying. There were people who were saying, "thank God" and Mr. Speaker, Sir, when I listened to the Budget of the Right Honourable Prime Minister on Tuesday I understood what it was that caused people to feel that relief.

4.10 p.m.

This Budget, Mr. Speaker, Sir, keeps faith with the people of Barbados because in 1994 when the people voted they voted against ostracism of people by the Government. They voted against a Government that had a like it or lump it attitude to Government. If 20,000 people

marched, they could ignore it and persist and there was no discussion with the public of policies and there was **rumor** and evidence of corruption. They voted, Mr. Speaker, against the scare tactic that says that if you do not vote for a cut in your salary there will be a devaluation and then they **forced people** to sign their names to documents so that they could be victimized when they did not vote in the way that was considered appropriate. They voted, Mr. Speaker, Sir, against the massive lay-offs throughout the Civil Service. They voted against civil servants cut in salary. They voted against the laying off of 50 per cent of the staff of the N.C.C. They voted against the cut in unemployment benefits. They voted, Mr. Speaker, Sir, against the fact that all over Barbados people no longer had the dream that all of us had grown up with to own a house, to have a job and to be somebody. They voted against the fact that they were being deprived of that dream and of that opportunity and, Mr. Speaker, over the last 16 or 18 months I have **walked** behind a Prime Minister who has kept faith to his roots and who has kept faith to the people of Barbados in ensuring that they no longer live the nightmare but that the dream of all Barbadians can be restored to them.

Therefore, Mr. Speaker, it is with a sense of joy that I support this Budget. I support this Budget, Mr. Speaker, because it represents for me a break from bus fare and lunch money options. I support this Budget, Mr. Speaker, because over the last 16 months we have seen the N.C.C. put back on a 5-day week and the staff restored.

Mr. D. St. E. **KELLMAN**: On a point of order, Sir. I do not normally like **interrupting** Members especially during a Budget debate. But the Honourable Member is misleading the House. The Honourable Member said that the staff was put back to work. There were 1038 workers at N.C.C. and today there are only 536. Mr. Speaker, I would ask her to withdraw those remarks.

Hon. Miss H. E. **THOMPSON**: Mr. Speaker, Sir, this is typical of his mathematics. He is accurate in only what existed. The staff was in excess of **1000** and after they dismissed the staff 536 people remained and of the 536 people which remained the majority of the staff, because there are some people who work on a monthly basis, and all of the weekly workers were put on a 3-day work week. So they not only cut the staff in half but put the remaining staff on a 3-day work week. We have, Mr. Speaker, brought the staff of the N.C.C. back up to a **1000** people which is just only a little bit below its original number. But I will not be distracted from making the point that there are a number of young people all across this country who had no jobs. The statistics now tell us that not just people, but **6000** more young people in Barbados have jobs as a result of the policies of the Barbados Labour Party.

When I look at the figures found in the Budget and when I do an analysis of the state of the country, we see

that real growth in Barbados exceeded that of developed countries and that there was an increase in tourists arrivals, that food crop production is up by 64 per cent, that unemployment is at its lowest of 16 per cent since 1984, that exports are up by 25 per cent, that our foreign reserves are the highest since 1985, that manufacturing has expanded, that **1100** more jobs were created in manufacturing alone and that almost without exception every sector of the economy is performing well.

Mr. Speaker, Sir, that is what the people of Barbados voted for. They were tired of hearing of cuts and lay-offs, cut-backs, pain and distress, and secret deals and so on. They voted for this kind of growth and development. Somebody from the other side, which I think it was the Member for St. Michael East, said that there are no projects of which the Barbados Labour Party can boast over the course of the last year or so. I would wish, Mr. Speaker, Sir, to speak of some of those projects in which we have been involved.

Mr. Speaker, let me start by saying that they left us with a tremendous amount of debt which we have had to pay off. That is a fact. They left us with the skeletons of projects thrown all over Barbados from Sherbourne in St. Michael to the school in St. **Thomas** and to the housing project in St. Thomas. Wherever you went in Barbados, Mr. Speaker, Sir, there was an abandoned DLP project, from St. John, from East, North, South and West. All over Barbados somebody could identify an abandoned DLP project half-done and half-started that was left and of no use to anybody where concrete and metal was sitting on the ground and that people could not be employed. There was steel of every sort from **Sherbourne** to St. John, St. Thomas, the kind that sticks up from out of the ground on construction projects and all other kinds of steel, and the "steel" of which Serenader sang so eloquently. That is what we found. But what have we done since then?

Mr. Speaker, Sir, we have already come to this Parliament and brought a Constitutional motion which succeeded without the help of the Members of the other side to ensure that a Government will never again cut civil servants salaries in this country. We came back and we removed from a position of wage cuts and wage freezes to giving civil servants increases in salaries. We have moved to a situation where money has been given to the Small Business **Association** for their development and growth, where money has been invested in projects for our young people. I am going to deal with the young people by itself, because the Minister of Youth Affairs must be congratulated. We have seen already the upgrading of the market at Oistins so that it is not only creating employment but it has become a place for recreational activities on weekends. So that people can go and have a good time, not get into any trouble, and enjoy part of the rich,

cultural and economic heritage which Oistins has to offer. That is the kind of project that we have seen over the last few months.

We have seen, Mr. Speaker, the start of the upgrading projects for the markets generally. We know that there is a Rural Development Plan that will extend to all the rural districts and will be the implementation of developmental policies for people in rural Barbados. We have already acquired the land for a Vendors Mall which will create employment for small black entrepreneurs to give them a stake in the economic development of the country and to give them dignity as people and a means of income.

We have started a programme of expansion of the Polytechnic at which the number of entrance places for students has doubled. All of that means training and opportunities for young people. The Community College has been expanded with more programmes and their numbers too have increased.

Mr. Speaker, Sir, I want to speak very briefly in relation to the Youth Entrepreneurship Scheme and the system of Youth Commissioners and the programmes that they are doing throughout Barbados because for me it means something. There is a young woman in my constituency whose name I will not call but her last name is Payne. She went on one of these projects. She learnt jewellery and craft-making. A display or exhibition is held at the end of the course, she emerged **first** in the course of all the people all over Barbados. It has brought tremendous pride to this young woman who before had been sitting at home never having worked under the Democratic Labour Party, having left school and never worked. She has now, through the policies of the Barbados Labour Party, a perception of herself as a crafts woman, as an entrepreneur, as a person who can go out there, having learnt this skill and found a means of supporting herself, and sell her products to Barbadians. Mr. Speaker, I am happy to say that I am now creating avenues to get her jewellery, which is excellent, into some of the stores, boutiques and shops in Bridgetown. That is what projects like that mean. It means, Mr. Speaker, that young people, particularly black people, who access the Youth Entrepreneurship Scheme, will have an excellent opportunity not only obtain wealth but also to create their own economic independence, and to have a real stake in the national landscape. We need as a people to give opportunities to black business in Barbados so that they can have not only the opportunities to earn at a personal level but that they can have a stake in the country's economic wealth and pass it on to the second and third generations of black people. The Youth Entrepreneurship Scheme is part of the foundation that will give black people a foot in the door in business development from very early. That is a significant programme.

4.20 p.m.

Mr. Speaker, we have had all kinds of new projects. We are hearing from the Minister who has responsibility for housing that there is a plan to build 1000 houses. This is significant, because of all the people who come to the constituency offices – I believe that is true all over Barbados – there are two demands which are made. There is a demand for jobs and there is a demand for housing. The demand for jobs continues but not at the same pace, because already we have been able, as I indicated by the figures earlier, to reduce the numbers of unemployed, but the fact is that so many people were laid off and put out of work and had no job opportunities created for them **under** the Dems, that it would take more than 16 months to create jobs for all of the unemployed all over Barbados, but we are well on the way to doing it, and I have every confidence that under the leadership of this Prime Minister we will do it.

We have to build houses. That is the second greatest need. During the last administration I cannot think of any single housing project that was completed, not one. **Low** income houses, middle income houses, I cannot think of any projects that were completed, but we now have a plan to build 1000 and that is a start, because the need is greater than that. We are going to complete the Cane Garden Housing Project, there is a project going up at **Hoyte's** Village in my constituency, there is another one going up at Husbands in my constituency, and I am going to be **working** with the private sector organisations to develop an area for low income housing within the constituency as well, because they have made an approach to me and asked me if I would have an interest. So there are going to be houses created.

But, Mr. Speaker, none of these programmes of which I speak could have been accomplished unless the right framework, the right environment was created for their development. This is a long way from the St. John Development Plan, which you hardly heard about, and was never realised. Nobody can say what the components of the plan were or demonstrate how these have been acted on. It is about keeping faith, Mr. Speaker, with the people of Barbados.

We now have a new system of taxes as of January, 1997. I have never in my lifetime, in all my 34 years, and I think I have listened to many budget debates, heard any Minister of Finance abolish at one go 11 taxes. I have never heard it done before. Not only has there been the abolition of 11 taxes, but what we are seeing implemented is a change from a situation where you are paying on items three and four different taxes, sometimes in excess of **100%**, to a situation where the only **tax** on the item will be 15%. That represents a significant cut in costs and it has a real beneficial impact for Barbadians. It will have benefits for the women in Haynesville and Halls Village and the people who live on the coast and all over

St. James South who have three and four children to send to school, who have to buy toiletries and food and other items that **are** now going to be lower in cost and have less taxes as a result of VAT. It has meaning for them, so that the Opposition can make light of it, but I know that the people of Barbados will be happy to receive a cut in costs and a reduction of taxes.

I want in the time remaining to me, Mr. Speaker, to speak on the matter of Health and the Health Services. This Barbados Labour Party has a proud tradition of health. We built the Queen Elizabeth Hospital. The father of the Honourable Member for the City is who constructed that hospital and I would wish to say that we know what it is to implement health projects against opposition not only of the other side but people in the country. When we built that hospital he was being subjected to what I am being subjected to now in relation to Greenland. He was told repeatedly that he was building it on a marsh and peat and that it would sink. This is **1996**. That hospital has been there for 40 years and it has not sunk yet. We **are** now being told that Greenland will wash away and it is the worse site. Forty years from now I will be gone, but I will smile in my grave when it is still there, by then covered over and turned into a playing field.

We know what it is to set up a drug service, as indeed the Honourable Member for the City set up a drug service that is the pride of Barbadians today, that has been identified as a WHO Centre of excellence. But she did it amid much criticism, much lambasting from the doctors and from other interests in the country, but she has had the fortitude to **stand** her ground and in the end has seen it help Barbadians, has seen people all over the Caribbean copy the system and has seen states as far away as Canada come to copy the system, and now the country of South Africa is going to be adopting the system we have here, because I have made an offer to them to give them technical support to help the black people of South Africa and they have accepted, That is because we had a vision.

I, too, have a vision of where health is going to go. When I came to office I found a situation and I have read already in this Parliament every single headline on health over the last seven years before we came to office to show the state of chaos the health services had been in. I have read Minutes written by the Permanent Secretary then to the management of the hospital about the state of the hospital, so I have a vision for where we **are** going to go. And where is that, Sir? When I came to office there **was** talk of a health services rationalisation study and there has been a failed attempt at getting it off the ground. Today that study is well **underway** and will be completed early next year. In seven years while they were in office it was talked about, there was one attempt to get it off the ground and that failed and I had to implement it.

I have been able, again after a lot of talking and preliminaries, to get the South Coast Sewerage Project started and that has implications not only for the **sewering** of the west coast, the control of marine pollution from land based sources, the proper sewerage for Barbadians and the laying of the foundation for future development of our tourism product, but it has implications for jobs, because the South Coast Sewerage Project is going to employ a lot of labourers and plumbers all over Barbados. It is going to help to create jobs.

We have had the start of the design project for the West Coast Sewerage Project. We have a design for the **landfill** at Greenland. Mr. Speaker, I am not here today going into a debate as to whether the site is right or wrong, because we **are** going to have the opportunity to debate it at length in the future.

4.30 p.m.

What I want, Mr. Speaker, is to try to find out why the Honourable Member for St. Michael East who now sets himself up as the resident garbologist of the Democratic Labour Party did not ensure that they ran it properly when they had the opportunity.

Mr. SPEAKER: On what do you rise, Sir?

Mr. J. O. TUDOR: The Honourable Member is using language that is inappropriate and I really object.

Mr. SPEAKER: You object to the word "garbologist"?

Mr. J. O. TUDOR: Yes.

Hon. Miss H. E. THOMPSON. Mr. SPEAKER, Sir, I thought it was a synonym actually for Tudor. My apologies.

Mr. SPEAKER: Please. Let us keep it...

Hon. Miss H. E. THOMPSON: My apologies, Mr. Speaker, Sir.

Mr. SPEAKER: Do you withdraw the words?

Hon. Miss H. E. THOMPSON: Yes, Sir. Without reservations, Sir. Even if we do not agree on the site, the fact is that it has been able to put in place a solid waste programme for Barbados.

I want to look at some of the things that we have done in health over the last **16** months. We have had over that time the starting up and I want to make very **briefly** the point that even if Greenland is criticised the point is that the way the Government approached this project it has been the most transparent project set up by

the government over time. There is much misinformation being put out by those who have an interest in putting out misinformation. Some of whom when the people are of Arch Hall and **Bennetts** were suffering were silent on the matter but now that it is coming to a place near them they have a lot to say.

Mr. Speaker, we have been above board. We have had 2 town meetings on this matter. We have made the technical report of the consultants available to every single media house in Barbados and said to them publish all of it or any part of it that you wish. We have made it available and advertised in the media that the report is available at the project execution unit and people came and collected **copies** and we photocopied the study for them at our own expense and gave everybody who asked for it.

We set up a steering committee of all the objectors and gave them access to all of the information, all of the technical reports and to the consultants themselves. We have an EIA, Environmental Impact Assessment. We have a **social** impact assessment. We have several technical tests including geotechnical tests, surveys done by Barbadian experts, by foreign experts and except for the persons associated with known objections there has not been a single one that has said that Greenland is not a suitable site for the landfill.

Mr. Speaker, Sir...

Mr. J. O. TUDOR: On a point of order. The Honourable Member is misleading the House. There are many persons with great professional integrity who have indicated to this country that it is a high risk decision and that information was made available on the Floor of this House by the Honourable Member for St. Michael South Central. Scientific critiques have been placed on the records of this House.

Hon. Miss H. E. THOMPSON: Mr. Speaker, Sir, none of those reports has indicated that Greenland is an unsuitable site for a landfill. It has got ratings that vary from the 1st to 4th best site. I would just wish Mr. Speaker, to look at a few of the things that we have done in health. We have established the Elroy Phillips Centre. We have done a clean up at Mangrove. We got the West Coast and South Coast project underway. We have undertaken a **debushing** of the whole country. We removed all of the old waste and bedsteads and bathtubs and so that were all over Barbados. We hosted Health Fest, Sir, and have been able to get the media involved in health based projects and for the first time in Barbados both media houses, the **Nation** and the **Advocate** have not only a major health project going but a major publication on health. We have the task force on nursing set up to deal with the problems in nursing.

We have a task force set up to develop waste management policies. We set up the Elroy Phillips Centre for people with AIDS. We established a programme to give pregnant women who are HIV positive AZT. We are passing the problems at the Queen Elizabeth Hospital. We have developed and will soon be fully **articulating** a policy on the elderly. We are in the process of restructuring the drug service. Time does not allow me to go into all of them but I will have the opportunity.

I simply wish to point out to the public that with the incentives of this Budget there are now several projects in health that are good investment opportunities for Barbadians and I would urge them to become involved. The care of the elderly is one such area in which people can invest and become involved. The establishment of rehabilitation services. Some retired nurses and other health care workers can start health oriented projects and businesses. There is need for lab and other technical support. People can get into health foods, health businesses. We have created already incentives for recycling and several recycling industries have been set up and other people are getting into recycling projects. The care of the disabled all of those are areas that we can get into.

Mr. Speaker, time does not allow me to complete all the comments that I was hoping to make today. I would simply say in conclusion since 1994 I have heard the Prime Minister make 3 almost religious sorts of challenges to the country. He said, Mr. Speaker, immediately after elections speaking at the general conference that he had steered the course and he had **kept** the faith. Last year in his budgetary presentation he told us that those who wait on the Lord will renew their strength and this year, Mr. Speaker, he spoke of the road less travelled, not the dark tunnel at which there was the mythical and proverbial light that we never knew when we would get to it.

This is a clear road on which all Barbadians can walk with us to a new and better developed Barbados. Mr. Speaker, this Budget issues in a new era of opportunity and development for all Barbadians. I am happy to walk as part of the team along with the Prime Minister in the creation of those new opportunities and I urge all Barbadians to walk with us into this new era of development which we now stand poised to inherit and to achieve, Sir. I thank you.

Hon. R. C. EASTMOND: Mr. Speaker, as I unhesitatingly rise in support of the Financial Statement and Budgetary Proposals as enunciated by the Rt. Honourable Prime Minister and Minister of Finance I am reminded that among economists there is a formulation S ■ I. What is S ■ I, someone may ask. Savings equal investment.  
4.40 p.m.

I mentioned that citation from the economists, Mr. Speaker, because a perusal of the Budgetary Proposals as they appear between pages 55 and 78 of this document, suggests, quite clearly, that in his wisdom the Right Honourable Prime Minister has embarked on a very clearly, thought out policy of the stimulation of savings, in the hope and in the expectation, not that an increase in savings will necessarily give rise to consumption as the ultimate objective, but that an increase in savings, Mr. Speaker, will lead to an increase in investment.

In days of old there used to be some thinking that in some **countries** when spending goes unchecked, Governments should introduce measures whether fiscal or monetary to curb the spending, but on this occasion the measures that are being proposed, in this Budget **are** designed with a number of objectives in mind.

In the medium and long term, they **are** designed to make sure that more money is saved, that as savings increase there will be increased investment, and that as investment increases production will increase, and as production increases there will be incremental increases in the Gross Domestic Product and the national income. In the process as investment continues, Mr. Speaker, with these results, I have already outlined in the process employment generation will, of a necessity, occur as well.

The objective, Mr. Speaker, is not short term. The objective is not designed, Mr. Speaker, to achieve results in 90 days or 3 months, but the objective is clearly designed to set in motion a stronger culture of savings in Barbados for the primary purpose of ensuring that investment occurs. Mr. Speaker, this, in summary, is one of the principal planks of this year's Budget. Who in his right mind will, Mr. Speaker, or **her right** mind, fault such a worthy and laudable objective?

As I heard the Member for St. Lucy speak today, I am constrained, Mr. Speaker, to clarify a number of things. The Honourable Member for St. Lucy made a much better speech than the Honourable Member for St. Michael South Central and the Honourable Member for St. John. Not to mean that he made a good speech by any objective standard, but he suggested today, as he quoted from a miserly, little piece of paper, that some production in agriculture had fallen dramatically, and expressed some dismay that agriculture had not been performing to his satisfaction.

Mr. Speaker, if you will permit me, I am reading from page 51 of the Economic Report 1995 and I am now looking and reflecting on table 9 as it appears on page 51 in this document which, which I take it, Mr. Speaker, is already a document of this Honourable House.

We look at sugar. In 1994 the production of sugar was 51.9 thousand tonnes. In 1995, because of drought it fell to 38.5 thousand tonnes. There was a decrease in 1995 over the 1994 period of 25.8%. This year we expect an increase of about 24%. In relation to cotton, I can give the record, Mr. Speaker, of cotton for the year 1992 to 1995.

In 1992, Mr. Speaker, cotton was 45.9 thousand kilogrammes in 1993, 29.1 thousand kilogrammes, 1994 49.9 thousand kilogrammes and in 1995, 147.4 thousand kilogrammes. This is what I am quoting from, Mr. Speaker, and when I saw the Honourable Member for St. Lucy with a miserly, little piece of paper in his hand, I was reminded of, something his Leader said yesterday, that during the course of the recently concluded Estimates, none of the economic sectors had been debated. That is what the Honourable Member for St. John said in here yesterday.

You would recall, Mr. Speaker, that during the occasion of this year's annual Estimates debate, the Head, Agriculture, was subjected to the closest ever scrutiny and proceedings on the floor of the Honourable House were on agriculture for two and a half days, Mr. Speaker, as the Ministry of Agriculture was subjected to glaring and close scrutiny.

What did that scrutiny reveal, Mr. Speaker? In 1995 the increase in the production of eddoes over 1994 was **99.3%**, sweet potatoes increased 315% in 1995 over 1994, yams increased **119.1%** in 1995 over 1994, peanuts saw a remarkable increase of **114.6%**, onions **148.4%**, string beans **297.2%**, beets **252.5%**, cabbage **254.6%**, Mr. Speaker, I have mentioned the percentile increases in the production of non-sugar agricultural commodities in the year 1995, in comparison, to the year 1994.

I am citing this from the Economic Report. What is significant, Mr. Speaker, on this occasion in here is that you will notice that on the occasion of the presentation of a Financial Statement and Budgetary Proposals, none of the Members of the Opposition had, to date, cited either **this** Economic Report, or the Central Bank Report or any other Report to suggest the state of the local economy.

Why are they afraid, Mr. Speaker, to look at these documents? Do these documents portray dismal traits of their records, while at the same time glorifying our achievements in a short period of 18 months, Mr. Speaker?

How come that you can have two **spokesmen**, Mr. Speaker, one known to be an amateur lover of **economics**, the other being a former Minister of Finance, who can speak and **deliver themselves** in this House and do not, ever refer to the documents that are customary to go by when putting the economy, Mr. Speaker, in its context and subjecting it to review and examination.

Mr. Speaker, in addition, tomatoes increased in 1995 by **103.9%**, pumpkins **81.3%**, sweet peppers **155.2%**, **okras 64.8%**, melons 274.3%. Mr. Speaker, this information in this Economic Report does not stand alone. If anyone examines, the information as found in the Central Bank Report for the year 1995, "output of non-sugar agriculture rose 8% after declining for the last 4 years." Who had the reigns of the economy at their command for those last 4 years Mr. Speaker? I let that rhetorical question await its own reply.

Mr. Speaker, the position is that since September 1994, investor confidence in agriculture has risen spectacularly and, indeed, Mr. Speaker, investor confidence in manufacturing industry has risen as well. The beating that manufacturing took, Mr. Speaker, in 1994 was so significant that it impelled us in the Barbados Labour Party, at page 15 of the **BLP's** Manifesto of the 1994 election, to make this pledge in relation to manufacturing. Mr. Speaker, I am reading from the Barbados Labour Party Manifesto of 1994 and at page 15, it is already a document of this Honourable House, it is indicated:-

"Manufacturing has been an important contributor to the earning of foreign exchange. The DLP denied this sector assistance in its bid to penetrate foreign markets and imposed punitive levels of taxation which almost **destroyed** it.

A BLP Government will remove all duties on the inputs for manufacturing. The sector will also benefit by a liberal regime for foreign exchange earners."

Mr. Speaker, punitive levels of taxation had been imposed on manufacturing and today, during an exceptionally brilliant speech, the Honourable Member for St. **Andrew** mentioned a stabilisation **tax**, among other taxes, that had been inflicted on the manufacturing sector.

