
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 1999 – 2003

HOUSE OF ASSEMBLY

Monday, March 17, 2003

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Monday, March 17, 2003.

PRESENT

His Honour I. A. ROETT, G.C.M. B.A., Dip. Ed., (Speaker)

His Honour J. M. EDGHILL, J.P., (Deputy Speaker)

Hon. Sir Henry FORDE, K. A., Q.C., M.A., LL.M. (Cantab.)

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

Hon. Miss M. A. MOTTLEY LL.B. (Attorney-General and Minister of Home Affairs)(Leader of the House)

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

Hon. Sir HAROLD St. JOHN, K. A., Q.C., LL.B.

Mr. L. R. TULL, Q.C., M. A., (Oxon.)

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

Hon. Miss B.A. MILLER, B.C.H.,(Deputy Prime Minister, Minister of Foreign Affairs and Foreign Trade)

Hon. G. W. PAYNE, LLB.

Hon. R. C. EASTMOND, J.P., B.A.(Hons.), Dip. Ed., LL.B.

Hons.), L.E.C (Minister of Labour and Social Security)

Mr. D. CARTER (Chairman of Committees)

Hon. R. N. GREENIDGE, B.A., LL.B., (Minister of Education, Youth Affairs and Sports)

Hon. G. A. CLARKE, B.Sc., Dip. Ed.,J.P. (Minister of Housing and Lands)

Hon. R. D. MARSHALL, (Minister of Public Works and Transport)

Hon. H. F. LASHLEY, (Minister of Social Transformation)

Hon. R. St. C. TOPPIN, LL.B., (Minister of Commerce, Consumer Affairs and Business Development)

Mr. D. St. E. KELLMAN

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

Hon. Miss C. Y. FORDE, J.P. (Minister of State, Ministry of Education, Youth Affairs and Sports)

Mr. M. Z. WILLIAMS

Mr. T. A. PRESCOD, B.A.

Rev. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (Parliamentary Secretary