It is now a matter of history, Mr. Speaker, that within weeks of the Barbados Labour Party's coming to office, under the skillful and erudite leadership of the Right Honourable Member for St. Peter, the taxes and duties on manufacturing had been removed. Mr. Speaker, as pledged in our Manifesto, to such an extent, and in such a way that the Central Bank Report for the year 1995 says "Manufacturing output increased by a further 7.5% in 1995, marking its second consecutive year of growth." The Central Bank Report says that under our tutelage and excellent guidance, that for the second year manufacturing improved and increased.

Indeed, Mr. Speaker, the said Central Bank Report is also careful to note that under the Head, Construction, there was a pick up in construction activity during 1995 marking

some improvement and some growth after recession of an earlier period.  
4.50 p.m.

Mr. Speaker, when we look at the performance of particular economic sectors in this economy, under the **skillful** and tireless leadership of the Right Honourable Member for St. Peter, we recognise **growth**. We recognise an increase in investor confidence. We recognise too, Mr. Speaker, that the Budgetary Proposals of last year, are now the percussor for **an** excellent Budget as presented in this particular year.

Speaking about an excellent Budget, Mr. Speaker, I want to lend my support to words uttered by the Honourable Member for St. Michael North who said earlier today that he noticed that investment was an intention in this Budget, that savings was an intention and also too that training was an intention. In supporting the Honourable Member for St. Michael North, I must, of necessity, also support words uttered by the Honourable Member for St. Michael North East who exhorted our people last night to avoid the ways of the mendicant.

The Honourable Member for St. Michael North East encouraged our people too not to be mendicant, not to **try** to lean on others for help but instead to equip themselves with skills. To that extent then, Mr. Speaker, I must also lend my support to this aspect of the Budget which stresses training. Right now in Barbados there is some school teacher who has gone home rather frustrated having spoken to children at length today about the need to educate themselves and the need to pay close attention to their work. He has gone home wondering what to do to motivate youngsters. Indeed, the Mighty Sparrow some years ago urged our children, "Children go to school and learn." Then he said that for those who did not learn things would be hard.

I want to urge our young people to understand in the context of the opportunities which are being offered by these Budgetary Proposals that the time has come for them to look at the whole question of their involvement in education to respect the opportunities they have, to follow their teachers and to recognise that in a competitive world, which is becoming even more and more competitive in a country with a huge population, that today's youth, and by youth I mean people under 40, inclusive of people very young under 25, and inclusive of women, must realize that to avoid the mendicant mentality that the **Honourable** Member for St. Michael North East exhorted them to avoid, the time has come for our young people to assimilate training in such a way as to carry as many **skills** as possible.

Let me put it properly, Mr. Speaker. There used to be a time when a person going on the job market could

close his or her eyes and walk onto the job market with one skill. As the world has become more competitive, as employers have become more discriminatory, not from the point of view of discriminating on irrelevant grounds, but from the point of view of being choosy in whom they want to work for them, we have a situation now where persons seeking jobs must be so well trained and recommended that they should not only maximise the training they get in their area of first choice, but should carry one or two additional **skills** to make themselves more competitive and more marketable out there in the world of work. If you go **seeking** to be a chemical engineer as your job of first choice, and you are in a position where you can resort to some **draftsmanship** or accounting as second and third choices, then you are more marketable on the job market than if you only went with one skill.

I would want all those involved in education, whether in ordinary schools, whether at the Community College, whether in the Samuel **Jackman Prescod** Polytechnic, or wherever, to encourage our young people to note that the time has come where these opportunities that exist should not only be grasped, but that in grasping these opportunities young people should look at the situation out there in the job market, realise that things are tight, particularly because, as any one worker or potential workers go looking for a job, 15 and 16 other people are waiting in line to compete against that one person for that one job.

I want the newspapers of Barbados and I want the private sector of Barbados to so carry the message, Mr. Speaker, as to indicate to our young people that these are the days for potential job seekers to be multi-skilled, to be very well-rounded and to be able to compete out there.

In this House of Assembly, Mr. Speaker, there are some Honourable Members with two and three professions. I see an Honourable Member over there who many years ago was pursuing on every noble profession and who within a short time changed, went through what you call in psychology career transience, and went into another profession. In fact when I look over there I see other Honourable Members who have two or three **skills**. Over here the same thing exists, perhaps to a greater degree.

Mr. Speaker, the point is this. Not only must young people recognise that the competition out there is very tight in the world of work, but they must also recognise that in terms of developing expectations for proper remuneration and good reward their chances of gaining such are better enhanced through being very well prepared out there.

Mr. Speaker, the Budgetary Proposals coming under training are designed to provide incentives and opportunities to youngsters to get involved. I will develop this in another forum on another occasion.

Mr. Speaker, there is an aspect of the Budgetary Proposals that also requires a very close amount of scrutiny as they also require a great amount of support. It is the whole question of the Barbados Labour Party's continuing commitment to building the credit union movement and the cooperative movement. Mr. Speaker, I believe it was the Barbados Labour Party that was the first ever political organisation in the history of Barbados that provided special incentives somewhere between the period 1976 to 1986 to entice people to join credit unions and to save.

At the moment, Mr. Speaker, there is an allowance of \$1 800 which one can claim when one is filling out one's Income Tax returns. The Right Honourable **Prime Minister** has increased this to a substantial degree, almost doubled it. The increase is certainly between 60 and 70 percent. The intention there is to lure and entice people to credit unions. Mr. Speaker, in the days of the Rochdale pioneers who launched the cooperative movement, credit unions emphasized the welfare of members, promoted members' interest and encouraged members to use credit unions for what they called providential and productive purposes.

Mr. Speaker, there is a challenge right now to credit unions to, consistent with this Government's desire, promote themselves in such a way as not only to entice new members to join their folds but to embark on programmes where, despite the huge size of many credit unions, members are brought together to be taught in the **skills** of entrepreneurship, to be taught additionally in the **skills** of management and to be properly prepared by the credit union movement and the cooperative movement for purposes of launching and developing the programme of economic enfranchisement which all Barbadians whom I know of would like to see occur in Barbados.

I am saying, Mr. Speaker, that increasingly more and more cooperatives are attracting a bright young cadre of persons with excellent marketing **skills**, many of them have accounting skills and the type of fate that befell earlier credit unions and earlier cooperatives in the 1950s will certainly not now befall the credit unions we have in Barbados.

The credit unions as they see themselves grow, will face difficulty in having members come together frequently for purposes of ordinary general meetings or even for purposes of monthly or other periodic meetings. Nonetheless, the credit union movement must be prepared to set up programmes of education and training for their members, especially in the area of business development and entrepreneurship.

I am aware that the Barbados public workers Credit Union is already contemplating some type of **skills** training programme which they are **working** on at this moment. I am aware that the City of Bridgetown Credit Union

which, like the Barbados Public Workers' Credit Union is an excellent credit union, has attracted such a brilliant set of young people as its leaders and managers that they too have a role to play.

**5.00 p.m.**

Mr. Speaker, the credit union movement can note that 'this Government will be monitoring their affairs closely, not only from the point of view of giving them encouragement but to explore ways and means by which any further assistance that they need they will get.

Mr. Speaker, as I listened to the various presentations I was wondering about a number of things. I earlier adverted to the observation, Mr. Speaker, that for the **first** time in my experience I saw a budget delivered and opposition spokesmen reply to a budget without **looking** at the Central Bank Report and without looking at the Economic Review and the Economic Report. In fact it may very well be that some opposition spokesmen spoke on the budget without having looked at it. Nonetheless, Mr. Speaker, the point is this. When any Member of any Parliament is looking at a Budget there are certain indicators or indices or pointers, Mr. Speaker, that you should look for and at this point I want to look at the Budget in its character as a Financial Statement and not just look at the budgetary aspect of it because that has been very well explored by Honourable Members on this side very wisely. But I want to look at certain indicators or indices in the Budget from the point of view of the Budget in its role as a financial statement.

We notice that the statement suggested, Mr. Speaker, that there was growth in revenue and you will no doubt recall, Mr. Speaker, that last year there was no such thing as an increase in taxes so how come the country was not heavily taxed last year and there is still revenue growth? It means that this Government has been careful and prudent in its system of collection of revenue. So revenue, Mr. Speaker, can grow and can be brought into the coffers of Government in the absence of an increase in taxation.

This financial statement, Mr. Speaker, also shows that expenditure has been so well kept down that any deficit is manageable and in fact leaves room for expansion. This Government is in the fortunate position, Mr. Speaker, if it wanted to, of being able to increase the deficit. If it wanted to do more borrowing in the interest of further economic activity it has that elbow room. You will no doubt remember, Mr. Speaker that in a budget of **1991**, when the deficit of **1991** was looked at as compared with the revenue yield that we were well in the **VIP** departure lounge on the way to the IMF.

I wonder how the Democratic Labour Party can be talking about IMF and us now when their experience is not with us, Mr. Speaker, it is with them and perhaps if they

have an obsession with it they should explain to the public why they had to go to the IMF and what the real position is now. To get the real position, Mr. Speaker, they should look at these economic indices.

Let us look at debt management. I have already said, Mr. Speaker that the deficit has been kept down well. Mr. Speaker, the ways and means account which is Government's overdraft with the Central Bank is today zero, zero, zero, point zero, zero, zero. Not a cent owed to the Central Bank by way of the ways and means overdraft. Is that not skillful and proper economic management?

Mr. Speaker, the other indices suggest that unemployment fell from **24.7%** in **1993** to **16.4%** in **1995**. As I indicated earlier, Mr. Speaker, other indices suggest that the particular sectors of manufacturing and agriculture, tourism and the financial services **are** also performing as we would want.

Mr. Speaker, at page **15** of the Financial Statement and Budgetary Proposals it is indicated that the level of investment in this economy is rising, reflecting the earlier point mentioned that there is a growth in investor confidence.

Mr. Speaker, our foreign reserves are today at their highest level ever. Domestic deposits in the banking system, Mr. Speaker, **are \$158.4** million. Mr. Speaker, what are the prospects for the months ahead? I am reading from the Central Bank Report. Prospects for **1996**. Real gross domestic product in **1996** is anticipated to grow by between **4%** and **4.5%**. The trading sectors, especially agriculture should provide the main impetus. Sugar output is expected to increase by **35%** as the cane replanting programme and better conditions should raise both acreage and yield. **Non-sugar** agriculture and manufacturing are expected to continue to expand. Real output in the tourism sector is expected to be **2%** above its **1995** level.

Mr. Speaker, I commend the Right Honourable Prime Minister whom I once on the Floor of this Honourable House called an economical chemist and the Honourable Member for St. John said I called some term other than what I intended.

Mr. Speaker, the Right Honourable Member for St. Peter can take comfort like the man in verse **12** of Psalm **5**. Verse **12** of Psalm **5** refers to a particular type of man whom God would help and it says: **"For thou, Lord, wilt bless the righteous; with favour wilt thou compass him as with a shield."**

Mr. Speaker, may God continue to bless the Right Honourable Prime Minister of Barbados. May his vision for this country be realised and may the brilliant management of this economy continue unabated.

Mr. F. J. **STUART**: Mr. Speaker, I rise to participate in this debate, not propelled by any belief that what has gone on in here so far will set the careenage on fire. It has been my settled view for some time now that centre of gravity of Barbadian politics has long ago shifted away from this House and is on to the streets. Times were, in the history of Barbados when the most vulnerable elements in this society looked to this House for the solution for their problems but for some considerable time now they have been of the view that they can look elsewhere but not in this Chamber because it is now about debating, about scoring cheap adolescent points and about unhinging yourself from the reality of the masses of the people, all in the interest of something called politics. I am therefore not equal to the evangelical excitement of the Honourable Member who has just sat down. I have known the Honourable Member for some time now. We go back to the 1970s and not until I came into this House did I know that he was capable of reminding me so sharply of Shakespeare's King Lear.

5.10 p.m.

Your Honour, I am sure, will recall how Lear, stung by the ingratitude of his two older daughters, Goneril and Regan, and smarting under his own mis-evaluation of the openness of his youngest daughter, Cordelia, exclaimed: "I will do such things. What they are yet I know not. But they shall be the terror of the earth." Whenever the Honourable Member **speaks**, one gets the sense that there is something he plans to do in Barbados. What it is, not even he knows but one thing seems certain that it is intended to be the terror of the earth. He has not done it yet, Sir.

One of the axioms of Budgetary discourse in Barbados is that a budget is an instrument of economic policy. Economic policy of course presupposes the existence of an economy. An economy is said to exist because persons in any defined geographical area cannot get whatever they want whenever they want for as long as they want it and in the amounts in which they want it. In other words, an economy exists because there is something called scarcity and because there is something called scarcity, there is a need to economize – cut and contrive as we say in Barbados. That is what the discipline of economics is all about. The ontological foundation upon which all economics rests is the fact of scarcity. If there was nothing called scarcity, there would hardly be anything called economics or an economy. Because of the fact of scarcity, there is something called economics and that is the concern of this House in this debate.

Now, Mr. Speaker, because there is something called scarcity, because mankind has to wrestle with the reality of scarcity, that is why there is something called politics because from the time man settled on this planet and from the dawn of human civilization as man wrestled with scarcity the need soon arose for somebody or some set of

persons to be responsible for ensuring that whatever resources were scarce were fairly shared out. That is how the use of power to effect and to affect fair distribution in the society became the focus of politics. Of course, today when you listen to politicians you get the impression that politics is about something else. That it is about how many Christenings you attend or perhaps how much time you spend with the boys on the block and so on. But men of business understand that at the end of the day power is relevantly used if it is used to dispense distribution in their direction. So a good politician for the man of business is the politician who uses his power to steer resources that are scarce in the direction of that man of business. Therefore, I contend that the masses of Barbados are entitled to a view of politics no different from that. Our **concern** as politicians and certainly the concern of Honourable Members on this side is to ensure that resources that are acknowledged to be scarce are distributed in such a way that the most vulnerable and defenseless elements in this society get their fair share.

That is how a Budget is **analyzed**. There is nothing esoteric, abstruse or ethereal about a Budget. It is ultimately about how scarce resources are allocated, how distribution is affected and effected to benefit those who are deemed to be politically relevant. The people who are deemed to be politically **relevant** to us in the Democratic Labour Party are the most vulnerable elements in this society in May 1996. So I have no difficulty, Mr. Speaker, in attempting an analysis or evaluation of the Financial Statement and Budgetary Proposals of the Honourable Member for St. Peter. I have to acknowledge, of course, that the Budget comes at a time when Barbados is in an Investment Sector Programme with the Inter-American Development Bank.

The Honourable Member for St. John in one of the most brilliant and insightful speeches delivered in this House since I have been in here yesterday drew attention to the document which sets out the contents of that programme. I put myself to the trouble, Mr. Speaker, to read it. He laid this in this House yesterday. It is now a document of this House. I did not have to go pass the Executive Summary of this document for on page 2 of the Summary I read the following:

"As a policy based operation, this project is not expected to have a direct impact on poverty in Barbados."

I will read it again:

"As a policy based operation, this project is not expected to have a direct impact on poverty in Barbados."

So the poor of Barbados who looked forward to this Budget and who looked forward to statements from the Minister of Finance that would emit rays of hope for them must now understand that the Budget was framed within a policy matrix that requires that those who are at the top stand at the top and those who are at the bottom remain at the bottom. That is what this Budget is all about. Therefore, seeing through the eyes of those on whose behalf I speak in St. Philip South and across Barbados, as far as I am concerned the Budget does not affect or effect any meaningful distribution in favour of the most vulnerable elements in this society.

I do not have to speak for the business class of Barbados. They do not need me to speak for them. I speak in this debate on behalf of those who have nobody to put their case and this brings me to view this Budget from the point of view of those who are unemployed, of those who *are* homeless and of those who *are* at the mercy of the public transport system in Barbados. Now Honourable Members on the other side have been saying for the whole day, even my friend the Honourable Member for St. James North who has just sat down, that the focus of the Budget is savings and investment. For as long as I have heard the word "savings" used in my whole life, I have always associated savings with money. If I am correct in associating savings with money, then money has to be earned and if money has to be earned people want work. In the absence of work, it is impossible or unlikely that **certain** elements in this society can be part of this savings mechanism at all. So immediately the moment you talk about savings you have taken the decision to exclude from the compass of the Budget those persons who are unemployed. So too on the issue of investment, persons who *are* intended to invest must have money and I am not going to accept any explanation that we do not mean them because politics for me requires bringing them into the mainstream of the Barbadian economy.

5.20 p.m.

If the economy is by its structure and nature and focus designed to exclude those elements, the lowest rungs of the society, from the mainstream, then for me we are into invalid politics. So they cannot save, they cannot invest, so the Budget is not talking about them, it is **talking** to them.

Mr. Speaker, the problem of unemployment is the first focus which I think this Budget should have addressed. As long as you are talking about scarcity, as long as you accept that the ontological foundation upon which all economics rest is the fact of scarcity, the area of scarcity most relevant in Barbados today is scarcity of jobs. How has this Budget responded to the issue of jobs? Before the Budget the policy letter written to the Inter-American Development Bank crafted a role for the State as an enabler for investment and it was hoped, through the policy

letter, that the private sector would so invest as a result of the incentives given by the Government that all the jobs needed in the economy would be created.

I entertain the greatest possible misgivings about this approach. In the first place, let me make this point. The private sector of which we speak in Barbados is the private sector Barbados had since the **1640s**, a few names changed to protect the innocent, and Barbados has waited from the 1640s until the 1990s on that private sector to produce the jobs which this country needs to guarantee its stability. It has not happened yet in spite of all the incentives given by both the Barbados Labour Party and the Democratic Labour Party. In fact, I recall the very bold and audacious attempt by the late Tom Adams in one of his Budgets in the early **1980s**, or perhaps the late **1970s**, when he introduced something called a tax credit to the private sector as an incentive to create jobs in Barbados. The tax credit had to be abandoned because the private sector did not respond to it. Honourable Members on the other side, particularly the Honourable Members for the City, St. Thomas and Christ Church West will well recall the **tax** credit introduced by the late Tom **Adams** sometime in the late 1970s. The policy had to be abandoned because the private sector did not respond in the way in which the then Government had hoped.

What is the basis of this faith the Government is now placing in the private sector? We accept a mixed economy in Barbados. The Democratic Labour Party is not and has never been against the private sector. What we say is that the focus of State power now has to shift from a private sector in which this country invested for over 300 years and which has not been anthropologically in sync with the masses of the people of Barbados, to a new private sector more in tune with the pain and the expectations of the mass of the people of Barbados. That is our contention. We cannot continue to invest in people who for all the years, over 300 years, have not pulled their weight in this society and made any meaningful moves towards solving the most critical problem this society has ever experienced, the problem of unemployment. It is not without significance that the problem was solved during the days of slavery, it is now one of the truisms of Barbadian history that this society only had full employment during the days of slavery, and that was when the private sector responded. But since that time we have waited for creative moves on the part of this private sector, the traditional private sector, to reach out and humanely and humanistically consider the masses of the people of Barbados as their concern and it has not happened yet.

So my plea at this part of my speech is **for** black business. I do not have to fear what I say in this debate about the traditional private sector, because I will not have to meet them at cocktail parties and I am not retained by them as a lawyer, so I do not have to give

anybody any explanations. What I say I say on the basis of how I read the pulse of the people of St. Philip South, particularly the unemployed in the constituency of St. Philip South. So my plea is for the investment by Government in the creation of a new private sector, not a private sector that necessarily destroys the existing private sector, because as far as I am concerned they are entitled to exist. The Honourable Member for St. John gave on the Floor of this House yesterday the principles and policies by which the Democratic Labour Party lives and moves and has its being and we acknowledge the existence of a private sector, but what we say is that historical evidence now suggests beyond any doubt that that private sector is not anthropologically in sync with the expectations of the masses of the people of Barbados and that we have to invest in others who are more sensitive to their concerns.

So, Mr. Speaker, I have seen nothing in the Budget, outside of polite references to black business and small business, that beckons the country in that new direction. I have seen nothing in the Budget to suggest to me that there is any determined move on the part of this Government to tackle the problem of unemployment at that level. I heard a lot of talk about human resource development, about expanding courses at the Barbados Community College and the Samuel Jackman Prescod Polytechnic and wherever else. In case the Government does not know, let me say that there are people in St. Philip South today as I speak who are graduates of the Samuel Jackman Prescod Polytechnic, of the Community College, of the University of the West Indies at Cave Hill and of overseas universities who are not working and who have tried to get work. So if the belief haunts the minds of the Members of the Government that just by training people they will get work, that belief I think has to be exorcised, It is a myth. I did not mention the 'O' Level Institute, Sir, but I suspect. . .

#### *Asides.*

Mr. F. J. STUART: . . . . will be a lot more successful. So, Mr. Speaker, the issue of unemployment is critical to the issue of scarcity in Barbados in 1996. You cannot discuss scarcity in Barbados unless you discuss scarcity of jobs, and the Budget collapses, it falls flat on its face once the issue of jobs is squarely confronted especially in the context of an investment sector reform programme and policies framed around it that make clear that the policies are not going to affect poverty in Barbados. The poor will remain poor in the context of all that we heard in here yesterday.

The second area of scarcity, Mr. Speaker, is the area of housing and house spots. This debate took place in this Honourable House just a few weeks ago. It took place in this Honourable House in the Estimates as well, the

problem of scarcity where houses and house spots are concerned.

5.30 p.m.

Mr. Speaker, no problem outside of unemployment so painfully besets me as the Member of Parliament for St. Philip South, as the problem of housing and house spots. I have heard promises of the Government that all a Member of Parliament has to do is to identify a parcel of land in his constituency that he thinks can be used for house spots, inform the Ministry and all will be well. I believe during the Estimates debate in this House the Honourable Member for St. Michael North East made known to all who were listening to her that \$20 million is knocking around for all who want houses from the Housing Credit Fund. I do not see then why there has been all of this evangelical talk in this House over the last few weeks and, certainly during this debate, about housing problems, because with all of this money knocking around the Government is in a position to solve the housing problem almost overnight.

The constituents of St. Philip South, therefore, expect that the generosity of the Government will extend to them and that they will be able to benefit from this abundance of money available for lending and also house spots available across the constituency of St. Philip South. So far as the budget is concerned, the issue of scarcity in the realm of housing and house spots has not been addressed.

In any event, if you are talking about a housing credit fund and about borrowing money to build houses or to buy house spots again you have to be working. Nobody can go to the National Housing Corporation to borrow money and indicate to that corporation that he or she is unemployed. It usually happens that the very people who want houses and house spots are unemployed and therefore at the core of the Government's problem is the issue of solving the job crisis. When that problem is solved, then people are positioned to take advantage of the other benefits that are knocking around.

Then they can buy shares. Then they can invest in retirement plans. Then they can invest in the credit unions. Then they can pay. But the Minister of Finance cannot get away with the fact that in the absence of creating jobs for Barbadians he comes with measures that exclude so large a number of them. As I listened to the Budget, I reflected on the Austrian wife of Louis XVI of France during the days of the French Revolution, or the days leading up to the French Revolution, when hungry people on the streets of Paris were saying they wanted bread, she was heard to tell them, so the story goes, "If you can't get bread, eat cake."

This Minister of Finance seems to be telling the unemployed, "If you have no work, save. If you

have no work, invest. If you have no work, buy shares. If you have no work, invest in credit unions." It is the apotheosis of absurdity and something from which I entirely disassociate myself. You do not...

Training is not employment. There are people out there who are already trained and cannot find employment. So that issue falls flat. The third issue I want to address my mind to is this issue of house spots.

Mr. Speaker, I have heard in this house every since I have been in here the Government **extoll** the virtues and the Member for Christ Church West has been – I hate to use the word again – evangelical on this question of how revolutionary a piece of legislation the Tenancies Freehold **Purchase** Act was. I have no quarrel with the fact that plantation tenants have been able to purchase their lands at 10 cents a square foot and now have access to title deeds which they can use to improve themselves. But that is only one aspect of the legislation. The other aspect of the legislation has to do with those who were not plantation tenants, but who were the tenants of ordinary Barbadians who own small pieces of land and whose generosity led them to allow friends and neighbours to rent. Up comes this Act and puts them in a position where they had to sell lands that they had hoped to pass on to their children.

Mr. Speaker, the Government of Barbados, as constituted by the Barbados Labour Party, has never fully accepted the damage that piece of legislation so far as it related to non-plantation tenancies did to the confidence of private landowners in Barbados. They have never accepted that as a result of that blow to their confidence they stopped renting out their private lands. Those who have had private land stopped renting it out because they decided that they were not going to be forced into selling their lands when they wanted to pass them on to their children.

The result of that was that the private tenants were shifted away to National Housing Corporation and that Corporation is now carrying a burden which is obviously too heavy for it to carry. It cannot keep up with the pace. Because of the pressure that has been placed on it as a result of the fact that fewer private people are now renting out land than previously, that corporation has now found itself having to take up the slack which would not otherwise have fallen to it.

So constituents of St. **Philip** South from St. John and from wherever else all across Barbados trek down to the National Housing Corporation, week after week, not through any fault of their own. Magistrates write letters to the NHC almost daily as a way of trying to get the Corporation to respond to the exigencies of the tenant situation. The Corporation just cannot cope and I think therefore that the Government has to address this issue and to treat the issue of house spots as one of urgency.

I sincerely hope that when I identify land in St. **Philip** South and I go to the Government that nobody tells me that this land is not suited for this or not suited for that.  
5.40 p.m.

If the land use in Barbados is going to be made flexible for foreign investors, use of land in St. **Philip** South can be made flexible for the use of persons in St. **Philip** who want house spots.

So, Mr. Speaker, as I reflect on the 1996 Budget, with all of its high sounding rhetoric, with the **lofty** expectations which it has posited, I cannot help but feel that in its efforts to satisfy the requirements of the **Inter-American** Development Bank, the Honourable Member for St. Peter has **unhinged** himself from the reality of ordinary people in Barbados.

What I have heard in here over the last few days really has nothing to do with what I hear at Six Roads corner, or what I hear in St. Martins, or what I hear in Ruby. The reality is completely different. It is a reality about jobs. It is a reality of about something as basic as a house spot or a house, and until I see a Budget that responds to those imperatives, I am forced to align myself with the Resolution of the Honourable Member for St. John and to reject it as irrelevant to the concerns of the people of Barbados, certainly that segment of the population of which the Democratic Labour Party considers itself the champion of.

I am obliged to you, Sir.

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, it gives me the greatest possible pleasure to add my support to this Resolution, and to add my congratulations to those of others, to the Right Honourable Prime Minister and Minister of Finance.

On the 12th of this month, Sir, that day marked 20 years that I was elected to this Honourable House.

**Asides.**

Hon. Miss B. A. MILLER: Twenty years. Thank you. Twenty years that I was first elected to this Chamber, and this is one of the best Budgets I have heard in those 20 years.

**Asides.**

Hon. Miss B. A. MILLER: Do not worry about me. You do not worry about me and where my eye is.

Mr. Speaker, Sir, I too wish to commend to Barbadians the words of the Honourable Prime Minister to be found at Page 126, and it bears repeating:

"Taken as a whole the economic indices point to a golden opportunity that we must not miss. Some see mud others see the stars. It is now the responsibility of everyone in this country to help create the basis for further sustained and sustainable development. We must not allow recklessness, lack of will or foresight to nullify the favourable performance of 1995. We would be forever condemned should we revert to bad habits and behave in such a manner that the happy augury of 1996 goes down in history goes as a one shot experience."

There is a lesson in that, Sir. It is so clear that the Honourable Member for St. **Philip** South has been in here for a very short time, so you can afford to utter encomiums in respect of the speech that came to us from the Honourable Leader of the Opposition. You have not been in here long enough, neither have you been long enough, the Honourable Member for St. **Philip** South, to remember that in 1989, in this Chamber, the Honourable Member for St. Michael South, then a Prime Minister, told us that Barbados was enjoying boom times, that the economy was battling like Sir **Garfield** Sobers. We remember, on this side. That was in 1989 when everywhere in this hemisphere things were on the up and up.

#### *Asides.*

Hon. Miss B. A. MILLER: No that is the repeating of it in 1990. In 1989 if you look at all of the indices you will see that was the last peak year in the Democratic Labour Party time for tourism, and a whole host of other things as well in other sectors in our economy, in 1989.

Then all of a sudden, as you are saying, Mr. Speaker, Sir, as the Attorney General is making the point, by December of 1990 we were on the slippery slope, the **Gadarene** slope, sliding down to chaos, sliding down to disaster, sliding down to unemployment.

The Democratic Labour Party administration, Sir, in those years, was delving in all kinds of extravagances, irrelevant extravagances. They were building arches. When people were homeless, they were building arches. Nobody can live in an arch. When people were homeless, they were moving Nelson at great expense. When Dover Convention Centre was showing an occupancy rate of **18%**, they were pouring millions and millions, twice \$35 million into **Sherbourne**. That is what they were doing.

In those years I never thought I would live to see Barbados become a water scarce country. When we left the Government in 1986, the Barbados Water Authority was one of the better off, perhaps, the best off financially, the best off of all the statutory corporations, and I have lived to see in my lifetime before the end of this century, that

Barbados is now categorised by the United Nations as a water scarce country. All of that we saw.

Housing. They talked about housing in here, Sir? What we saw in the Democratic Labour Party administration, that instead of taking good money to build houses, they took an old, broken down school in Hindsbury Road, the old Hindsbury Primary School, Sir, and converted it into a night shelter. That was their interpretation of housing for the poor and the homeless. Those who were living in poverty in this country. That was their solution. That was on the level of bus fare and lunch money for the unemployed.

The Honourable Member for St. **Philip** South disappointed me just now, when he is suggesting or the interpretation that he would like to put on a certain aspect of the Budget, is that we are asking people who have nothing and have no jobs, and no money, to invest and to do this and to do that. It is clear, as has been said in here, that Honourable Members on that side have not read the Budget. Pages, and pages, and pages of this are dedicated to Human Resource development.

Something that I have not seen for many, many years, not since I was a child in the City of Bridgetown, I saw returned to the City of Bridgetown in the years between 1986 and 1994 people living on the pavement, people sleeping on the pavement. I am not talking about fellows who may have had one too many and collapsed, and sleeping it off. People who have nowhere else to live. I am pleased the Honourable Minister of Housing is about to embark upon phase 2 of the **Pondside** Housing in the City of Bridgetown.

Mr. Speaker, Sir, we left that project on the way in 1986. The Democratic Labour Party cut it back, denying people homes, but I lived to see that we came back to Government and we will now expand it. I have tried to impress on the Honourable Minister of Housing that he must acquire as far up to, and including the property that used to be known as Harry's **Nitery**, to expand even further, phase 2 of the **Pondside** Housing because the development of Bridgetown, Mr. Speaker, Sir, has a residential component within it.

#### *Asides.*

Hon. Miss B. A. MILLER: I hear people talking about housing areas, I am talking about housing estates. Representations are, even as we speak, Mr. Speaker, Sir, being put before the Inter-American Development Bank in respect of rehabilitation of the New Orleans.

Now, Mr. Speaker, those are the reasons why, and as the Honourable Prime Minister rightly said, prudent and responsible fiscal behaviour have to be the order of the day.

Now, I have in my hand, Sir, and I am willing to make a document of the House a Newsletter put out by Price Waterhouse. It is called the Barbados Tax Newsletter, it is nothing new, but this is the one dated May 21, 1996 and it is reviewing the Budgetary Proposals. It speaks at Page 2 of the economic review. It says that Barbados's economy has shown significant improvements. It speaks of investment on Page 4. At Page 5 is an interesting comment, and I quote from it, Sir.

"The variety of these measures will encourage investment, foster the development of the local capital markets and stimulate growth in the economy."

Now, this is not me. This is an independent observer, Price Waterhouse, reputable. This is their comment on the investment aspect of the Budgetary Proposals.  
5.50 p.m.

At page 7 they go on to speak on further comments on what the Budget has done for tourism, and I quote: -

"Hoteliers should be pleased with taxable designation since it permits them to recover input tax, a position they were denied under the initial exempt status. In addition, they will continue to receive exemption from import duty on those items approved in directives issued by the Ministry of Finance."

It goes on to point out that the food and beverage sales will still be charged at the standard rate of 15 per cent.

Mr. Speaker, I just want to stick a pin here and say a little bit about tourism. Tourism has come a long way since September 1994. We came into Government at that time and found that tourism had gone through a most turbulent history in the recent years before September 1994. Our reputation in the marketplace was down. We had been seeing in our major market, which is the United States of America, five consecutive years of declining arrivals.

Mr. Speaker, I am very pleased to say that we have shown for the first time in all those years, increased arrivals starting most spectacularly last November 1995, 22.5 per cent over November 1994, and it went on like that through December, January, February and March. The fact is that the winter season officially comes to an end on April 15. We are still enjoying 80 per cent occupancies. Today is May 23 and we are still enjoying 80 per cent occupancies on the west coast. God willing, if the Gems programme can really take off, I would hope to see such a thing by this time next year on the south coast as well.

Let me say a few words as well about that programme. It has to be acknowledged that we have a

number of small hotels on the south coast of Barbados which need to be upgraded. Many of them are on the brink of insolvency, if not deep in the trough of it. But the fact is, Sir, that in January, February and March of this year we had to turn back tourists, potential visitors, from this country because we did not have the hotel beds in certain categories. We have had to do that.

It is not a big secret. It is known, for instance, that Americans like big hotels. It is known that Europeans, and we have discovered now South Americans, prefer the small intimate family type hotels that are to be found on the south coast. We need every single one of those beds and they have to be upgraded, refurbished and brought up to a level and minimum below which they must not fall in order for us to satisfy the demand which we are already seeing coming for the winter 1996/1997.

Mr. Speaker, we are seeing increases out of the United Kingdom such as we have never seen before. The United Kingdom, when I came to the Ministry of Tourism less than a year ago, was at that time our fastest growing market. It continues to be our fastest growing market and it is time that people know in Barbados that it has now overtaken the United States of America as our major market, 29 per cent coming out of the U.K. as opposed to 25 per cent out of the U.S.A. That is what has happened in this last year.

Mr. Speaker, we have seen arrivals out of CARICOM, significantly up, I am talking about double figures, between 18 and 20 per cent up out of CARICOM. We have seen some decline from Europe and we know why this has happened. There are difficulties in Europe. The reunification of Germany, which is our major marketplace in continental Europe, is costing far more than the Germans thought it would, but they are investing in it and there is less disposable income. We have had some airlift problems as well.

Mr. Speaker, Canada is showing improvement. South America, an important initiative looking for new markets and new thrusts into Brazil. We hope later on we can identify airlift out of Argentina. After that the sky is virtually the limit. There is Chile. You are talking about a marketplace of millions and millions and a marketplace where there is money and where there is an interest in the Caribbean.

Mr. Speaker, I have made the point in a long debate in this House in November of last year that tourism is a better than billion dollar industry for us and that our goal is that by the end of this century, by the year 2 000 or before, it must become a multi-billion dollar industry for Barbados. We are moving in that direction.

The Barbados Tourism Authority under its new management has put a new and exciting advertising programme on the television monitors, in the newspapers, journals, and trade journals in the United States of America, and it has paid off. There is a direct correlation between advertising dollars spent and arrivals here. Not only that, Sir. You cannot divorce arrivals from revenues. The revenues are up. We find that North Americans are now spending more than their counterparts in the U.K. and Europe.

Mr. Speaker, the Barbados Tourism Investment Corporation is another corporation to which our attention is turned at this time. For the first time in its life it is going to behave like an investment corporation. We have already formed a wholly owned subsidiary of that corporation, a property owning subsidiary, and we are in the process now of preparing a magnificent portfolio of properties, particularly tourism related properties owned by the Government, many of them in Bridgetown, Speightstown, St. Lawrence Gap and **Graeme Hall**. Many of them are heritage properties which would be managed by this Investment Corporation which will be part of a portfolio together with an incentive package that I have already described on this Floor some time ago.

We are already seeing, both the Honourable Prime Minister and myself, all sorts of private sector people knocking our doors down. They want to get on board. One man came to see me here in this House of Assembly some weeks ago, a Caribbean man from another island, and I went out into my office to meet him and he said: "I have only heard about it. I have not seen anything but I want part of the waterfront investment." Ordinary Barbadians, groups of Barbadians coming together in consortia are already putting all sorts of proposals before us. I am amazed when I hear this talk about all of these offshore people who are going to own Barbados because 95 per cent of the proposals that have been put before me so far are from Barbadians.

Furthermore, I would like to say, Sir, a few words about the Facilitation Unit for returning nationals. Now people are looking at that in a very narrow way. They are seeing it only that we are providing certain facilities to make life easier and more **comfortable** for Barbadian nationals who are returning, but it is more than that. I have been speaking of this whenever I travel abroad and where **Barbadians** are settled. I have been saying to them that we value the contribution they have made to Barbados.  
6.00 p.m.

Twenty-five to 30 years ago these people were making a magnificent investment by way of their remittances. That has tailed off as we have gone into a second and third and in some cases a fourth generation of Barbadians who are living in the United Kingdom, the

United States and Canada **but** many of those people want to invest in this rock. I was glad to hear the Honourable Member for St. Michael North making the point earlier today that with the expansion of the Bridgetown Port, with the expansion of the Grantley Adams International Airport, those people, just like Barbadians home, ordinary men in the street, women in the street Barbadians, should have an opportunity to invest at that level.

I heard the Leader of the Opposition uttering certain mythology about the **Hilton**. It is amazing that it is **within** my portfolio and he can tell me a story about it. He always gets it wrong. What we are envisaging for the **Hilton**, one of the most magnificent hotel sites in the world. This is a site on a peninsula with a sea view on three sides, not easily found anywhere else. What you are proposing is that we would now have to upgrade the **Hilton**, generally speaking, and we would have to expand the **Hilton**. The **Hilton** needs a critical mass for good profit margins which should see another 125 rooms being added to it and a convention centre and a banqueting hall as well. All of that is on the cards for the **Hilton**.

The Honourable Member for Christ Church West could speak to this as well because as Chairman of the National Insurance Board some of those funds are going to be used for that purpose so we do not have to go about begging anybody for anything. We have everything we need here by way of political will, by way of capital to do what has to be done to prepare Barbados for entry into the twenty-first century and this Budget, Sir, is part of that. But let me get back to those Barbadians overseas.

We in the Ministry of Foreign Affairs suggested to the Ministry of Finance that they might design certain financial instruments especially with Barbadians living in the diaspora in mind. We have suggested for instance, Sir, and I read from the document which I am willing to make a document of the house that the instrument should be denominated in the US dollars and that it must be paid in U.S. dollars or in pounds sterling, with **maturities** of three, five, ten years. Floating interest rates between 2 to 3% over the US Treasury notes of equivalent maturity must be purchased from an authorised depository in Barbados. The Note would be registered and not negotiable. Non taxable in Barbados. This is the kind of **outreach** which embraces not only the over 260 000 but the other 261 000 out there in the diaspora who want to invest in their country. Some of them may not even be thinking of coming back to Barbados but in some cases even their children have returned to Barbados and are **making** a contribution of one kind or another. So that Barbadian community out there is still responding to this administration in a way that they never got the opportunity to in an earlier administration.

Mr. Speaker, Sir, the VAT, I go back to the Price Waterhouse Statement. I can only say that the people

in my constituency in the City of Bridgetown would be very glad when they look at page 8 of this to see **price** reductions, cheese, current taxes total **25%**, proposed VAT will bring it down to 20.8%. Canned corned beef, current taxes **25%**, proposed VAT will bring it down to 20.8%. Fruit juices, current taxes **114.6%**, VAT will bring it down to 61%. Tomato Ketchup **94.2%**, proposed VAT will bring it **down** to 49.5%. Mauby bark 25% coming down to 20.8%. Soups, these are the things that people live on, buy daily in the supermarket, 94.2% coming down to 49.5%

**Aside.**

Hon. Miss B. A. MILLER: Tell me who buys corned beef and fruit juices and mauby bark, soup and tomato ketchup – not ordinary people? That is what I buy. Everybody in Barbados buys them. The list goes on, Sir. It speaks to peas, poultry parts, coffee, rice, vegetable oil, cereal, biscuits, salt, peanut butter. This is the ordinary food basket that we all eat out of. So I have to say thank you to the Honourable Prime Minister and Minister of Finance on behalf of myself and the people of the City of Bridgetown in particular for that kind of easement.

Mr. Speaker, Sir, on the medium term macro economic strategy I do not want to lose the opportunity to say a few words. Just to go back to tourism. In this document it speaks of recent performance at page 3. But I want to refer Honourable Members particularly to page 43 where it talks about objectives and action plans and also timing. This is not like a document tabled in here some time ago called the Barbados Development Plan 1993 – 1999 or something like that – a nebulous document. I would refer Honourable Members to this document. This is already a document of the House **1996-1999**. It speaks of enhancing the tourism product, increasing effective demand points, providing logistical support in the form of improved institutional and legislative frameworks and airlift to Barbados from major markets. All of this is already under way. It talks about developing a public relations programme on tourism geared at sensitising the local population to the importance of tourism to this economy.

Only day before yesterday morning, at Sherbourne, I opened a workshop symposium dealing with this business of tourism awareness. It is so important, not only that we beam all of our public relations to outside of Barbados but Barbadians should come to have a better appreciation of where tourism is within our economy and how it touches the lives of every single one of us, not only the 20 000 working in it but of every single family and every single one of us and we are already embarked upon this.

Mr. Speaker, Sir, it goes on to talk about encouraging the further refurbishment, expansion and upgrading of hotel plant. I have already made reference to the South Coast

Hotel and the GEM project. That has nothing to do with other hotel plant, new plant, that we see coming on stream. 6.10 p.m.

This talks about providing additional assistance to the small hotel sub-sector. That is actually happening, Sir. This is not anything for the medium distant future. We are already in the Ministry of Tourism embarked on the action plan. It talks about increased advertising both corporate and co-op to expand coverage by at least 50 per cent. Already as I have said, Sir, we have started on that and it is showing us results in terms of arrivals and revenues. Regarding continued negotiations with air carriers to increase airlift, the Honourable Member for St. Michael North spoke about that this morning at great length, and re-constituting the Barbados Tourism Investment Corporation to focus on its original mandate as a developer of **up-**market hotels and ancillary services. What I am saying, Sir, is that in the Ministry of Tourism we are virtually ahead of the tourism component within this micro-economic strategy and this Budget particularly for the tourism sector will help us to take off with even greater impetus than we had contemplated a year ago when this sort of planning was done, no less than a year ago in fact. Sometimes it seems to me that I have been in the Ministry for a long time, but really and truly it is less than a year that I have been in the Ministry of Tourism. But a few months ago when we were doing this planning and getting a lot of this off the ground and movement was taking place, this Budget will now allow us to lift off with greater confidence, strength and **impetus**.

Mr. Speaker, Sir, I can only commend to Barbadians this Budget and to ask us all to continue to show the support that Barbadians have been showing to this Government, to put our shoulders to the wheel every day of life and I do not over-stress that, Sir. Every day of life there is somebody, at least one person, who says to me to keep up the good work. You all are doing a good job. For that, we thank Barbadians. We need as a Government to feel the strength and the warmth and the support of Barbadians on whose behalf we work. We need to feel that around us.

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

Mr. H. **deB. FORDE**: Mr. Speaker, Sir, I would have wished that the public of Barbados had the opportunity in March to have listened on their radio and to have seen on their television screen the debate in this House on the Estimates of Revenue and Expenditure. Had they had that opportunity, Mr. Speaker, Sir, we would perhaps not have heard some of the extravagances in criticism which have emanated principally from no more than I would say 3 or 4 spokesmen from the other side. As usual, the Honourable Member for St. Michael South Central was in his extravagant impressionistic style. He has rather late

in life discovered the unemployed and the poor people and that there must be black empowerment in Barbados. I was deeply disappointed with the Honourable Member for St. Philip South because whilst he is probably one of the best academics in this country, sometimes his logic escapes empirical examination with any seriousness. If he can seriously tell the country of Barbados that the private sector in Barbados has remained the same private sector since 1640, he has within that sentence destroyed the contribution of **Errol** Barrow and **Grantley** Adams to mention only two and all of those who have gone before us and he has failed to recognize sitting at the back of him one of the most successful black entrepreneurs that we have had in this country. So I really find it a little bit difficult to take these extravagances.

I also find it a little bit difficult to take the criticism which emanated from my friend, the Honourable Member for St. Michael East. He got himself all wrapped up, Sir, and he said that Barbados is in a structural adjustment programme. Sir, even my 7 year old son will tell him that is not true. He must understand what a structural adjustment programme means and there is no point coming into this House, particularly when you are speaking to the public of Barbados seriously and for political purposes only, making extravagant statements such as these.

Now the gravamen of the criticism of the Honourable Member for St. John was that the Budget is not creative enough, there is too much timidity, and that it does not answer as he said, and I think that this is his main criticism, the problems of Barbados by way of employment and otherwise. I will ask the Honourable Member for St. John this, Sir. The Government has changed only since September, 1994. This Government has had therefore no more than 22 months within which to make a difference to our country Barbados. I concede to the Honourable Members that each one of us in this House today if you look around has had the benefit of a good education and I believe that we can chronologically dissect the problems of Barbados. But we will lose credibility if we seek to convince the public that you would expect the Government in 22 months to have solved problems, many of them that have pre-existed this Government and some of them have accumulated in the period of the outgoing Democratic Labour Party Government and some of them that have been endemic in the society for years longer than some of us have existed here and which our immediate forefathers started particularly in the 1930's to attend to with seriousness. I say to Barbadians tonight that we have transformed Barbados beyond all measure between the period of the 1930's and tonight. Only look in this House, Sir, and look at most of us in here. Look at our genealogy and our ancestry and see that a significant change has come because our forefathers had the foresight to plan. They understood savings and they understood unemployment as

well and they understood investment. I can recall, Sir, when I was a boy at school having one **khaki** suit which you wore to school on a Monday and you took it off on a Friday with your pumps, if you were that lucky, and those were cleaned for Sunday School on Sunday and those clothes were ironed for school on a Monday. You were the product as I was of a carpenter who worked for very little in those days and you had a mother who was probably unemployed other than within her own household of 7 or 8 children. But she was able to take the tamarinds and turn those tamarinds into something beautiful to sell. She was able to take the split peas and make those into something to sell and to exchange. Barbadians understood savings and thrift. The Friendly Society was a product of those very poor, people and some of them unemployed. It was their industry, pride and care which together with their thoughts and visions of the **O'Neals**, the **Adamses**, the **Barrows**, the **Coxes**, the **Cummins** which transformed the Barbados that we have today. I believe that not only did we move into political enfranchisement but the process and transformation to economic enfranchisement has also advanced a large way in our society.

6.20 p.m.

This Barbados Labour Party Government is too grounded in the principles of democratic socialism to reverse that trend, and this leader, whom we have today understands in a personal way more so than many people in this House understand having to pull yourself up by your boot straps to achieve the highest in society. I am pleased and happy tonight to support him as the leader, not only of this great Barbados Labour Party but as the leader of this great country, Barbados. The office of Prime Minister has not been devalued under him, his every act, his foresight, his vision, his clarity of thought, his erudition, his knowledge of economic affairs point him out as one of the great leaders of this generation not only of Barbados but of the Caribbean and beyond. I want to make the point, Sir, because we must understand that.

I am not saying he will not have his shortcomings, all of us have shortcomings, but he has done his best within the short period he has had in order to help stabilise the ship, to put us on course, to lay the foundation, so that we can now tread the road to accomplishing the good life. We must never forget this. Surely those of us who sat here at the time of the Estimates would have heard of the Capital projects which the Government has planning for job creation. I will come to that a little bit later if time permits me, but it is clear that whatever he inherited – and nobody is going to deny the Democratic Labour Party ~~whatever~~ achievements they had, but they must also recognise their failures as well, as we had to recognise those occasions on which we failed. What is clear is that the 1995 Budget and Estimates set the clear course for rebuilding this economy and putting it on a stable foundation, and he has achieved it.

Empirical evidence shows that the country has been successful in ploughing its way out of the structural adjustment of the years **1991 - 1993**. That structural adjustment wrought havoc on us. It is not anything of which any of us can be proud. It destroyed the very social fabric of our society in many instances, it lowered our standards in health and in education, it affected us in a way of growth and, worse still, in a way of employment. Honourable Members have to concede this. We went through a rough period. I believe the Honourable Member for St. Michael East is absolutely mistaken when he attributes to the Labour Party only the achievement of people marching in the streets and telling the Government it is doing things wrong. It was other than that. There were the workers themselves who realised the difficult times we were under and therefore the Democratic Labour Party lost power in circumstances where the Democratic Labour Party itself, sitting on this side, was at its most fractured state in the history of any political party. Let us face it. Do not forget these things in such a short time.

It was not only the **NDP** and the Barbados Labour Party, the **first** person to leave the ship was the Honourable Member for St. Michael South Central. Tonight he is applauding, so strategically it suits him to be at the back there waiting. . . . I warn the Honourable Member for St. **John**. You are a young man with a future, watch your back. The first person to jump ship was the Honourable Member for St. Michael South Central. He left the Right Honourable Member for St. Michael South, my friend who **always** says he is helping me, but I have had to protect him, Sir. He left him exposed in the party, and after that what happened? Member after member, including front bench members, criticised their own party and ruptured the position because of the pressure that came about.

Even my friend, the Honourable Member for St. Michael East, put forward himself as a Prime Minister.

Mr. J. O. TUDOR: Mr. Speaker, I rise on a point of order. At no time in the past have I ever put forward myself as a Prime Minister. I think the Honourable Member should retract what he has said, because of his own failing. . .

Mr. SPEAKER: Please. You have made your point.

Mr. J. O. TUDOR: . . . when he put forward himself to be one.

Mr. SPEAKER: Please, please. You have made your point of order.

Mr. H. **deB.** FORDE: I am **sorry** that the Honourable Member does not see himself as a Prime Minister, Sir. I will not join the crowd who may want to see him as a

buffoon. I take him very seriously, Sir, and I believe that he has the possibilities.

#### **Asides.**

Mr. SPEAKER: Order, please! Please, order. Order, please.

Mr. J. O. TUDOR: Mr. Speaker, I am sure you will recognise that that is not parliamentary behaviour, and he really should withdraw it. Let us have some decency.

Mr. H. **deB.** FORDE: If the Honourable Member is worried, I will change it for him, Sir. I take the Honourable Member very seriously. I believe every Honourable Member in this House has the potential of leading Barbados, so I have no difficulty about it at all.

Mr. J. O. TUDOR: Mr. Speaker, on a point of order. The Honourable Member is misleading the House. My comments were very clear. I said if I could get results I would do the job tomorrow. That is what I said.

Mr. H. **deB.** FORDE: The position is, however, Sir, that all of the speeches today have not been extravagant speeches. The younger Members of this House who have recently come into this House, for instance, the Honourable Member for St. Michael South East, show a good deal of promise. For a young Member his speech had reality. He did not agree with everything the Government is doing, but it had balance. Likewise on this side we had good speeches from the Honourable Members for Christ Church West Central and Christ Church East Central, and excellent speeches from the front bench. The Honourable Member for St. James South made an extremely moving speech and the Honourable Member for St. George South in his experience, although he appealed to the constituency he wanted, so we have had some balance in the speeches in this House and the Government does not expect that when it comes to the House it would not get some criticism, but the criticism must be fair and reasonable **and** one must recognise that the Government is working in the context of a short period of time with myriad problems to address, and it is addressing those problems. Even if you look at it from a **sectoral** point of view, there has been an improvement in manufacturing, in tourism, in financial services, all sectors, and particularly I want to address job creation.

It is just over two years ago that our unemployment figures were over **24%**. At the last quarter, December, they were **16.4%** for that particular quarter, according to the Central Bank at an average of 21.7. We can find that at least 7 000 more people found employment last year. If you look at the unemployment claims in the National Insurance Department, those have abated from a high of 20 **396** in **1992** to **8 830** by **1995**. That is the

empirical evidence one has. If you look at our exports, our exports are beginning to climb again, up **24.2%**, the highest for a period of time.

6.30 p.m.

Therefore, the conclusion is reasonable which I think the majority of the public of Barbados has reached, that jobless growth is receding, the economy is moving to sustain the growth and that Government has been able to manage its finances to pay its debts, to repay arrears, to restart programmes and commence new ones, to control the deficit and to embark on a capital programme whilst providing and improving the social services. Therefore, the Government is now launched on its way forward.

If one looks therefore to answer the criticisms of the Opposition, I will answer first the criticism of empowerment and unemployment. The Honourable Member for St. Philip South and I have no disagreement at all on the philosophical trend to which this country has to go, except I feel it must do it in a balanced and sensible way. I think when he analyses the empirical evidence he is wrong. Surely, Sir, you cannot talk – I agree with him – about investments and savings about those people who have not got jobs but people who have more money are able to invest and save some of that money and it would be a mistake if each one of us believed that whatever money we have we must spend the whole amount and not save for the future.

Let me take the public sector, Sir. This Government has put more money in the pockets of the public sector, in the civil servants, the maids, the teachers, the policeman. We have given them back the 8%. We have increased their wages and we are in the process of, hopefully this year, giving them a productivity bonus as well.

Now if we take the private sector, Sir, there has been an increase in wages. The Barbados Workers' Union and most of the wage agreements successfully concluded for real increase in wages over the inflation factor in this country. Productivity bonus gains have been made among the carpenters, the steel benders, the masons, the transport workers and likewise Sir, improved working conditions on the job. I say it is reasonable to conclude that there has been more money available for more people. I am not saying all of the people. That is a sign of empowerment. That is a sign of getting things moving.

Likewise, Sir, companies have done better. One has to admit that. But then what is the Honourable Member going to quarrel about? The duty that we have, and as the unions have, is to make sure that that increase is shared with the workers as well. Sir, I would not criticise the unions by saying that they have not achieved that. They have achieved that. Likewise, Sir, if you look at pensions. Again Honourable Members have to be fair. During the

Democratic Labour Party's time, even in the structural adjustment programme, there was some increase to pensioners. We have increased pensions last year both contributory **and** non-contributory. We had one of the best debates I have listened to in this Parliament only a couple of weeks ago where members were not now looking to make political points but we recognised that we had to keep the social security scheme safe for future generations. The Honourable Member for St. Michael South Central as usual gets up and it is easy to say you have \$90 million, give it in pensions. He well knows and discussed only 2 weeks ago or last week the position of the National Insurance Fund and the problems that are confronting us.

I thought the speech made then by the Honourable Member for St. John was one of the most daring speeches because as a political leader he went even further than his party in making some of the solutions for the problems of the National Insurance. He took then the high road. He didn't take the path which the Honourable Member for St. Michael South Central took last night in this House, giving people the impression that there is **\$93** million that the Government has from the unemployment fund, so you roll it off and give it out and that is the end of the question. This same extravagance that he brought and, unfortunately, he fobbed it off on the Democratic Labour Party at the time and caused us in here by a back-raising stance to put the economy back and everybody in trouble. He wants that tonight and I say to him that the workers' **representatives** on the scheme are not going to allow it to be done that way. It is workers' money. We must therefore see that the scheme pays out more benefits once it is secure. The public of Barbados must understand that otherwise they would destroy the very fabric of their social security scheme.

Like the restoration which this Government has achieved with the restoration of unemployment benefits. You would have heard us from the Board saying quite clearly that we don't agree with the actuary on this point. During the Democratic Labour Party's time because of the structural adjustment programme they had to adjust the rates from 60% to 40 % in the last 30 weeks. The Fund has improved so we have increased it with a sensible decision to 60% for the full 26 weeks. That is sensible, rational government and I am appealing for this country and for the 3 political parties to recognise that there are certain areas of public life that we have to take a non-partisan view about. This is one such area. You can't fool around with it, Sir. It is too fundamental to the life-blood of this country.

We have found more jobs for the people and I have given the harsh statistics but in the Government sector alone, if you read the Economic Report, at least 1000 more people were employed in the government service sector. In manufacturing, at least 900, construction and tourism, another 800. These are the main areas. Distribution,

another 700. All of this has happened, and it is not right to say that this Budget has nothing in it for the unemployed. The Government has a series of projects, some of which are already in the implementation stage, otherwise in the planning stage to create from the Government's perspective more opportunities for workers.

If you take health, the sewerage scheme, a joint project conceived in our time, started in theirs and continuing in ours. This Budget has in the estimates for this year \$42.5 million for the south coast. I speak about it because it has benefited my constituency. I see more people being employed there. I know that it is going to save the south coast reef barrier and improve circumstances. I would never curse the Honourable Member anywhere. My wife would chastise me. He knows who is speaking.

We have already started planning for the west coast and the estimates have in \$2.6 million for that to start work. The landfill, whether you agree with it to be at Greenland or not, we recognise the problem of waste disposal. This budget has in \$7 million to be spent on that. The coastal conservation project continues. The Honourable Member for St. Michael South will be pleased to hear that we are spending \$8.4 million this year on the St. Thomas School. The Ministry of Education Headquarters, something dear to his heart for years, we are spending \$4.6 million on that. Human resources, I am not going to go into that. You have heard about the programmes we have for that and public works.

My friend, the Honourable Member for the City of Bridgetown, the Deputy Prime Minister, spoke about the project for the **Hilton** Hotel. International insurance scheme, we have had a direction and intend to use part of the funds to fund the expansion and the refurbishment of the **Hilton** Hotel, the expansion of the Grantley Adams Airport and the building of additional facilities at the seaport. The local funding is going to be available and provided.

These matters speak to investment in capital, investment in infrastructure, investment in human resources and we cannot confine investment in the narrow way that my friend the Honourable Member for St. **Philip** South would have us confine it.  
6.40 p.m.

This Government, when it speaks of human resources, it is investing almost priceless and best capital, the people of Barbados. So, were it not for the brains of most of us in here, we would not be in here today. The Honourable Members know that, the education and training.

We are not going to detract from the fact that both political parties contributed to that process. How could we?

If people would read the Economic Report, the Article in the back of this Economic Report on Social Capital and Development Reflections on Barbados and Jamaica by **Havelock** Ross-Brewster, you would find out, Sir, why Barbados has made the difference. Even if you contrast us with countries such as Jamaica, Guyana and Trinidad that have more natural resources, whether it is oil, bauxite, land or gold, whereas Barbados has the **Gem** of its people and its imagination. Barbados ranks 20th in human development in the world today.

Mr. J. O. TUDOR: On a point of order. The Honourable Member is misleading the House. The **current** index that is available indicates that Barbados now ranks 25th. We have lost five positions and it is available here.

#### *Asides.*

Mr. H. deB. FORDE: Sir, I do not have access to the most recent one. Let me accept this as 25th. This is the update to February from Brewster. The Honourable Member is probably taking the 1994 or 1993, based on the 1994 projection. I am taking this one, Sir. Whether it is **20th**, 24th or **25th**, the point remains that Barbados is ranked in human development as being ahead of countries with more resources than we have. The principal reason for this is that both political parties recognise that we had to spend most of our Gross Domestic Product on education, health and human resources. That, Sir, has made a difference and a tremendous transformation of the social landscape of Barbados.

I have no doubt, Sir, that we will achieve a fair redistribution in this country within the lifetime of most of the younger people in this House, **and** even within my lifetime, because I come from a family of long livers, Sir. My father has just made a 100, in December. So we come from a family of long livers, Sir.

I believe, Sir, that transformation has already started and is taking place in this country. I believe that this Government is hastening that **transformation**. No one can fairly say that the Government has done nothing for small business. If you listen to Mr. Watson, a former President or probably still the existing President, of the Small Business Association, he recognised the impetus which the Government is putting behind small business in order to help transform it, Sir.

My friend, the Honourable Member for Christ Church South, spoke about his own constituency and the transformation that is taking place there. I hope that we repeat that transformation and I want to go further, Sir. I want to see every Barbadian who can find a job and from their **earnings** have the capacity to do so, invest in companies in Barbados and in the **Caribbean**. I want to see the widening of shareholdership in this country.

I want to see more of the companies convert from being private companies into public companies, and I want to see the cross fertilisation of company ownership through the whole Caribbean on a basis on which to build cohesive social structure.

The Honourable Member knows as I know, that unless we **are** able eventually to cut out from this society, and from our societies the politics of greed, the politics of envy, the politics of hatred, the politics of colour, the politics of division, that those fundamentally the same, that because you are one religion and I am another, you are one colour and I am another, then we **are** different and that we must never have the opportunity.

This party to which I have the honour to belong, Sir, has never, never espoused, other than a philosophy to ensure that people move onwards and upwards. It is in that context, Sir, that I have the greatest pleasure to support this Budget and the Resolution moved by the Right Honourable Member for St. Peter. I say, Sir, with the assistance of other Members of the Government, and the help of the people and the support of the Lord, this country is on the road to a good quality of life and on the super highway **into** the **twenty-first** century. So I would be happy to say **that** we **are** not only 25th but we have probably gone to being at least 2 or 3 in human development.

#### SUSPENSION OF SITTING

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, I beg to move that this sitting be suspended until 7.30 p.m.

Hon. Miss H. E. THOMPSON: I beg to second that, Sir.

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

#### RESUMPTION

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

Mr. B. M. TAITT: Thank you, Mr. Speaker. When the Honourable Member for Christ Church West sat down I could not believe that I had just witnessed the – I do not wish to say display, Mr. Speaker, because that might convey the wrong impression – passion with which he talked about the politics of age, the politics of colour and the politics of this, then it suddenly struck me that "they who wait upon the Lord shall renew their strength." I understood that much better. I understood the Prime

Minister's quotation much better and I understood my friend's function in this particular debate.

He also said, and I have written down what he said in his early presentation: 'We have transformed Barbados beyond all measure.' Again, I started wondering. He is now signalling to me that he meant all of us in the Chamber. For a moment I thought he was talking of the Barbados Labour Party because during the rest of the day as I heard his colleagues speak, I could not help wondering when, oh when, will the election campaign be over and when will the distinguished Honourable Members on that side accept their responsibility fully as Ministers and get on with the people's business. I could not help reflecting as I heard some of the inputs today that they had not yet fully recognised that they have total responsibility for what is going on in the country and to the extent that it is not working the way they wish, or the way they have said, or the way they have predicted, they have to take the responsibility. But if they are not going to take the full responsibility and they **are** going to cast aspersions and blame others, then they should follow that up by at least acknowledging that the Democratic Labour Party Government did do something right.

The Honourable Member for Christ Church West said that the Prime Minister has been successful, and then he listed all of the reasons why the Prime Minister has been successful. I really felt again that I wanted to say the reason why we, all of us, have been successful is that there was a set of Ministers who were prepared to bite the bullet at the time when to bite the bullet was extremely difficult. Those Ministers sat through some of, perhaps, the most virulent abuse since the ministerial system began but they knew at the time, most of them, what the underlying difficulty was and what had to be done.

I believe the vindication has come, Sir, in the document which has followed, the document which has been made a document of this House and from which I will read. Page 3 of the document of the **Inter-American Development Bank**, Barbados Investment Sector Reform Programme, paragraph 2:5 says, and I quote: –

'The authorities responded to this crisis in the latter part of 1991 by adopting a comprehensive adjustment programme that was supported by a **standby** arrangement with the IMF. The initial stabilisation phase of that programme was designed to stem the reserve drain without recourse to currency devaluation.'

Let me repeat that, Sir: 'Designed to stem the reserve drain without recourse to currency devaluation.' I am quoting again:

"This required drastic cuts in aggregate demand which were affected primarily by harsh, fiscal measures supported by tight monetary policies and a general wage price freeze."

Then they go on, Sir, and I quote:

"The stabilization programme was a success in that by 1993 the fiscal deficit was virtually eliminated. International reserves substantially increased and inflation was reduced to practically nil."

Mr. Speaker, the Honourable Member for St. James North said that he was surprised that Honourable Members on this side would make reference to a Budget debate and not quote from various documents. I hope I have satisfied him, Sir, in quoting from this document which is a document put out by the Inter-American Development Bank to show that it is not for us to come and say that what we did was successful. The objective criteria established to **determine** whether something was successful or not as a macroeconomic policy in Barbados has been set out in a document of the Inter-American Development Bank.

In those circumstances, Sir, I think we ought to be able, and the Barbados Labour Party Government ought to be able to move on, accept that they have a responsibility to carry the country forward, and recognise and accept that the basis on which all the success which the Honourable Member for Christ Church West could now boast was as a result of and was part of the underpinning provided by the courageous policies of the Government which have been described in various forms over the last two days in this Budget exercise.

I was proud to be a part of that Government, Sir. It was painful, as the Honourable Member for St. **Andrew** most graphically pointed out today. It was very painful for all of us but we did that which we had to do. I do not know if that was the road less travelled or the road a lot travelled but it was a hard road and we walked it sometimes alone. But, Mr. Speaker, now that we have got to the point where we can recognise familiar signposts again, where we can see the possibility of fulfilment of the dream that was laid out by our forefathers, and I was very surprised that the Honourable Member for Christ Church West would talk about the forefathers and then outlined some things which used to be done in the days when we were all really poor, all of us in here. He talked about the forefathers. I think the Honourable Member cannot remember that it was really the foremothers that did most of what he outlined. I do not have enough time but the Honourable Member will remember that it was really the foremothers who did all of the intimate planning with scarcely a cent to bring us to where we are. I will grant him that he intended to say foremothers and forefathers.

But, Mr. Speaker, the dream which was laid out by them for us puts us in a position where we cannot now fail to recognise what our dream ought to be. How can we ever feel satisfied with small **tinkerings** here, a little adjustment there, a little participation here and a large dose of rhetoric on an ongoing basis? How can we be satisfied that the dream is attainable? How can we be satisfied that we have done all that we should when we look back and see where we came from and how far we have reached?

Mr. Speaker, my colleague, the Honourable Member for St. **Philip** South, embarked on a discussion about the patterns of the past and where the Democratic Labour Party has put down its bucket. I have to say, Sir, that is a familiar tune that all of us who have toiled in the vineyard of the Democratic Labour Party have heard, have sung and must continue to sing if we do not fool ourselves that we have arrived when, in fact, the journey has only now begun.

Mr. Speaker, I had the privilege of being part of the programme that assaulted poverty in the 1960s. Even before I became a Cabinet Minister, I had the privilege and honour of working toward the enfranchisement of a sector of the Barbadian community that did not always seem as it would ever share in the benefits and bounty of our country.

Mr. Speaker, how well I recall the ecstasy of having got the first real industry from out of North America to locate in this far off land, the easternmost island in the Caribbean. How well do I remember when Plessey Industries located in what was then **Seawell**. How well I remember the rapidity with which the industrial parks in this country started to fill up and when one would come back from North America and see the young women leaving these factories in the afternoon and streaming from the **Grazettes** Industrial Park, the Harbour Industrial Park and the Wildey Industrial Park and eventually we had eight industrial parks in this country. But the thing that was important from our point of view, certainly from my point of view, is that they were young entrepreneurial Barbadians who demonstrated in those days that there was opportunity for growth and development.

7.40 p.m.

It must come as a shock when one, after 25 or 30 years reviews what has occurred in the meantime and when one looks and notices that in these industrial parks there are no longer any Barbadians or locally **developed** manufacturers except in the one case, I believe James Husbands, but generally speaking where before through a series of programmes that had emanated from the Barbados Development Board, then the IDC and then the Barbados Development Bank, a number of these entrepreneurial

types were able to start owning the real estate in the actual manufacturing capacity in these industrial parks.

Then came a different shift in policy. Who can forget the Tom Adams regime that came to the conclusion, based on what he said that we would not continue with that policy which would have seen the likes of the **Branckers** and the Mapps and the Husbands, later to become Nassars, all of these people who would get to own something in an industrial park.

Mr. Speaker, as I watched what could only be termed the recession in the ownership of the means of production by that group of people over the years one cannot help but feel that what is required and what people looked to this Government to do is to have a wholesale assault on these issues. On the issue of poverty, Sir, there must not be tentative forward movement of thrust and **parry**. There must be a total assault.

Sir, in the 1970s when the question of housing was tackled by the Democratic Labour Party, Mr. **Philip Greaves**, a former Member of this House was seen and the Democratic Labour Party was seen to be enfranchising a whole host of people who having hardly any possibility of owning their own homes suddenly found that they could live in **respectable** areas of Barbados that had been surveyed, thanks to work by the Urban Development Corporation, that was one of those kinds of forward **looking**, what I call macro approaches to eliminating a particular problem.

As a result, Sir, there are people in this country now who own homes in Rock **Dundo** Park, in Eden Lodge, in other places, homes that were purchased at a relatively small sum of money and which have seen massive **capital** gains and some of them have been able to move beyond that.

We have reached a stage now, having gone through the fire and the water of 1991 to 1993/94. We have reached a stage where we should be ready for another massive assault on that sector of the community that has not yet come on board.

I said elsewhere, Sir, that Barbadians cannot continue to feel that selling corn around the highways and selling nuts and going to Puerto Rico and coming back with three suitcases constitute entrepreneurship. Those who do it **are** doing the right thing but the empowering capacity of this Parliament and more particularly whichever part of this Parliament is the Government, the empowering capacity must be used to move those persons to the next stage, if this country, as we go into the twenty-first century, is supposed to be the dream that was laid down in the context of what the Honourable Member for Christ Church West

was saying to us and what the Honourable Member for St. **Philip** South and what the Leader of the Opposition said in his presentation.

If these things are to be achieved we have to move as a country. It is the Government's responsibility. It is no point Honourable Members on that side looking to this side of the House to find fault and to lay blame. The mantle has fallen squarely on their shoulders and our responsibility now is to keep their nose to the grind stone by fair means and those fair means in this House include telling them that what they **are** doing or what they sought to do is not enough.

Now, Sir, the Honourable Member for St. Michael North was talking about the airport. I **was** embarrassed when I heard him because he said that they inherited an airport that was leaking. Mr. Speaker, the fact that the airport was leaking did not in any way diminish the quality of person who passed through the airport. **Airports** will leak but the Honourable Member made it seem, from his presentation, and I do not have enough time to quote him, as though the Democratic Labour Party had captured a special **kind** of insect and let it loose in the roofs so that it could bore holes in the **roof** so that the rain could drop on passengers.

In fact, Sir, the Honourable Member went on to speak and left on the Floor of this House and in the record, a set of information that is invalid and that is as far as I can go under the rules. He said that the initial investment in Carib Express was a pre-election, his words, Sir, a pre-election rush. He left the impression that the investment by the Government in Carib Express of the day had been done somehow to deal with an election. How utterly puerile. Before any investment could be made there has to be a proper plan. He said they found no plan. But in truth, Sir, you expect that British Airways who own 20%, a former Director of Finance and Planning, a major investor, a company director of one of the leading department stores in Barbados and one of the better known names in Barbados in the Barbados private sector, a couple of **OECS** Governments, you can imagine them putting together an airline without a plan and you can imagine they must have got on the telephone and called the then Prime Minister and say, we hear you are having an election so we are going to rush through this thing, so we will help you out with elections. That is the nature of the presentation made by a distinguished Honourable Member today.

The truth is, Sir, that a plan was submitted by Carib Express and the truth further about the airport is that during 1993 the consultants by the name of Sypher-Mueller were appointed by the then Minister **Philip** Greaves. They **are** the same, the identical consultants that **are** now working on the programme of expansion that the Honourable Member spoke about and left the impression that this is some kind of Barbados Labour Party initiative. They are

the same consultants, Sir, because the airport expansion, like the development of the airport was the Democratic Labour **Party** understanding of how we are going to move forward. You cannot have a country that is relying on tourism that does not have a modern airport.

7.50 p.m.

Anyone who is familiar with airports and airport development knows that this is an ongoing matter, that as soon as you finish one phase of the development of an airport it is time to move to the second phase. You only have to look at **Heathrow** or Atlanta and so it is with **Grantley Adams** and the Democratic Labour Party. In spite of the structural adjustment difficulties, we left in place the programme for the expansion of the airport. I used that, Sir, as an example of the kinds of things which leave me cold when I hear the debate that goes on in here during the Estimates and during this Budget. The Honourable Member and Minister of Foreign Affairs and almost everything else - Foreign Affairs, Tourism and a number of other things - again in discussing tourism...

*Aside.*

Mr. B. M. TAITT: I beg your pardon. Did I say something wrong?

*Aside.*

Mr. B. M. TAITT: Anyhow, Sir, the Honourable Member talked about tourism development and again my friend, the Honourable Member for St. James North, said that we did not use the documentation that is presented. But if we used the documentation it will only seek to show that the Barbados Labour **Party** has in fact been feeding itself with propaganda which is fine. Feeding the country with propaganda is also fine. But the problem is that whereas the country does not **believe** all that it hears from them, they are beginning to believe their own propaganda. Now that is dangerous and the last persons I expect to **believe** their own propaganda would be the Honourable Member for St. **Andrew** and the Honourable Member for St. James North. These are two practical men. They used to be. The Member for the City will believe anything that she wishes to believe. But the truth is that when you take the **document**, that is the Economic Report 1995, you will find that the trend in tourism is one that we should be concerned about. At page 23, Sir, it says:

"The buoyant performance experienced in tourism during 1994 was not carried over into 1995. Growth in value added in the sector was 1.5 percent."

It goes on further when we talk of Market Shares. You see, Sir, in tourism these trends are the ones that are important. The Honourable Member for the City started articulating the number of beds which we had on the West Coast in

May. I am sure if she gets **information** from her chief informant that she will know that usually in May if it has been a cold winter that we will have this sort of activity. But look, Sir, at page 23:

"The second largest market share went to the United States with 25.3 per cent."

They have acknowledged that the U.K. has now commanded a larger share. Sir, it would be instructive to know how the United Kingdom market was developed. From 1986 to the present or at least until we demitted office, there was a programme in place which time does not permit me to articulate now but which recognized that the U.K. market had potential that had not been touched. But to come back to the quotation, it says:

"Visitor arrivals from CARICOM were registered at 13.3 percent of the market followed by Canada at 12.1 percent. Other countries took 5.0 percent of the market. Declines in market shares compared to the previous year were recorded for Canada and other countries, 0.2 percent each, the U.S.A. market 0.3 percent, the U.K. market 0.4 percent and Germany 1.0 percent."

That is an indication of declines in market share. When what my friend for St. Michael East calls the "**Olympio High Fliers**" were brought in like a Daniel come to judgment, the population was led to believe that once you put these persons in place all manner of tourism was going to change. But the truth is that the tourism plant and the tourism methodology do not operate like that. It will take much more than putting 3 persons in place to **turn** tourism around. There has to be something permeating the entire system of tourism in the country and there has to be a high morale in the tourism mechanism. In the Tourism Authority itself, Sir, there has to be a high morale running from the top to the **bottom**. If you have high morale at the top and the rest feel aggrieved because somebody said that they want going home and because somebody has not taken the trouble to even go and say hello to them, all of these are reasons why morale will fall.

I could spend time, Sir, telling you about other departments where that has happened. The investment is nothing more than a little time. The Queen Elizabeth Hospital would not be in the mess that it is in if the Minister had taken a few minutes out of her precious time to go and see the people who function there. But that is another matter.

*Aside.*

Mr. B. M. TAITT: But back to the Minister of Tourism and Minister of Foreign Affairs. The Minister of Foreign Affairs comes to this country and

gives the impression that she is on top of things. Go into the Ministry of Foreign **Affairs** and anything that they put up in the **first** few weeks, things that could not be passed by any other Foreign Minister, flies past her because she was so wonderfully happy to have something to pontificate about like selling the house at Pelham, Mr. Speaker, for Bds. **\$800 000** and 3 months later it is on the **Internet** by the people who bought it from the Government of Barbados being offered for **\$3** million.

*Aside.*

Mr. SPEAKER: Please. Order, please.

Mr. B. M. TAITT: I gave up the responsibility of telling the public anything about the **Ministry** of Foreign Affairs on a day in **1994**. The Honourable Member has the responsibility to tell the people...

Hon. Miss B. A. MILLER: On a point of order, Sir. The Honourable Member is deliberately misleading the House. Yes, it is deliberate. He is not guesstimating. He is saying as a matter of fact and it is not so. The people who bought **Pelham** spent **U.S. \$1/4** million on it and what he saw on the **Internet** is not what they got for it. It is what they would like to get for it. We bought it for **\$92 000** many years ago and sold it for **U.S. \$800 000**.

Mr. B. M. TAITT: We had no right selling it, Sir. We sold it and the people who bought it have it on the **Internet** offering it for **U.S. \$3** million. Furthermore, since the **Honourable** Member wishes us to debate it, what has happened to the furniture? Is it true that you have directed that the furniture, which has been alleged to have been given to the homeless, shall be brought back? Get up and tell the public if you wish to talk about that. I will talk about it. You know that I do not talk about these things. The furniture that was in Pelham, where is it? The Honourable Member knows that she has had to direct somebody in New York to bring back the **furniture** because she was told that it has been given to the homeless. Mr. Speaker, I am not the Minister. I can get in here and raise questions, but that is what my informant in New York has told me. I am operating on gossip that has more bases in fact than any gossip you operated on in the past.

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, on a point of order. None of this is true. A board of survey was held like it always is in the event of Government furniture and some furniture was suitable for keeping and that was earmarked as unsuitable. It was unfit for anybody to use, but none of the furniture was given to the homeless. It is not true to say that.

Mr. B. M. TAITT: I believe that it is true that it was not given. What I said is that somebody said so. I did not say that it was given. I agree with her that it may not be so. Anyhow, I do not have the kind of time to engage in

that small talk. The Minister no doubt will give us a full picture of what has happened to the furniture.

Mr. SPEAKER: The Member has 5 minutes.

Mr. B. M. TAITT: Sir Michael Sandel, a Harvard University political theorist, in his book, 'Democracy's Discontent', says:

'The traditional Republicans are uncritical advocates of the free market, free trade and the global economy and at the same time they pose as advocates of community and family values...but it is precisely unfettered markets which are now most responsible for the breakdown of community and traditional values.'

He goes on to say and I quote:

'**Walmart**, not big government, is responsible for the demise of Main Street across America. But most Republicans won't face up to that contradiction.'

Hear Sandel again:

'What makes this moment so volatile is the fact that the global economy and technology have not just disrupted the economic foundation of people's lives and left them feeling powerless. **These** same changes have also created an environment in which people feel that from family to neighborhood to nation, the moral fabric of their lives, and our sense of belonging to a particular place with a shared civic life, is unraveling around us. These two fears – the loss of economic security and the erosion of a sense of community – together define the anxiety of our time'.

8.00 p.m.

It is my submission, Mr. Speaker, that they define the anxiety of our time. The Right Honourable Member, the Prime Minister, gave \$2 million to the Small Business Association. In his Budget he makes mention of it, but I think the Prime Minister when he gets up to respond needs to tell us the full facts, because to this day the Small Business Association has not received a cent. The money has **been** lodged in a private account. There is a battle going on between the Small Business Association and the people where it has been lodged. All I am suggesting is that the Small Business Association in Barbados does not constitute the conduit through which the ordinary entrepreneurs in Barbados **are** going to get an opportunity to share in this wealth.

The second thing the Prime Minister has to do for small business people in this country is to have the Government pay the small business people when they do work for them. Many a company in Barbados has gone **bankrupt** or is in the process of going bankrupt because the Government has owed them **large** sums of money

for long and outstanding periods, sometimes in excess of two years. I hope the Prime Minister intends to give small entrepreneurs in this country another chance and he should direct the Director of Finance and Planning to see that all **the** small entrepreneurs in this country are paid promptly **for** work performed for the Government.

*Aside.*

Mr. B. M. TAITT: Burger Bee was a long time ago, Sir, but you see I can speak with authority, because unlike the Honourable Members I have been an investor in small business. I invested in small hotels on the west coast, I invested in small businesses in Bridgetown, I invested in Burger Bee and all of them have been victims of the policies of the Barbados Development Bank. I have lost money, Sir, but I have not lost faith and I have not lost hope, and I believe I will invest again because these **are** the ways in which our people **are** going to get to the promised land as articulated and identified by our forefathers and our foremothers. That is our responsibility, and if there is to be **investment** in this country, that investment must come not **with** rhetoric but it must come in real terms.

Mr. Speaker, this is just a few years from the 21st century. I hope that the Prime Minister and Minister of Finance will let this be the last budgetary exercise we have in which the vast majority of the vulnerable groups get to see us displaying a high degree of rhetoric and soon thereafter they go back to their normal **sufferings**, their **normal** marginalisation until the next time around. I believe the time has come for there to be a halt, for the buck to stop somewhere and for the people of Barbados finally to feel that they have a stake in this country that is their own and that they can look forward not only for them, but for their children and their children's children.

I am grateful to Your Honour.

Hon. D. A. C. SIMMONS: Mr. Speaker, this debate has ranged far and wide, particularly wide, of the Resolution that is before this House. I am not speaking on the amendment, I **am** speaking to the Resolution. I want to read the Resolution first. It says:

"WHEREAS the Government by its prudent management of the economy **during** the past year has demonstrated that it is dealing effectively with the problems confronting the country;

AND WHEREAS the fiscal and economic measures implemented to date have resulted in a consolidation of the economic recovery;

AND WHEREAS the measures introduced in the 1996 Budgetary Proposals are designed to:

- (a) further stimulate economic activity through increased savings and investment;
- (b) relieve unemployment and develop the social capital and human resources of Barbados;
- (c) relieve the burden of indirect taxation;
- (d) create new opportunities for the youth and small business sector;

BE IT RESOLVED that this Honourable House of Assembly

- (1) take note of the 1996 Financial Statement and Budgetary Proposals;
- (2) congratulate the Government on its successful management of the economy and its implementation of innovative measures which will promote the growth and development of a strong, modern, resilient and competitive society."

That Resolution, Mr. Speaker, is one that is couched in language of moderation rather than **language** of extravagance and it is important that we judge budget strategy in relation to that Resolution.

On the basis of the evidence that the economy of Barbados has stabilised and the main engines of growth are firing on all cylinders, it is recognised that our economic planners must now plan and construct stratagems, devices for continued and sustainable growth and development of this economy and, by extension, the country. Recognition of that fact requires the development of broad strategic planning and our policies, as enunciated by the Prime Minister in the budgetary proposals, **are** focussed in four directions. First of all, the increase of savings to support investment; secondly, the development of human resources; thirdly, the creation of devices to promote small business and the entrepreneurial class; and fourthly, a reduction in the burden of indirect taxation.

The Budget, in my submission, Mr. Speaker, recognises the need for those four strategies and then proceeds to promulgate specific fiscal and economic instruments to promote those broad strategies. In all of the Opposition speeches there has been no criticism of those four strategies for the growth and development of the Barbados economy, except for the Honourable Member for St. Philip South who criticised the strategy on savings, and I will come to that in due course.  
8.10 p.m.

Throughout those 4 strategies there is one golden thread, the relief of unemployment. Honourable Members on the other side have failed to analyse those strategies. Increased savings and investment can only lead to the expansion of existing businesses and the creation of new ones. The expansion of existing businesses and the creation of new ones are the accepted vehicles for the expansion of jobs and the creation of jobs.

Secondly, Sir, the small business development speaks for itself as an **instrument** of job creation. Similarly, the development of human resources. While on this point I think I ought to point out to Honourable Members that whereas the Democratic Labour Party manifesto of 1994 on page 40 in bold speaks to human resource development, what is written there is contained in 14 lines. Two years ago the Democratic Labour Party's policy on human resource development, developing the young people of this country, giving them skills, education and training was reduced to 14 lines.

Now in this Budget, this year, the Rt. Honourable Prime Minister devoted 13 pages to various programmes for the development of human resources in this country. Why is it necessary for us to develop human resources? Why is it necessary for this Budget to focus so heavily on the development of our human capital?

There is a figure which the Honourable Minister of Education divulged over a year ago that 60% of our secondary school leavers leave school without a certificate that can equip them for certain types of employment in this country. If there is that statistic out there, if the fact is that more than half of our secondary school students leave without any certificates, no government that is a responsible government can abandon them to a kind of wasteland of hopelessness, frustration and despair. It behooves any government that is a caring government to take those same 50% and say, you may have failed academically, but we believe that there is a niche for you. We believe that you can be retrained that you can find employment either on your own or in business but you have to be trained to compete in the contemporary situation. Hence the emphasis on information technology training and so on. I am not going into any details now.

It is because we recognise that we must not abandon that 60% of our students who come out **uncertificated** that consciously Cabinet set up a sub-committee comprising the Minister of Education, the Minister of Labour and the Minister of Trade and Industry to deal with this matter and these **are** the strategies and the programmes that that sub-committee has developed, representing some 108–121 pages of the Budget.

More importantly, Sir, the need to develop the human resources of Barbados is rooted in our recognition of the

value of social capital. In February, Dr. **Havelock** Brewster, an executive director of the United Nations Development Programme and of the Inter-American Development Bank wrote an article which we have reproduced at the back of the Economic Report for 1995. I know members on the other side have not read it. They don't read much.

Dr. Brewster argued that earlier theories of development pointed to a country's endowment of the factors of production in land, labour, technology and capital. He then compared Barbados with Jamaica and noted that although Barbados is better endowed in those respects our national per capita income is 4 times greater than Jamaica's. He continued his argument that much of Barbados' success over the past 50 years had been due to successive governments recognition of the value of social capital and government's constant development of that social capital. In a word, his thesis is that personal capital impacts on those economic variables which lead to economic success.

I submit, Sir, that if Dr. Brewster's analysis of the two countries is right, then it is crucial at a time when it is recognised that there has been some diminution in the value of that social capital. It is crucial that we support human resource development, not by rhetoric, not by 14 lines on page 40 of a manifesto, but by action and by money. Of all the measures that have been proposed in the Budget, I find those aimed at human resource development the most exciting and the most relevant because they **are** aimed at the future of Barbados and they are aimed to give our young people of the 21st century the skills to have human dignity in this country and to continue to develop our country.

Speaking from the standpoint of my Ministry, Sir, I see a relationship between human resources development or lack of it. I said the Democratic Labour Party seemed to have had no policy for human resources development, articulated none, that was worth the paper it was written on in 1994, and it is significant what happened in Barbados from 1988 in the area of crime.

In 1988 the number of crimes investigated by the police is here in the Annual Report of the Commissioner of Police and it is already a document of the House and it can be found at page 20:

"The Police investigated in **1988, 10 292** crimes. The Democratic Labour Party was the party in power. In 1992 the Democratic Labour Party was still in power. At page 15, Honourable Members will find the number of crimes investigated by the Police after 4

8.20 p.m.

During that **time**, Sir, there was an explosion in the Prison population. Everybody is concerned

about overcrowding at the Prison. The Government is strategising about that and we will do it according to informed analysis, as a result of the report of the Conunittee on Penal Reform, Sir.

Let me give Honourable Members the figures for the Prison population. When I left as Attorney General in 1986, Sir, the prison had 355 inmates. In 1987 it had 385, in 1988 it had 420 and by 1994 when we resumed, it had 716. It moved from 420 in 1988 to 716 in 1994. It is now at 800. Those statistics, Sir, tell of a sudden spurt of crime and a relentless spiralling of that criminal activity between those years, particularly 1988 to 1994, Sir.

It is important that we pay attention to human resources development. It is all well and good, Sir, for us to be tough on crime, we have to be tough on crime, but that is at the end when somebody is convicted. What we have to do, Sir, as a country is to try and get hold of our young people who may be fractious, who may be devious and channel them away from crime and into areas of wholesome and productive activities.

The Government's policy for Human Resources Development, most comprehensively explained by the Honourable Minister of Education, Sir, is one of the strategies designed to turn young people away from a life of crime, and to tackle the problem at the source. If we have to be tough, we will be tough, but we have a responsibility to save those human resources for future use.

I do not believe, Sir, that we can afford a destruction of the social capital of Barbados by criminal activity. We cannot neglect the human resources. It will have negative consequences for us as a country, if crime is of such alarming proportion that, for example, visitors to Barbados do not feel safe coming to Barbados. So we have a responsibility to tackle the matter and the Government is tackling it, Sir. Through the Task Force we will soon have a report. I have asked them to even give me an interim report to share with all Honourable Members what we are finding by way of the criminological analysis.

We have started this year, Sir, with Human Resource Development and all that is portended in the Budget. The time will come, within the next year, when this country has to face up to the financing of a modern and relevant penal system that provides a series of alternatives to imprisonment and reserves imprisonment for the worst offenders. When we get the report from the Steering Committee, Sir, I will move on it very quickly. I will have limited time for discussion. So I do not think there is a lot of time, perhaps two months for the public to be seized of it, Sir, then we have to take action and we have to look to fund that pro, arame. We owe it to the young people of Barbados. We owe it to ourselves as a country to make

sure that we try and create alternatives that prevent our country, Sir, from becoming like some others in the region and elsewhere.

Having dealt with just that one aspect of the Budgetary Proposal, the Human Resource Development, what replies did we get from the Opposition? The Honourable Member for St. John, the Honourable Leader of the Opposition, spent two hours and twenty minutes, or there about, a brilliant exposition of emptiness. He made no connection at all with the Budget.

I was particularly struck by this part of his speech, noted here, Sir, where he purported to criticise the Prime Minister for his metaphor about "the road less travelled," Sir, and he said words to this effect.

"Sir, I have never travelled on the road less travelled. I do not know who I will meet on the way. You see the road I am on is the road where I meet all the other people I just spoke about, and Mr. Speaker, Sir, the persons you will meet on the road he is on, - meaning the Honourable Prime Minister - apparently speak about dividends, mutual funds, shares, property transfer tax, and so on." Those are not the people, Mr. Speaker, who you and I meet on the road that we are on. Those are not the people we meet. I have never met anybody, dropping them to work on a morning, who has ever told me about mutual funds, dividends and shares.

Now, Sir, I understand, he made his position clear. After his Government virtually destroyed the working class of Barbados, between 1991 and 1994.

#### Asides.

Hon. D. A. C. SIMMONS: Alright, Sir, the Prime Minister does not like the use of the word "virtually." After his Government devastated the working class of this country, he now finds himself in a position where he is scrambling for territory and he is making statements offering platitudes to win back that same class that he and his Government destroyed in three years, 1991 to 1994, Sir. So he wants the public of Barbados to believe that all this talk about mutual funds and shares and so, Sir, is pie in the sky. That is for a certain kind of people. The big boys, not the man in the street. As the Honourable Member for St. Michael East used to say that is his intent.

Now that was May 22, 1996. On March 28, 1994, when the Honourable Member for St. John, the Leader of the Opposition, when he was Minister of Finance, Sir, speaking over here, hear some of the language he used in the Budget, Sir. He does not meet anybody that know anything about mutual funds, shares and so on. Hear this language:

"Credit Capital Market Development and initiative. Capital market . . ."

Mr. J. O. TUDOR: On a point of order. What page?

Hon. D. A. C. SIMMONS: Let me not **run** ahead of myself, Sir. March 28, 1994, page 17.

"Capital market operations in Barbados are executed through a variety of institutions, including commercial banks, trust companies, insurance companies, finance companies and security exchange. These institutions have harnessed Barbadian savings."

Let me just interject here. The Honourable Member for St. Philip South today said that they talked about savings in the context of unemployment is foolishness. If you hear what your Leader was saying, the same year that he was leading you into the election, that with all those big institutions that harnessed Barbadian savings, he used the word "**savings**,"

"and used them to finance investment activity in important areas like construction, manufacturing and tourism. They have also enabled Barbadians to improve their living standards at a somewhat faster rate than would have otherwise been feasible for the individual without capital resources."

Turn the page, Sir, page 18.

"Equity, however, remains an under-utilised source of finance. And as a matter of interest, Government is considering the facilitation of the development of mutual funds in Barbados as a means of providing better returns and a more diversified portfolio of investments for our citizens."

He went on to say, Sir, that "all these things would help savers to understand the process of investing through the capital markets.

"**Institutions** such as Unit Trusts," we do not meet them on the same road on which he travels. Institutions such as Unit Trusts will be encouraged to pool the resources of small savers."

8.30 p.m.

You do not meet them on the same road we travel.

"Institutions such as unit trusts will be encouraged to pool the resources of small savers."

He acknowledged that there **are** small people in this country who save and as a lawyer you know, too.

"... and provide them with management services at a cost that makes participation in the bond and equity markets a practical possibility."

Now, you see why as politicians we are so often the butt of criticism, why we are discounted, why people have no faith in us, why there is widespread cynicism and there is apathy about who have rights in the political process that sees a voter turnout in 1994 at 20 per cent less than it was in **1981**? It is because in 1994 we will talk about mutual **funds**, and setting up mutual funds, and in 1996 we come and tell the same public: 'The people that I associate with do not know anything about mutual funds. They **are** not on the same road.' We have a duty to ourselves to speak one way to the public at all times.

I held him yesterday, Sir. "**I** think the methodology for this south coast hotel project is wrong. There are other hotels which owe money to the BDB which are not part of the project and I think it is unfair that only certain hotels are part of the evaluation and the process." Again, trying to give the public the impression that the Government has hived off a certain number of distressed hotels for help. At page 75 of the Prime Minister's Statement on Tuesday hear the Prime Minister's words: -

- "1. Hotels and Resorts Ltd. To take responsibility for revitalising the South Coast Hotels indebted to Government and the BDB, and the other hotels, not indebted to the **BDB**."

The Honourable Prime Minister made it clear, Sir, that it is not a limited area, that those indebted as well as those not indebted are available for help by Hotels & Resorts Ltd. His speech on that was a complete distortion and an attempt, wittingly or unwittingly, to mislead. I can only believe that may have been deliberate because yesterday he said these words: "I only speak one language, English Language. I am acutely aware of words and I use them and their meaning." I can only believe, Sir, that when he said those things he knew what he was saying, fully **compos mentis**. The purpose may have been ulterior, Sir.

Mr. Speaker, before I sit down, I wish to say, of all the speeches made on that side, the finest, and it is a pity he spoke this morning when I do not believe the pavilions were **full**, speech made on that side was made by the Honourable Member for St. Michael South East.

Sir. I have two minutes but I wish to commend this Budget to Honourable Members. I go further. I wish to commend this Budget to the public of Barbados. It is noteworthy that today and yesterday I have not

read nor have I heard any strident criticisms against this Budget from those in the academic world who **axe** competent to analyse the type of budgetary tool that has been used this year.

Honourable Members must understand and so must **the** general public. This budgetary process is a continuation of the week of March 18 when we did the Estimates. It does not deal specifically with projects and the creation of jobs per project. Those matters were ventilated in here fully in that week of March 18. This Budget is to take that process further and look down the road.

We speak in the Budget of medium-term with a view to what is necessary to ensure that development of Barbados is sustained. It is easy for us to reach, perhaps, 4½ per cent growth this year. If we fall back to 3 per cent next year, you will hear them on the other side saying, "decline, decline." We are not concerned to have stopped growth. We want to see continuous growth from now into the 21st Century and that is why the strategies and plans in this Budget commend themselves because they **axe** visionary, yes, they are expansionary, but they are also visionary and they look down the road for the total development of Barbados.

I am pleased to be associated with a Government, Sir, and a Prime Minister more particularly, the Minister of Finance, who could produce a document like this that can stand the test of time. I give it all my support and commend it to Honourable Member and the general public.

I am obliged to you, Sir.

Mr. SPEAKER: I would just like to remind all Honourable Members that there is an amendment before the House in addition to the Resolution. **The** Honourable Member for St. John now has half an hour to wind up on the amendment.

Mr. D. J. H. THOMPSON. Thank you very much, Mr. Speaker.

In the final stages of this debate I should like to extend my profound gratitude to those members on my side who spoke during the course of the debate. I also want in particular to say "Thank you" to the Honourable Member for St. Michael South East who it has been acknowledged on that side delivered the best speech for the entire debate. Now when I heard the Honourable Member for St. Thomas

...

Hon. D. A. C. SIMMONS: On a point of order, Sir. On that side!

Mr. D. H. THOMPSON: When I heard the Honourable Member for St. Thomas throw that encomium

on the Honourable Member for St. Michael South East, coming as it did after a presentation which started on a misrepresentation, it was good to see that he climbed from misrepresentation to truth. The Honourable Member began by saying the only thing the Democratic Labour Party said about **human** resource development was captured in 14 lines on page 40 of the Manifesto. Mr. Speaker, on page 32 of the Democratic Labour Party's Manifesto under the heading "**Education**" there are almost two pages.

Hon. D. A. C. SIMMONS: On a point of order, Sir. I held it up. It said "**Human** Resource Development." I was not speaking about education. This Budget does not speak about education as such. It says Human Resource Development. I was being very, very precise.

Mr. D. J. H. THOMPSON: Mr. Speaker, Human Resource Development must include education. If the Honourable Member for St. Thomas does not understand that he would never have read the two pages which deal with the TVET project and all of the Democratic Labour Party proposals. As I said, he climbed from misrepresentation to truth and that was wonderful because I **normally** see him declining **from** truth to misrepresentation, so I was thrilled at that presentation.

But I **am** not here to rebut his speech, Sir. I want to deal with the issues that have arisen in the course of this Budget. I want to say at the outset that if there is any way that I can shield innocent members of the public who have been at the receiving end of the Prime Minister's criticism on occasions such as this, that in the event **that** my speaking any longer will cause **him** to be vehement or angry with anybody, I would take my seat.

Last year, Mr. Speaker during this time the Governor of the Central Bank was on the verge of being treated to one of the most vehement denunciations in this Chamber that I have ever witnessed.

8.40 p.m.

A lot of people, Sir, forget that, because it was the Honourable Member's first budget.

Mr. Speaker, Sir, only last week would you believe that a Central Bank Board Paper was leaked to the Press. I read the contents on the front page of the Nation newspaper saying that there will be 6.3% growth in the first quarter. Mr. Speaker, Sir, last year the Honourable Member felt that something had been leaked to me but because what I read in here was negative the professional staff at the Central Bank came under seized from his criticism of them because I put the truth before the public, never questioned it. This year, Sir, a Board Paper is leaked and the Honourable Member for St. Peter endorses the contents of the Board Paper.

Hon. D. A. C. SIMMONS: Mr. Speaker, on a point of order. The Honourable Member is really being out of context. Any criticisms that were made were made in respect of a then prediction of growth at 0.6% and which has turned out to be 2.5% provisionally. We were only concerned how a reputable institution could be so far out when other indices were showing growth. The Honourable Member knows, Sir, from his own sources that that 0.6% had been on the decline because it started over 2.5% earlier down and then was revised to 0.6% and has now gone back up to 2.5% provisionally.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, I hope you will give me time for these calculated interruptions.

I want to make the point, Sir, that if you disagree as a Minister of Finance with the advice that an institution gives there is no need to attack the head of the institution. You can deal with the institution. You can criticise in a formal way, on files and otherwise, the comments. What I am trying to say ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. I have been in this House since 1984 and the most vicious attack on a former Governor of the Central Bank was launched by a former Member for St. John, a Mr. Errol Barrow. Mr. Speaker, Sir, I just want to enter that in the record since there is the view being put now that there is something that is so strange about a Minister of Finance not speaking in Parliament about what is put to him by a Governor of the Central Bank.

Mr. D. J. H. THOMPSON: Thank you. Mr. Speaker, that would not phase me. The point is that a Central Bank Board Paper appeared on the front page of the newspaper this week but because it was positive it is okay for Central Bank Board Papers to be leaked. That is not subversive of the institution. It is only if the Opposition gets it through the back door that it is wickedness in the institution and that individuals should be attacked regardless of whether the information came from them or not.

Mr. Speaker, Sir, I am not going to say...

Rt. Hon. O. S. ARTHUR: I would not want the Leader of the Opposition to impugn the integrity of Members of the Central Bank because he has just read into the records of this Parliament that the Opposition gets Central Bank documents from the back door. I am absolutely sure that no member of the Central Bank Board, or no member of the Central Bank who operates under the Official Secrets Act ever gives any document to the Opposition through any back door and I would want in the interest of protecting the integrity of the members of the Central Bank to ask the Leader of the Opposition to withdraw the remarks that would cast an aspersion on the integrity of those persons at the Central Bank of Barbados.

Mr. D. J. H. THOMPSON: Mr. Speaker, I said information. I never said anything about the opposition getting official Central Bank documents. I said getting information through the back door.

Mr. SPEAKER: Proceed, please.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, our job has been to point out the errors of the Government. That is what an Opposition is supposed to do. The Honourable Member for St. Peter and his colleagues on that side seem to want to fool the public that this is some kind of coalition Government, that we are supposed to support them, parade everything that they do and we must help them through the process and if we do not say everything that we have said before that all of a sudden it is his job and the job of his colleague to show the difference between precept expressed before and the performance of his Government. The Barbados Labour Party is in office to govern and Mr. Speaker, Sir, if you were in any doubt about it, I for the first time enjoyed the speech of the Honourable Member for St. James South today because at last I realised there was somebody on that side and perhaps that is why she is so criticised, who actually understands that the Government in Barbados has changed and that when those tears were shed on the night of September 6, the tears of joy, that that washed away all of the pain, that washed away all of the odious practices, that washed away all of the allegations which the Barbados Labour Party made about the previous Government.

Mr. Speaker, Sir, it cannot be relevant now and even if I explained it to the Honourable Member for St. Thomas he would not understand it. In my Budget in 1994 when I talked about mobilisation of savings I could be only referring to institutions which had mobilized the savings of people who save. Therefore a question which arises in this budget is the question, how do you mobilise the savings of more people or higher levels of savings of the same people? Therefore, Mr. Speaker, Sir, the divide that we have with the Government is that the method which the Government is proposing in this budget to mobilise anybody's savings regardless of whether they are traditional savers or potential savers, are weak and timid and that is a philosophical difference that we have expressed. We think they need to be more creative, more aggressive and more serious attempts by the Government to govern, to put in place the institutions, the regulatory framework and to direct policies at those new people who should be saving.

Now, Mr. Speaker, Sir, in that regard, nothing I say to the Honourable Member for St. Thomas is going to change his approach to that issue. When we deal with the question of human resource we are entitled to point out that the Government has a duty to improve the quality of basic education along with the quality of training.

If the Government is doing it, wonderful, but we are entitled to point it out. The fact that we point it out does not mean that we are saying the Government is not doing it. We are describing the strategy as we think it should apply.

Now, Mr. Speaker, Sir, the Honourable Member for St. Thomas talked about the human resource developments being expressed in 14 lines. The principal plank of the Barbados Labour Party policy was expressed in 5 words, "Job number one is jobs". That was your principal philosophical plank in the last election. It was just 5 words – Job number one is jobs. Do you know what that has now been turned into in this budget? Job number one is training. So the people of Barbados are being told that because the Barbados Labour Party is training people it is creating jobs. That is the sum total of the contribution that we have been hearing, speech after speech, during the course of this budget. I did not think it would be possible to rewrite that very small phrase. It must have come from a very empty mind but Mr. Speaker, Sir, to have taken emptiness and make it even emptier...

Mr. SPEAKER: You are not referring to any Honourable Member?

Mr. D. J. H. THOMPSON: No, I doubt it would have come from their minds. I would doubt that, Mr. Speaker, Sir. Both you and I would doubt that. We have heard a litany of wishy washy excuses from the Government. It is training people so do not worry about jobs and then they attack us for what they call the bus fare and lunch money approach to jobs.  
8.50 p.m.

Now, Mr. Speaker, what is the stipend of the average person who is being trained in Barbados? \$50.00 – Let us work it out. A young Barbadian 16 or 17 years old leaving St. John on a morning to come to Samuel Jackman Prescod Polytechnic – \$4.00 in bus fare a day. He is left with \$6.00 a day if you take each day and give him \$10.00 for every day. What can that buy? Lunch – a roti and a drink. So why are you attacking the Democratic Labour Party for bus fare and lunch money solutions when you have done nothing to change the existing arrangement which you came and found in place 18 months ago? I am saying that the present arrangements, Mr. Speaker, Sir, cannot in themselves in relation to training provide much more than bus fare and lunch money. We were talking about getting people out into the job market, Mr. Speaker, Sir, and using those same kinds of stipend as a means of starting them and launching out on a new job. But, Mr. Speaker, they do not even know as far as I can see what their own policy is because anybody who can criticize us for bus fare and lunch money techniques and give young people the same \$50.00 a week which they were receiving 18 months ago which cannot buy much more than a bus fare to the

Polytechnic and lunch money, Mr. Speaker, something would have to be wrong with the people of Barbados to accept that kind of criticism coming at us in Opposition from the Government.

Mr. Speaker, Sir, our job is to show that the Prime Minister had choices. If he had no choices and if he was locked into arrangements which gave him no choices, we would not have anything to say. We would understand the strictures. The Democratic Labour Party has been in that position before in 1991 where we almost had no choices and when we were down to the last basic choices we took critical decisions for Barbados. But the Honourable Member for St. Peter has choices and because he has choices we are saying that he needs to direct those choices to empower, help and assist the people who most need the help in the Barbadian economy and society. So, Mr. Speaker, when the Honourable Member for St. Peter has choices, he chooses to penalize the public service vehicle operators and will spend all day trying to find out how many accidents there are in Barbados so that he can justify not giving them an ease. But he has not tried to find out how much foreign exchange has been leaking out of Barbados, how many times people bought duty free goods in Bridgetown who are not entitled to buy them and no penalties are going to be employed against any of those people on Broad Street who are selling duty free goods to people who are not entitled to buy them. So we are going to hit the public service vehicle operators and it is that kind of thing that the Honourable Member for St. George South has been talking about. Nobody is not touching that even though the Honourable Member promised to put in place a levy. He was not doing it for punitive measures to yield \$3 million. That is not even in place yet, Mr. Speaker.

The public service vehicle operators had the taxes imposed on them overnight and, Mr. Speaker, the Honourable Member has decided that the most they will get is a 50 per cent ease, whereas the people who the Honourable Member for Christ Church West said that we have to balance their needs against the needs of other people in the community... I take that point. The point is that their needs are being met by the Honourable Member for St. Peter and I do not think that there is anybody on September 6, 1994 who went to the Barbados Labour Party Headquarters and who cried tears of joy and who has a poor family and one minibus, retired who used his gratuity to buy it who could feel that the Honourable Member for St. Peter is functioning in his best interest. That is the message that is coming from over there not just here. So why is the criticism being levelled at us. We are singing the same tune as some of you over there and I want to know why you are so powerless to get the Honourable Member for St. Peter to introduce the policies which you and I know are in the best interest of the people of Barbados. Why are you so powerless? Who stands

between the average Barbados Labour Party Member of Parliament and the Honourable Member for St. Peter? What barrier to the advancement of your constituents stands between you and the policies which the Honourable Member of St. Peter carries out in this country? That is a big question. So we are not in any coalition Government.

Any Minister of Finance who has had responsibility for implementing a VAT for 18 months and on the day on which he implements it can tell you what concessions he is giving to hoteliers, can tell you the impact of the VAT on manufacturers, can tell you the impact of the VAT on agriculturalists but puts aside \$150 000 for the Welfare Department to now tell him the impact of the VAT on pensioners and those who are least well off in the society... Do you mean that the hoteliers, manufacturers, agriculturalists, the off-shore sector – all of those people who are functioning in those areas – do not rank at least equal to and in our reckoning behind the pensioners who have worked and sent us to have free secondary education, free university education and free primary education? The first decision that needed to be made was the amount that was going to be allocated to alleviate the plight of those who would be hit hardest by the VAT. That is the last thing which the Prime Minister is doing. I do not think that Barbadians realize that. That \$150 000 is not going to be distributed among pensioners. That \$150 000 is to pay a **gentleman** or a group of gentlemen to go and find out how badly it will affect pensioners and up to now we do not know how the pensioners will fear with these policies. Those are the choices which the Honourable Member for St. Peter had and he let the public down because he put everybody else first and left the pensioners and those who are least well off last.

#### *Aside.*

Mr. D. J. H. THOMPSON: This is not a coalition Government so I do not have to say what I gave in that regard. Then we have the IADB and the IMF. Mr. Speaker, Sir, the Democratic Labour Party went to the electorate in Barbados in 1994 on this basis: (1) We were going to enter into an enhanced surveillance programme. (2) We were entering into an ISL – Investment Sector Loan with the IADB. Negotiations have been taking place on that for almost 3 years back and forth. We left office. How can it now be relevant what we did if we did not come to any agreement and if we did not lock the Honourable Member into anything – no IMF Agreement and no IADB Agreement? What is now relevant is what the Honourable Member for St. Peter agreed to and the documentation which we have made available to Parliament which not one single Member on that side has been able to contradict – and I dare say because I do not even think that they ever saw it, Mr. Speaker, Sir – and to say that I was saying things which were untrue. I read word for word from a document which I had to lay in this House to inform the public of Barbados. Not one of them has contradicted it.

Prior to that we had a loan contract and the economic policy letter. That is all. On the day of the Budget, finally we had the Medium Term Economic Strategy and then the Prime Minister said that we have a fixation with secret deals. But everything else was a secret. If the public did not know, if the Leader of the Opposition did not know, if the Press did not know and when they told the public, the Prime Minister said that they were telling lies.

Mr. Speaker, Sir, I always make a note of what the Prime Minister says and the reason that I started off by saying that I hope that I can spare some members of the public from his tongue is because I want him to deal with me. I do not mind. I can take any amount of lashes. I take them every day from his colleagues who pretend to write letters and believe what they write in the letters about me and other Members on this side in the newspaper. That is the least of my worries, Mr. Speaker, Sir. I am in this to represent people and I expect that when I say and do things that people do not agree with, that they will attack me. I expect that. I look forward to it. I have prepared my life for that. So do not think that you are getting through to me and that I have sleepless nights. But I know some people who would have sleepless nights because, when the Honourable Member started his criticism of that Nation Newspaper, the first words uttered from his mouth and I am not talking about what he said because you expunged all of those adjectives, but he carefully said: "Mr. Speaker, Sir, I do not want to engage in any heavy cursing today", as if a Prime Minister does heavy cursing, medium cursing and light cursing. Some people say that they like that management style, Mr. Speaker, Sir, so I do not know. If I can spare anybody else, the people who the Honourable Member should be directing his vehement to, are those who are stopping the advancement of the average citizen in Barbados. Mr. Speaker, for some reason it does not seem to me that the Honourable Member for St. Peter is focusing on what he needs to do. He quoted from a book entitled "The Road Less Travelled". There is this book by a gentleman called M. Scott Peck, M.D. recently out. He has written a further copy. I gave my first copy to a priest in the Catholic Church and I had to get a photocopy of the page. I remember on page 44, Dedication to Reality, and I want to quote from that book:

"The third tool of discipline or technique of dealing with the pain of problem-solving,,"

Mr. SPEAKER: From what are you quoting?

Mr. D. J. H. THOMPSON: I am quoting from a photocopy of page 44 of the book. It is called *The Road Less Travelled – A New Psychology of Love, Traditional Values and Spiritual Growth* by M. Scott Peck, M.D., Author of *People of the Lie*. He has written a further "Road Less Travelled" which I recently acquired while overseas.  
9.00 p.m.

"The third tool of discipline or technique of dealing with the pain of problem-solving, which must continually be employed if our lives **are** to be healthy and our spirits are to grow, is dedication to the truth. Superficially, this should be obvious. For truth is reality. That which is false is unreal. The more clearly we see the reality of the world, the better equipped we **are** to deal with the world. The less clearly we see the reality of the world – the more our minds **are** befuddled by falsehood, misperceptions and illusions – the less able we will be to determine correct courses of action and make wise decisions. Our view of reality is like a map with which to negotiate the terrain of life. If the map is true and accurate, we will generally know where we are, and if we have decided where we want to go, we will generally know how to get there. If the map is false and inaccurate, we generally will be lost."

Reality, map, truth. Mr. Speaker, I commend this passage to the Right Honourable Member for St. Peter, because he said he is on this road less travelled. The problem is that he has somebody else's map, because I know the map he has could not be his. The direction in which he is travelling, that could not be his map, and if it is his map it is a map that other Barbadians obviously cannot be part of, because the average person, the person who I meet on the road I am on, and yes, the person who does not talk about mutual funds. I have 7 000 people in my constituency, over 3 000 of whom vote for me and a couple of hundred vote for the Labour Party and I have never met one who told me he had investments in a mutual fund, in shares other than if he had his own private company, any of those **kinds** of things. If you want to mobilise their investment, I can tell you how to do that, but do not come with any story about how these measures are going to mobilise the investments of people who are not now saving. We need much more creativity to achieve that.

Mr. Speaker, I want to say something to relate that issue of reality, truth and perception. The Honourable Member for St. Michael North also spoke early, thank goodness, and perhaps one should take him in small doses. He, or somebody on that side, said that I put in the **hands** of certain people in Barbados the operations of the cruise facility at the Port and I also gave them a head tax and I was not interested in advancing the interest of the majority of people. You would think the solution to that would be for the Barbados Labour Party to reverse that. Any contract can be broken, so long as you pay out the party, so if it was so bad they could have reversed it. Do you know what the Labour Party's solution to it is? To further privatise the Port. When I heard that today I said if it was wrong for us to enter into arrangements with private individuals at the Port, including a large number of small shareholders who

have interest in the cruise terminal, if that was right, it must mean. . .

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, on a point of order. The Honourable Member for St. Michael North is not in his seat, but I distinctly heard him in this Chamber earlier today say twice, not privatise, but corporatise. In my recollection, the solution the Honourable Member for St. John was putting in September 1994 was that he was going to build a second cruise terminal for the small man. You said that on the platform.

Mr. D. J. H. THOMPSON: At least, Mr. Speaker, I had a solution, but for 18 months this Government has continued as if it has no solution. If there is a problem at the Port, solve it. You **are** in office to deal with those problems. This is almost as ludicrous as hearing somebody come to this House and tell us it is the first time in their life that they heard a Minister abolish 11 taxes. He abolished the 11 and replaced them by one, but the yield of the one tax is almost the same as the 11 that were there before. So for that matter, Mr. Speaker, there are **certain** individuals who **are** going to end up paying more taxation, because if they have additional services, like lawyers, lawyers are going to have to charge the VAT too, so all that free work lawyers used to do there is a VAT on that. They have had seminars on it. Professionals have to charge the VAT, so when some professionals get out there and start to charge some high fees and tell people, well the Government put VAT on you, I hope the Honourable Members on that side will explain to me how the removal of 11 indirect taxes was such a wonderful thing if at the same time you are yielding the same revenue or thereabouts.

That **kind** of wishy washy argument in this House does not wash with us. The Democratic Labour Party made its position clear. We were in favour of introducing a Value Added Tax in Barbados, and I am going to repeat it for the record. We, as a political party, were in favour of introducing a Value Added Tax and we took **certain** decisions in relation to the introduction of a Value Added Tax, but we ceased to be the Government on September 6, 1994. When the Right Honourable Member for St. Peter thought he was doing me a favour by saying he was in favour of the Value Added Tax in 1994, that was no favour to me. If you have a principle you should stick up for it. I do not have to do the Right Honourable Member for St. Peter any favours. If I believe in the VAT, I will say so, and nobody has to ask us to pretend that we believe in it. We are going to explain the VAT to the people **of** Barbados, because it is our duty, but we also want to say that where the VAT is wreaking havoc the Government has a responsibility to review its position.

Now, the Honourable Member for the City, with usual clarity, listed a whole number of things. Corned

beef and so on. The difference in the margin between the existing taxes and the VAT is about 5% and the Honourable Member for the City honestly believes that the majority of merchants in Barbados are going to pass on the benefit of that 5% to the consumer, and that is the point the Government has to look at. Those margins of 5% are not automatically going to be passed on to the consumer, so when you introduce the VAT do not make the assumption that because there is a 5% difference between the original taxes that were on it and the new tax that the merchant is going to pass on that benefit. Mr. Speaker, we have seen too much of that in the past and it is those kinds of concerns which we need to stress and point out to the people of Barbados.

Mr. SPEAKER: The Honourable Member has two minutes to conclude.

Mr. D. J. H. THOMPSON: The Right Honourable Member for St. Peter has had responsibility for the running of the affairs of this country for nearly two years, Mr. Speaker. He has to make the choices, he does not need our assistance. He must determine if the pensioners are to benefit or hurt, if the public service vehicle operators are to benefit or to hurt, whether he can create jobs or whether training is the new word for jobs. He has to determine how he is going to mobilise the savings of Barbadians. Those are not choices for the Democratic Labour Party at this time.

9.10 p.m.

We can say what our philosophy is, but the Honourable Members on that side have the reins of power and they must exercise power. What we are saying is that they need to exercise that power in the interest of the most vulnerable people in this country, that they need to exercise that power in terms of ensuring that people who demonstrate caring and generosity in this society are rewarded, that they need to exercise that power to help those people who are in anyway disadvantaged and to bring the majority of Barbadians into the economic mainstream. That is the essence of this debate, Mr. Speaker, Sir, and therefore at the end of the day we feel that we have put our case.

We cannot be sidetracked, Mr. Speaker, Sir, by trivia and stories about the Honourable Member for St. Michael East, told by Honourable Members on that side the Honourable Member for St. Andrew, they could not even find him the night when the Honourable Member for St. Peter was to be elected as Leader of the Opposition and yet he is going to criticise the Honourable Member for St. Michael East.

Mr. SPEAKER: Honourable Member will you wind up please?

Mr. D. J. H. THOMPSON. Mr. Speaker, Sir, that kind of trivia in a budget debate does not make sense. Let us get to the substance of the issues. The issue at this time is that the Honourable Member for St. Peter is Prime Minister and Minister of Finance of Barbados. In whose favour, in whose interests and on whose behalf does he serve? That is the important point.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I want to thank all Members who spoke in this debate. This is a debate in which the House of Assembly was invited to agree to the introduction of a Value Added Tax among other things. Long after you and I have gone, Sir, and, indeed, well into the next century, Barbados will be benefitting from the existence of a Value Added Tax. Therefore, it is very instructive that in a year when the House was excited by the possibility of discussing a Value Added Tax the principal spokesman on behalf of the Opposition should in his principal speech devote 1½ minutes to this important issue that will effect the livelihood of this generation and generations yet unborn.

He chose, Mr. Speaker, to take the House into an excursion to find another secret document which had never before seen the light of day, that I had carefully concealed from the public, that nobody had seen before, and it was left to him, and to him alone, having exposed the non-existent secret deal on the platform in Queens Park, to bring this secret document now to show that the Barbados Labour Party had now some secret relationship with the international institutions.

His whole credibility in this debate hinges on whether the document that he sought to produce, that he waved before the camera, was a secret document or not.

Mr. Speaker, Sir, 3 documents were prepared in relation to our negotiation with the Inter-American Development Bank and before I say anything else, Sir, I want to observe the proper spirit. I have at no stage tried to conceal even from the Leader of the Opposition any of the matters that I was engaged in discussion with the Inter-American Development Bank. I took him into my confidence, Sir. I discussed it with him at every opportunity and when we had settled with the Inter-American Development Bank I wrote, not my Attorney General, but I wrote the Leader of the Opposition and he responded to me in a letter...

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order, the Honourable Member has made an allegation that he took me into his confidence. I want to make the point that until I received that letter which was about a 4-line letter saying I would be happy to know that he has concluded the negotiation, I had no discussion with the Honourable Member for St. Peter on any investment sector loan. No correspondence.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, in the course of this debate we will know whose credibility is intact. I can read the letter, Sir.

"August 11, 1995."

This is even before it went to the Inter-American Development Bank Board and before the document that he was waving about in the House was even conceived of.

"The Honourable O.S. Arthur,

Prime Minister.

Dear Prime Minister,

I thank you for your kind consideration in keeping me abreast of the negotiations with the investment sector loan. I am sure that subject to the conditions attached Barbadians will be happy that this long awaited injection of development capital is near at hand."

Mr. Speaker, Sir, please make that a document of the House.

Mr. D. J. H. THOMPSON: Sir, I have to rise on a point of order. That letter Sir, was a reply to a letter I received. It was not a reply to a package of documents. A 3-line letter from the Prime Minister which said he had concluded negotiation and that was my response to his letter to me. I did not know at that stage.

Mr. SPEAKER: Order, please!

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am begging you for my time back because I will need it. If we go back to the Estimates Debate the year before, you will see that he said that the ISL was such a good thing that if I managed to complete it he felt that I should be given a medal. He and I have had many discussions on the loan but the point I am making is this.

There have been 3 documents prepared as part of our agreeing to an investment sector loan. The first document was my letter of October 16, 1995 to the President of the Bank that I signed setting out all of the agreements and the terms that we would agree to. Thereafter, the Bank took the analysis of its technicians and prepared a loan proposal that the member could submit to the its Board of Directors which the member said was a secret document that had never seen the light of day. The third document which I signed and I have made a document of this House was the loan contract arising of the loan proposal to the Board and it is this document that was the subject of the entire contribution of the member for St. John and he purported that it was a secret document that had never seen the light

of day and were it not for him and his good offices nobody would know.

Sadly, Mr. Speaker, the persons who sent him the document should have sent him the covering letter and I will at this stage take the opportunity to read the covering letter that he did not receive. Our **credibilities** are on the line.

This went to the board on November 15 on December 8, 1995 the IDB wrote the Permanent Secretary, Ministry of Economic Affairs:

'Dear Mr. Cox,

Attached please find a copy of the Loan Proposal... [the document he was waving about, Sir]..." for the investment sector loan as approved by the Board of Directors of the Bank of November 15, 1995."

The very same secret document. I must read it slowly now, Sir.

"... As you are aware, the information disclosure policy of the IDB provides that selected types of documents related to the bank's operations be made available to the public. The policy also states that once the Bank's Board of Directors have approved a loan the corresponding loan proposal will be made available to the public.  
9.20 p.m.

In this regard, we are proposing that the document be made available to the public as of Monday, December 18, 1995."

Mr. Speaker, the document that forms the entire substance, the secret document that forms the entire substance of the Member for St. John's presentation, Sir, that I have concealed from the public, has never seen the light of day. And as intended by him, Sir, was made available to the public as is required by the Rules of the IADB as far back as December 18, 1995.

**Asides.**

Mr. SPEAKER: Please, please, please. Let us do this orderly. Please, please.

Rt. Hon. O. S. ARTHUR: ...And that is the crunch, Sir.

Mr. Speaker, the point is that there can be no secret documents, there can be no secret deals, there can be no secret arrangements between a Government and any international lending institution.

Mr. D. J. H. THOMPSON: On a point of order, Sir. The Honourable Member is misleading this House, because my presentation yesterday hinged on a comment which he made, that all the documentation relative to this matter had been laid in the House or that he was going to lay, that document has never been laid in the House of Assembly and there is no Member on this side or that who can say they have received it as a result of it ever being laid in this House.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I am not finished with him yet. He is going to be up and down tonight like a "yo yo."

Mr. Speaker, Sir, out of this Loan Proposal came the Loan Contract. The two documents that I signed were laid on the table of Parliament. This Loan Proposal was an internal document of the IADB. It was their responsibility, as they said in a letter, Sir, to make it available to the public, and they told the Government of Barbados "we are going to make your Loan Proposal available to the public as it is in our right" and so they have.

For the Member for St. John to come and build a whole two-hour debate on the notion, that I tried to keep **secret** a document that has been in the public domain **since** December 18, 1995 is as fraudulent as for **him** to try to impute that an Opposition party can have a secret deal with the International Monetary Fund.

This document that he said was secret, Sir, has been in the public domain since December 18, 1995.

Mr. SPEAKER: Order, order, order please.

Mr. D. J. H. THOMPSON: On a point of order, Sir. The Honourable Member is not entitled under the Rules of this House to make any accusation of fraudulence against any Member of this Chamber. Therefore I am risking that those words be struck. That he withdraws them and they be struck from the records.

Mr. SPEAKER: Will you withdraw, Sir?

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I went through an entire campaign charged with having entered a secret deal with the International Monetary Fund . . .

Mr. D. J. H. THOMPSON: Sir, on a point of order. I am asking for your ruling on the use of the word "fraudulent". Fraud is a crime in Barbados, Sir. The Honourable Member has to withdraw those words.

Mr. SPEAKER: Your point has been made. Would the Honourable Member withdraw the words, please, and let us move on?

Rt. Hon. O. S. ARTHUR: I withdraw "**fraud**" and say "false". I challenge the Member for St. John, Sir, to get up in the House and say this evening that any Opposition party can have a secret deal with the International Monetary Fund. I challenge you to get up out of your seat.

#### **Asides.**

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, **similarly**, sir, . . .

Mr. SPEAKER: Order please, order please, order please. Please, please. One minute please. Honourable Members, just remain orderly, please.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the document to which the Member for St. John referred as a secret document, would have been in the public domain from December 18, 1995 in compliance with the informational disclosure requirement of the **Inter-American Development Bank**, but the whole of Barbados is made to believe, Sir, that it was something I had kept as a secret because I did not want it to see the light of day. Why, Mr. Speaker? Because the member for St. John wants to cast the aspersion that this Government is still under the IMF control.

Now, Mr. Speaker, if this Government and this country is still under the IMF control, I want to congratulate the IMF for the wonderful job it is doing that has shown a massive increase in our reserve, that has this economy going at 6% and so on, and the public would not recognise the **BLP's** IMF as the **DLP's** IMF, because we have not brought 8% pay cuts, sending home 3 000 people and the like. Sir, that is not the point.

The point is, Sir, that I have been insisting, all along, that I would not have accepted a programme with the **Inter-American Development Bank** that had at its core an enhanced surveillance facility. I said last year, Sir, in my Budgetary presentation, and I want to quote. I said then that my Party has pledged in its Manifesto

'Not to entertain an enhanced surveillance programme or any financial programme with the International Monetary Fund. The IMF is free to send teams to Barbados as set out in the various Articles to consult our authorities and our advisors on economic matters under Article 4.'

Mr. Speaker, Sir, in drawing the lines of consultation that were allowed for this Investment Sector Loan, Sir, I was very careful on October 12, 1995 to have this thing written as an agreement between the Government and the Inter-American Development Bank.

During the negotiation, the following clarifications were made with respect to specific provisions of the Loan Contract. With respect to compliance with the macro-economic framework, it was agreed that, the Inter-American Development Bank, would rely on the Annual International Monetary Fund Article 4 consultation and informal visits to evaluate the Government's performance under this consultation.

Mr. Speaker, under the laws of Barbados, the IMF Act 1971, the IMF is authorised to send teams to Barbados, Sir, to do periodic consultations with the Government of Barbados. I have restricted consultation with the Inter-American Development Bank and the IMF within those perimeters, and stated it, Sir, in a letter signed on behalf of the Government of Barbados on October 11, 1995.

The member for St. John wants to cast the aspersion that the surveillance that is exercised by the IMF, in the course of its normal consultation, is exactly the same that would have obtained if we had taken the position that he took as Minister of Finance.

Sir, in that regard, for the public to better understand the difference between the present IADB Investment Sector Loan and what would have been the case, had the Member for St. John remain as Minister of Finance, Sir, I need to refer to a document that I have already made a document of the House.

On December 10, 1993, the Member for St. John went to a meeting in Washington to continue discussions with the staff of IMF, of a medium-term macro-economic programme to be modelled under the enhanced surveillance programme. For the benefit of the public, Sir, the IMF is allowed to undertake surveillance of a country's economic circumstances under the laws of the country.

You have an enhanced surveillance when, without the IMF having to put up any money, the country is put under an IMF Programme and is made to pass IMF tests and carry out IMF policies. This is what the IMF told the Member for St. John when the Member went to that meeting on December 10, 1993.

"The IMF staff expressed concern about the slippage which had occurred in the implementation of measures which were intended to reform the structure of the economy. It agreed that the Government should take action to implement the following:

1. Introduction of a Stage Fare System on the Barbados Transport Board System.
2. Implementation of economic rents for the National Housing Corporation Units.

3. A decision on the VAT to be applied to hotels.

I want to repeat that, Sir. A decision on the VAT to be applied to hotels.

4. Definition of the Recapitalisation or Restructuring of other Plans for the Barbados National Bank and the Barbados Development Bank."

9.30 p.m.

So, Sir, when the member for St. John went to Washington on December 10, 1993, the IMF told him before we can put an Enhanced Surveillance Programme in place for Barbados, and before you can even have a programme with the IADB, you have to settle the issue of bus fares, you have to settle the future of the BDB, you have to settle the question of what VAT you are going to charge on the hotel industry and you have to deal with the question of the future of the National Housing Corporation.

Now, Mr. Speaker, Sir, I thank God for records. By May 5 nothing had been concluded and there was a note sent to Cabinet:

"The Honourable David Thompson, M.P., Minister of Finance informed the Cabinet that the IMF mission dealing with the abovementioned Programme, the IMF Enhanced Surveillance Programme was due in Barbados on May 16, 1994. However, he said that the IMF would not send the mission unless the Cabinet had taken the decision on the Transport Board fare structure.

The Hon. Joseph O. Tudor, M.P. was asked to bring the necessary Paper to Cabinet."

Mr. Speaker, that was May 6. On May 19 under the caption "The IMF Enhanced Surveillance Programme":

"It was reported, Sir, that the Cabinet discussed the elements of a fare structure and decided that there should be three bus fares in Barbados \$1.25 to \$1.75 with one in the middle at \$1.40".

So remember, Sir, in December 1993 the IMF Enhanced Surveillance Programme was going to require bus fares. The member for St. John went to Cabinet and said the fellows are not coming unless they settle the "bus fares" issue. On May 19, the Honourable Joseph O. Tudor, whoever he happens to be, took the Paper to Cabinet and Cabinet decided bus fares must change.

Mr. Speaker, I am going back. At the meeting in December 1993 the IMF said that in order for there to be an Investment Sector Loan the Government of the day would have had to decide on a rate for the

hotel industry for the VAT. I brought to this House, Mr. Speaker, a presentation on May 21, 1996 saying that it had been proposed that the hotel industry should have been exempted from the VAT causing the sector to absorb \$35 million in input taxes but I had thought otherwise and had changed that.

I would like, Mr. Speaker, to read a letter of May 6 written to the Adviser of the International Monetary Fund, signed by Mr. George **Reid** to the IMF in relation to the Investment Sector Loan and in relation to the VAT that should have been charged on the hotel industry. It says as much:—

"Value Added Taxation

The Cabinet has agreed that the accommodation component of expenditures by the hotel guests should be exempted from the VAT."

So in December 1993 the IMF told the member for St. John "**no** ISL if you do not have a rate on the VAT by May 6, 1994." They said, "we are going to exempt the VAT and force the industry to absorb \$35 million in taxes."

Now, Sir, yesterday the member for St. John spoke and he located **himself in** Washington in the aftermath of the No-Confidence Motion at a meeting of the various institutions. I want to remind this House, Sir, that a Cabinet decision reposed the responsibility for the financial reform part of the Investment Sector Loan negotiated by the DLP in the member for St. John. He was responsible for suggesting how the **IDB** matter should have been dealt with.

In December of 1993 the member for St. John went to the meeting with the IMF and it said no Investment Sector Loan until you have decided the **future** of the CDB. He said that he went on the same plane as the member for the City. I have here, Mr. Speaker, an *aide-memoire* of the meeting that took place between officials of the Government of Barbados and the Inter-American Development Bank, June 10, 1994 when the member was in Washington and I want to read it for you, Sir:

"Representatives of the Government of Barbados and the Bank agreed that the Bank should divest its interest in both institutions, namely, the BDB and the **BNB** as soon as possible. Owing to different conditions facing the two Banks, the time frame to accomplish each would be different:—

- (a) The BDB would cease credit operations immediately and liquidated within one year."

That was agreed, Mr. Speaker, on June 10, 1994 by him, signed, Mr. Speaker, and I came to office having to

struggle with the Inter-American Development Bank that had already been given the word of a Government of Barbados that they were going to liquidate the BDB within a year. That is not all, Sir.

I have located him at the scene of the event. I have given the evidence. I want to point to the crime. Last year in the Estimates debate, March 20, 1995, the member for St. John came to this House to say that up to when they left office the Barbados Government had **before** it three options, page 822 of **Hansard**:

"We did not agree on any of them."

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. The Honourable Member just quoted from an *aide-memoire* of a meeting. An *aide-memoire* is not a Cabinet decision of the Government of Barbados. An *aide-memoire* represents discussions and agreements as a result of negotiations which are subject to concurrence by the Cabinet. I have always made the point that when I returned to Barbados the Cabinet of Barbados said: 'You will not shut the BDB unless you put in place immediately an alternative development financed institution.' The Members on this side can bear me out on that matter.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I set my comments in the context of the meeting of December 10, 1993. The IMF said: "Settle bus fares." The Cabinet settled bus fares. "Settle the Housing Corporation." They settled the Housing Corporation. "Settle the question of the VAT on tourism." They settled the VAT on tourism.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. In relation to bus fares, the Honourable Member is misleading the House because the matter was never settled. Bus fares were never increased. In relation to the National Housing Corporation rents the matter was never settled. The rents were never increased because the Cabinet had to reverse the decision because of **discussions** with the social partners which did not see those things being implemented.

*Asides.*

Mr. SPEAKER: Order, please.

Mr. D. J. H. THOMPSON: So it is dishonest for anybody to say it was settled because it was not settled.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, the election intervened and all this fell by the way.

But, Sir, the House and the country must come to understand what the member for St. John is about because he said in this debate that he has never walked

on the road with anybody dealing with property transfer tax. I have checked the files of the Ministry of Finance carefully. On December 10 . . .

Mr. D. J. H. THOMPSON: Mr. Speaker, I rise on a point of order.

Rt. Hon. O. S. ARTHUR: I have not said a word yet.

Mr. D. J. H. THOMPSON: I said I am not on the road . . .

*Asides.*

Mr. SPEAKER: Please, please, please.

Mr. D. J. H. THOMPSON: . . . It must be said with anybody who owns more than \$50 000 in shares which are being transferred and for which property transfer tax would need to be removed. That is the only measure that came out of this Budget, not property transfer tax as a principle.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I heard him say very clearly that he has never travelled on the road with **people** who talk about mutual funds and property transfer tax. I just want the House to understand the nature of the person we are dealing with. On December 10, 1990, an attorney-at-law wrote the Ministry of Finance requesting a waiver for property transfer tax to be paid by his client. I am not going to call the client's name but I feel, Sir, that I should say that the attorney is a member of this House — not on this side, Sir, and I am looking directly at him. I am only looking at two persons, Sir, the member for St. John and the member for St. Michael South Central. I am **looking** straight across at the person. I am **looking** only at two people, the member for St. John and the member for St. Michael South Central and you can therefore glean whom I am speaking about.  
9.40 p.m.

He wrote on the 10th December requesting a waiver for property transfer tax for a client. The matter, Sir, went to the Ministry of Finance. It stayed in the Ministry of Finance. That attorney subsequently became the Minister of Finance. Mr. Speaker, Sir, on April 22, 1992 the public officers recommended against that Minister of Finance who had written asking for a waiver for his client for property transfer tax recommended against granting the waiver and on April 24, a Mr. D. Thompson granted that waiver without entering on the file. . .

*Asides.*

Mr. D. J. H. THOMPSON: The Honourable Member is misleading the House.

Mr. SPEAKER: Please, please. Could we have some order, please.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, I remember clearly the matter. The client had retained independent attorney after that. That attorney met with officials of the Minister of Finance.

*Asides.*

Mr. SPEAKER: Order, order, please.

Mr. D. J. H. THOMPSON: I was not representing anybody at that time. Another attorney-at-law was at that point representing the client. So what foolishness am I hearing in this debate.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the Member said that the client had retained an independent attorney. This file has been passed to me by Mr. David Thompson, Attorney-at-law. The independent attorney, Sir, is a person well known to him. Sir, I do not want to have to tell the House that the attorney is his wife's sister.

Mr. D. J. H. THOMPSON: Mr. Speaker, this is in my view, Sir, the height of dirtiness.

*Asides.*

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

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, my sister-in-law is a respectable Attorney-at-Law, the Registrar of the Court in Antigua. She would not be party to the **kind** of nastiness which you are trying to put before the public of Barbados. She was retained by a client to represent her client. That is filth to take up a file and try to . . . The person's husband is your close friend. You are so dirty as an individual. Unbelievable, that **kind** of nastiness. And the point is that her husband introduced you to me at Cave Hill. This is unbelievable. You have carried this debate to that level in here. Impugning other people's **integrity**. Attack me not other individuals. This is the nastiness which you are always known for.

Mr. SPEAKER: Honourable Members, please let us proceed orderly. You are getting a little out of hand. Honourable Member for St. John we still have rules in this House.

*Loud Asides.*

*Mr. SPEAKER rises to his feet.*

Mr. SPEAKER: Honourable Members, please! I want some order in here please.

Rt. Hon. L. E. SANDFORD: I am rising on a point of order, Sir. I am submitting that the matter that is being discussed right now is not in accordance with the Rules of this House. I believe it is irrelevant and if the Prime Minister wishes to pursue matters involving the conduct of **attorneys-at-law** in matters not relating to the Financial Statement and Budgetary Proposals he should bring a specific motion in this Honourable Chamber to deal with that.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, please...

Mr. SPEAKER: Would you take your seat, please? I agree with the Honourable Member who has just spoken and in fact I would like to refer the Honourable Member to the Standing Orders of the House **28.9** to be exact. I believe enough has been said about this matter and I would like the Honourable Prime Minister to continue, please.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, in the body of my presentation to Parliament I indicated...

Mr. H. deB. FORDE: On a point of order, Sir. If Mr. Speaker is making rulings on these matters then I believe that the explanations made by the Honourable Member of St. John should be struck from the record of this House. I **have** been in the House for **25** years and I have really never heard the sort of language that was exchanged at that time in the records of the House and that obviously if an Honourable Member **is** going to speak in that language, whether under stress or strain, my submission, Mr. Speaker, the correct thing is for them to be removed from the record.

Mr. D. J. H. THOMPSON: Mr. Speaker, I rise on a point of order. I want to make the point clear that I am willing to withdraw any remarks. I am not speaking under stress and strain. I am speaking under the **truth** and Mr. Speaker, Sir, I think this is a very odious episode but I will withdraw all the remarks but I withdraw them with total disbelief at the conduct which is obtained in here.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, this debate comes down to a question of credibility. It came down to a question as to whether I could be believed when I tell the people of Barbados that we do not have a programme with the International Monetary Fund. It came down to the question, Mr. Speaker, as to whether I could be believed when I tell the people of Barbados if I am going to abolish Property Transfer Tax on certain transactions it would help the ordinary people of this country. A change in the arrangement pertaining to property transfer **tax** was a part of my budget and the Member for St. John sought to lampoon it by saying that he does not at all walk on any road with anybody who has anything to do with property transfer tax.

Mr. Speaker, Sir, I am saying that is not true.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, I have to rise on a point of order. I am not letting the Honourable Prime Minister deliver a speech which distorts what I have said. There was one measure in this budget, and I am on a point of order, the increasing of the limit of property transfer tax on the transfer of shares to a value of more than **\$50 000**. That is the only thing I could be referring to and I am saying and I have to say it for the record, and I said it yesterday that I do not meet people on the road I am travelling who have more than **\$50 000** in shares to transfer.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I believe, in the interest of this country, that the investment sector loans with the Inter-American Development Bank should be laid to rest and put in its proper position once and for all. But it cannot be put in its proper position as a loan that was started by the Democratic Labour Party that would have been enveloped in an enhanced structural adjustment programme if the Democratic Labour Party had regained the Government with tremendous punitive effect on the population including an increase in bus fares, if there is an aspersion cast that by the greatest stretch of the imagination I have entered some secret arrangement with the **Inter-American Development Bank** and the Member for St. John, his entire speech was designed to foster the impression that I had entered a secret arrangement with the International Monetary Fund and the Inter-American Development Bank.  
**9.50 p.m.**

I have spoken, Sir, in the terms in which I have spoken to expose the truth about this situation. Barbados has a need, Mr. Speaker, for a good relationship with the Inter-American Development Bank because a large number of the projects that we will have for the future including all those that are critical to the health and welfare of this country will be financed by the Inter-American Development Bank. But the public was left to believe that I had some secret arrangement embodied in a document that was a secret document while that document was in the public domain from as far back, Mr. Speaker, as December **1995**. It is part and parcel...

Rt. Hon. L. E. SANDFORD: Mr. Speaker, I rise on a point of order because I think that our records should be straight and our proceedings should be transparent. The Right Honourable gentleman, the Member for St. Peter and the Prime Minister is indicating that he did not enter into any secret deals. It is true, Sir, that the discussion with the IMF or the arrangements for the Investment Sector Loan was a public issue and the Prime Minister was continuing to conduct negotiations which were started in my administration. But the issue of secrecy related to a document that was sent to the **Inter-American Development Bank** which was not made public to the public

officials including the Members of Parliament. That is how I understood what the Member for St. John was saying. I would think, Sir, that that is the issue that the Prime Minister should address and I think that we should be able to get off of this issue on to the specific point.

Rt. Hon. **O. S. ARTHUR:** Mr. Speaker, Sir, that is precisely the point that I am addressing that the document that the Member for St. John purported to be a document that I should have laid in the House was a document prepared by the IADB for its Board of Directors and after it was prepared by the **IADB's** Board of Directors, not by the Government of Barbados, the IADB said they would make it public. So there was no obligation on the part of the Government of Barbados to make public a document that the IADB in keeping with its rule had already made public, and that is the point.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. There are two documents, the first which I made a document of this House which the Honourable Member had never made a document. The second one is the Medium-Term Economic Strategy, Sir. Until the day of the Budget, that document was never made a document of the House and the Prime Minister said that he did not intend to make it because it was a rolling plan which was internal only and was for technicians. That document was made a document of the House on Budget day. There are two documents which the public of Barbados never had access to and, if the public did not have access to them in Barbados, it must mean that they were being withheld secret or for some other reason the public of Barbados was not given that opportunity.

Rt. Hon. **O. S. ARTHUR:** Mr. Speaker, Sir, that is why I have been so careful to explain the sequence of events. On October 16, 1995 I wrote the IADB saying that the Government of Barbados is interested in having an Investment Sector Loan with you. These are the terms that we are prepared to agree to. I make this a document of the House. The IADB took this document, Sir, and prepared the loan proposal and sent it to the board. Arising out of that is this which he calls a secret document. Arising out of the loan proposal that was agreed to by the board, a loan contract was prepared which I have made a document of the House. Sir, what is at issue is the loan proposal that was prepared by the IADB to go to its board and I am saying, Sir, that it was never at any stage intended to be a secret document or ever was a secret document because the IADB wrote the Government saying: "Your loan proposal has gone to our board and in keeping with our rules we are making it public."

Mr. D. J. H. THOMPSON: Mr. Speaker, I have no choice but to rise on a point of order. The Honourable Member at the beginning of his presentation this evening misled the House because what he told the House was that

I was kept abreast of the negotiations. Mr. Speaker, Sir, he misled the House. Mr. Speaker, Sir, the Honourable Member has just told this House that the matter went to the board of the IADB in November 1995. The document he sent was sent to me on August 9, 1995 and I want to make the letter which he wrote to me a document of the House, and this letter supports my point and I quote:

'Dear David,

You have on the floor of Parliament expressed strong support for the **arranging** of an Investment Sector Loan between the Government and the **Inter-American** Development Bank. The attached letter is to inform you of the status of the negotiations."

Mr. Speaker, Sir, the letter has 4 paragraphs. It is from a Mr. Cero **DeFalco** telling the Prime Minister that he is happy that he has concluded negotiations. It has nothing whatsoever to do with what is contained within the document which was laid in this House which sets out the conditions. That is misleading the House. Mr. Speaker, Sir, **from** the beginning the Honourable Member set out to mislead the House and this is unbelievable.

Rt. Hon. **O. S. ARTHUR:** Mr. Speaker, Sir, the Member for St. John is going to try his very best to dodge the fact that he brought a document to this House and it was the subject of a two-hour speech casting the impression of a secret document. I am telling the House, Sir, that it was at no stage either intended to be a secret document nor could have been a secret document because it was published by the IADB in December 1995.

I want to go on, Sir, on the question of the VAT. Mr. Speaker, this House has an historic opportunity to put in place a VAT but we must not allow the impression to be cast that because all facts are not given fully that the VAT is going to be a wicked tax bearing on small people in this country. Mr. Speaker, I want to use a simple example to reinforce the way in which the VAT is going to work and the way in which the VAT is going to benefit services that are not even now being subject to a VAT and I deal with the issue of hairdressers. Persons providing hairdressing services are not now required to pay a tax on the service that they provide to their clients and the impression is going to be cast that because they have to pay a tax now the Government is in some way wicked because they are asking them to pay a VAT. I want to speak through you, Sir, to that class of Barbadian who represents the small black person in this country and I want to tell them that **first** of all that the hairdresser right now buys her inputs with duties and taxes amounting to 120 per cent of the value of the inputs. The hairdresser has to pass on that 120 per cent duty and tax to her customers. Under a VAT, Sir, the duty that will be paid on the inputs to be

charged bought by a hairdresser will drop from 120 per cent of the value of the shampoos and conditioners and so on to 49 per cent. So that the hairdresser will be in a position immediately to charge a lower price to her customers. Secondly, Sir, I want to stress this point. If the hairdresser in the course of a month collects \$200 in VAT on the service that she provides but she pays \$150 in taxes on her inputs, the hairdresser will not have to pay over the \$200 to the tax man. The hairdresser will be allowed to subtract from the \$200 in taxes that she has collected the amount of taxes that she has paid on her inputs and will pay the difference.

Sir, in many instances there will be a large number of services that are not now subject to tax but, because the tax on inputs will come down and because you are allowed to offset tax on inputs against tax on outputs, many services that are not now subject to tax will find that the cost of production will be reduced and the ability to credit input taxes against output taxes will allow them to either maintain and in many instances, Sir, reduce the price that they ask of their customers.

10.00 p.m.

These things must be made known to the public, Sir, because what has arisen in this debate is the very sad case whereby people who want to criticise the VAT are focussing on those instances where there might be the appearance that the VAT may lead to an increased price, without telling the public that even in those instances that appearance may not be the case, and without also telling the public that in a large number of cases the VAT is going to actually bring down the price not only of goods but also of doing business in this country. I feel I have to enter that matter into this debate if only because the very people who were instrumental in conceiving of a VAT, who were instrumental in setting up a VAT Unit in this country are not now coming forward and telling the people of Barbados we thought of a VAT and we set up a VAT Unit because we believe that a VAT is in the best interest of the people of this country.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise on a point of order. I am one of those persons in this country, in fact I was the leader of the Government which entered into discussions on a VAT, and now I am being accused publicly of some double action which would appear to be fraudulent, Sir, and I want the general public to know that I have been straight and transparent in these proceedings. Indeed, Sir, as late as December 1995. . .

Mr. SPEAKER: The Honourable Member, please. You have made your point of order.

Rt. Hon. L. E. SANDIFORD: I have not made it yet, Sir. The Prime Minister does not mind, he goes on the call-

in programmes and answers questions from everybody, so he can answer questions from Members over here.

Mr. SPEAKER: Let us hear your point of order, please.

Rt. Hon. L. E. SANDIFORD: Yes, Sir. I want to make it clear so that there may be no distortion or misunderstanding. I spoke recently in this House and said I commend the VAT to the people of Barbados and I wrote also in the leading monthly journal, The Constituent, a whole essay on the VAT.

Mr. SPEAKER: This is the leading monthly journal, you said?

Rt. Hon. L. E. SANDIFORD: Yes, Sir, it is the leading monthly publication.

*Aside.*

Rt. Hon. L. E. SANDIFORD: Very authoritative, Sir. It sets out that position. The Prime Minister while he is on his feet can explain how the public will be assured that the reductions, which should come about as a result of the introduction of the VAT, what assurance will they be given that what is supposed to happen will actually happen?

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I am very pleased with the intervention of the Right Honourable Member for St. Michael South, because I do not want people to come into this House and say they support a VAT and then go, on the road and say something else. The Democratic Labour Party supports a VAT, the Right Honourable Member for St. Michael South says he supports a VAT, we all have an obligation to sell the VAT to the public.

Mr. Speaker, in most countries where the VAT has been introduced there is an estimation of the likely take of the VAT up front, and such was the case in relation to the Democratic Labour Party. The policy of the Democratic Labour Party was that if the VAT gave rise to more income than the taxes it would replace, they were going to put in place some system to give relief, but that was "if". Similarly, Sir, we have now come to the stage where we have estimated the likely yield from a VAT and I am saying categorically that we are going to do a similar thing except that nobody has to date worked out the mechanisms by which the relief is going to be given. All I am saying, Sir, I am providing \$150 000 for those mechanisms to be defined.

Mr. Speaker, I am going to make sure that pensioners who are living alone, and pensioners in general,

do not have to bear the severity of an increase in the cost of electricity that may have to arise from a VAT, but somebody has to go out and collect a list of the pensioners and put in place a mechanism by which month by month as they pay, because they will have to pay up front, they can get a rebate. That work has not yet been done, nor was it done under the Democratic Labour Party. That is why I am saying now that at least **\$150 000** will be spent for an entire survey to be done of the needy in this country and mechanisms devised so that the truly needy can be able to benefit from any relief that is granted as a result of the imposition of a VAT. I also want to say, Sir. . .

Dr. R. C. HAYNES: On a point of order, Sir. That particular point just made was not in the record, but I am very pleased to see that you have accepted the position I have taken during the debate.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I am going to ignore the point. I also want to say to the House that we have to examine the VAT within the context of the other indirect taxes that will exist in Barbados. Barbados has been committed from way back in the early 1990s to a progressive reduction in the rate of import duties. At present the top rate of import duties is **30%** for consumer goods, falling from **35%** last year, and we are on a course where in order to give effect to the Common External Tariff the Government of Barbados like all other Caribbean countries will have to reduce the rate of the import duties on consumption goods from **30%** to **20%** by the year **1998**. There is going to be a general reduction in the level of indirect taxes in Barbados and the Government therefore has to be very, very circumspect in how it sets the rate of tax and the items it relieves from tax in view of the fact that we are going also in the next two years to have to accommodate additional reduction in the level of import duties.

That brings me, Mr. Speaker, to the point I want to make that is the essential difference between this Barbados Labour Party and the Democratic Labour Party in relation to the VAT. We have set out on a course to implement the VAT whereby we are not requiring that the VAT should give rise to the same amount of revenues as the taxes being abolished, as was the case in the **Democratic** Labour Party's view of the world. We **are** saying the VAT should give rise to a reduction in the yield of taxes. Secondly, Mr. Speaker, and most critically, whereas the Democratic Labour Party's structure for a VAT would have caused the tourism industry, our chief foreign exchange earner, to have to absorb some \$35 million in input taxes, we are saying that it is possible to design and implement a VAT in this country that allows the tourism sector to get a **tax** ease as well.

10.10 p.m.

The public has to be aware of these things, because we are seeking to use tax **reform** as a means of bringing about tax ease as well as a means of assisting the most important sector of the economy.

Mr. Speaker, I want to say a few words about the contribution of the Member for St. **Michael** South Central and to say that the impression was cast that the only economic policy introduced by the Barbados Labour Party in the course of the last year was the duty relief on manufacturing and the interest rates. I submit to the House that the most important macro-economic policy introduced was the macro-economic policy that changed the relationship of the Government of Barbados to the Central Bank as a power. We reduced the overdraft that the Government could raise from the Central Bank from 17% of GDP of its revenues to 10% of its revenues. And we have held a position that if the commercial banks are also using the Central Bank as a lender of last resort we should also stop them from doing so because when commercial banks borrow from the Central Bank and lend to the public, it has the same effect on the reserves as when the Government borrows from the Central Bank.

The combination of those **2** policies, Mr. Speaker, explain in large measure why the net reserves of the Central Bank which were at **\$215** million when we took up office in 1996. Yesterday, Sir, the net reserves of the monetary authority were **\$515** million. The policy of this Government in managing its relationship with the Central Bank of Barbados has been at the base of the serious build-up in reserves that now puts the spectre of devaluation behind us once and for all.

Mr. Speaker, Sir, I **am** sad that this debate has had to be taken up with nonsense about secret deals. I know what it is to go through an election campaign, charged with the nonsense that I would sell out the people of Barbados to the IMF **and** have a secret deal with the IMF. I have come to this debate again with the economy going, no prospect of devaluation, and now I am being told about a secret deal with the IADB, and I have spoken in my closing in these terms because the time has come to put all of this nonsense of secret deals behind us once and for all. There is no secret deal with the IMF, IADB.

I want to thank all Members who have spoken on this side and I want to thank the private sector of Barbados. I want to thank the trade unions, the workers of Barbados. I want to thank all those who are reposing confidence in this economy. I want to thank the Opposition who, from time to time, put out ideas that I find useful and I am not an adamant person and I am warning the Opposition that if you put out useful ideas I will take them and implement them because you are part of Barbados too. But there is no secret deal, Mr. Speaker. Let us get on with the business of growth and I want to close on this point.

I believe that there is likely to be a boom in this country and we can do one or two things with the boom. We can either use it for consumption, wasteful projects or we can tell our people take the increased income, save it and invest it. This is the simple message of this Budget. The economy is growing. It is likely to grow more. Barbadians, do not waste income, save it, invest it and build this country!

This Budget fundamentally address itself to the way in which a responsible government should ask its people to respond in circumstances where income is likely to grow and where the future ahead can be a bright future, once it takes the correct road. Too many times in the past, going back to the windfall issue, we have taken the wrong road where there has been a boom and Barbadians should understand that the road to take now is not the road to wasteful consumption, conspicuous consumption, but increased saving and investment in the interest of national development.

It is in that context, Sir, and within that common sense approach to economic management that I have sought to conceive of and implement a budget with the concept of growth. Let us make the growth sustainable.

I want to give the House the assurance, Mr. Speaker, that I shall try my best to assist in that endeavour to the extent that my training, my experience, my values and my judgment show me the way. I am obliged to you.

#### DIVISION

Mr. SPEAKER: Honourable Members, please. As is customary we will take the amendment to the Resolution first. I hope all Members understand the procedure of the voting.

*The question is that the words to be deleted stand part.*

*The question was put and resolved in the affirmative the House dividing as follows:-*

**Ayes:** Rt. Hon. O. S. ARTHUR, Hon. Miss B. A. MILLER, Hon. D. A. C. SIMMONS, Hon. G. W. PAYNE, Hon. R. C. EASTMOND, Hon. Miss H. E. THOMPSON, Hon. Miss M. A. MOTTLEY, Hon. R. St. C. TOPPIN, Mr. G. A. CLARKE, Hon. Sir Harold St. JOHN, Mr. D. CARTER, Mr. H. deB. FORDE, His Honour R. D. MARSHALL, Mr. J. M. EDGHILL, Mr. L. R. TULL - 15.

**Noes:** Mr. D. J. H. THOMPSON, Mr. F. J. STUART, Mr. B. M. TAITT, Mr. J. O. TUDOR, Mr. H. F.

LASHLEY, Mr. D. St. E. KELLMAN, Rt. Hon. L. E. SANDIFORD and Dr. R. C. HAYNES - 8.  
10.20 p.m.

Mr. SPEAKER: We will now vote on the Prime Minister's Resolution.

*The question that this Resolution do now pass was put and resolved in the affirmative the House dividing as follows: -*

**Ayes:** Rt. Hon. O. S. ARTHUR, Hon. Miss B. A. MILLER, Hon. D. A. C. SIMMONS, Hon. G. W. PAYNE, Hon. R. C. EASTMOND, Hon. Miss H. E. THOMPSON, Hon. Miss M. A. MOTTLEY, Hon. R. St. C. TOPPIN, Hon. Sir Harold St. JOHN, Mr. G. A. CLARKE, Mr. D. CARTER, Mr. H. deB. FORDE, His Honour R. D. MARSHALL, Mr. J. M. EDGHILL and Mr. L. R. TULL - 15.

**Noes:** Mr. D. J. H. THOMPSON, Mr. F. J. STUART, Mr. B. M. TAITT, Mr. J. O. TUDOR, Mr. H. F. LASHLEY, Mr. D. St. E. KELLMAN, Rt. Hon. L. E. SANDIFORD and Dr. R. C. HAYNES - 8.

#### ADJOURNMENT

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, that concludes Government's Business for today. I would beg to move that this House do now adjourn until Tuesday, June 11, 1996 at 11.00 a.m.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, speaking on the adjournment I just want to say to the House that in the interval between this House adjourning and the House reconvening, that there will be the first meeting of the Assembly of Caribbean Parliamentarians I am pleased to report to this Parliament, properly so, that the Member for Christ Church South and I will be representing the Barbados Labour Party at this inaugural meeting.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, quite naturally, Sir, I am pleased that within the Caribbean and within this Parliament we have come to that particular position. I would like to suggest, Sir, that the Government, or the Leader of the House, should formally move a Resolution proposing representation of Barbados at the...

*Asides.*

Rt. Hon. L. E. **SANDIFORD**: I am just saying that is how I believe we are talking about representation from Parliament. It is just a suggestion. You do not have to take it.

Dr. R. C. **HAYNES**: On the adjournment, Sir, I would just like to inform the Honourable House that I will be representing the National Democratic Party.

*Asides.*

Hon. Miss B. A. **MILLER**: Mr. Speaker, Sir, the Honourable Member for St. Michael South suggested a Resolution, but the text of the letter which is addressed to the Honourable Prime Minister in respect to the invitation to this, speaks very specifically that there should be nominees from the Barbados Labour Party, the Democratic Labour Party and the National Democratic Party. It is really not a matter of Government and Opposition.

*Asides.*

Hon. Miss B. A. **MILLER**: It is not proper in this context what the Honourable Member for St. Michael South is suggesting.

*Asides.*

Mr. **SPEAKER**: Honourable Members, please. Honourable Members before I put the question, I just want to inform Honourable Members that during the next few weeks we will **try** to have some meetings of some Committees. We have fallen behind very badly. We will have a meeting of the Management Commission that is scheduled for Monday, June 3, 1996 at 2.30 **p.m.** The first meeting on the Select Committee on the Insurance Bill on Wednesday, June 5, 1996 at 10.00 **a.m.**, and the Standing Orders Committee on Wednesday, June 12, 1996 at 2.30 **p.m.**

I am imploring Members who **are** on these respective Committees to **try** and be present at these meetings, please.

Mr. D. J. H. **THOMPSON**: Mr. Speaker, I believe it would be negligent of me if I did not formally inform the House, even though I sent out the information to the media today, that I have, on behalf of the Democratic Labour Party, appointed the Right Honourable L. **Erskine Sandiford**, Parliamentary Representative for St. Michael South, as the Party's representative on this Assembly.

In choosing him, Sir, we **are** very conscious of the prime role that he played in the establishment of the

Assembly of Caribbean Parliamentarians, and we think it is a signal honour that he should have the distinction of representing the party at the first meeting.

On behalf of the party, which has been in full support of this initiative, we wish the First Assembly success in its deliberations, and we want to say that we are very happy that our own input in this has brought the matter to fruition. In addition to saying that I appointed the Honourable Member, to congratulate him for his foresight in the regional integration movement for getting this matter on the Agenda, and I hope that he will live to see it grow into something that is successful and useful to the people of the Caribbean region.

Mr. B. M. **TAITT**: Mr. Speaker, I promise not to detain the House, but the Honourable Member for St. Michael South raised a question and the Leader of the House has replied and I do not now seek to raise the issue. I hope that arising out of the first meeting of the Assembly of Parliamentarians that the methodology will, in fact, be settled in relation to, what I believed, the intention was when this matter was raised.

The representation, even though, as I understand it, would be reflective on the strengths of the various political Parties in the Parliament, the Assembly of Parliamentarians was intended to be representational of the Parliaments and not to be designated or appointed by the political Parties, because the purpose, as I understood it, would be lost if, in fact, it degenerates into representation of political Parties.

I hope that arising out of the first meeting, the methodology, the programming and the planning for the future, that we would see a system which was intended, because certainly this would be akin to what we have in the Commonwealth Parliamentary Association in terms of our regional representation.

I wish to join also with my Leader in saying that the former Prime Minister, the Right Honourable gentleman from St. Michael South, can be pleased that despite some negative output from some quarters, that it is an idea whose time he has brought to fruition and I wish him well. I think he deserves all of the congratulations which anyone can give for having the foresight to initiate, from scratch, so generous an idea that is entirely Caribbean, and I congratulate him before I sit.

*The question that the House do now adjourn until Tuesday, June 11, 1996 at 11.00 a.m. was put and resolved in the affirmative without division and Mr. **SPEAKER** adjourned the House accordingly.*  
10.30 **p.m.**

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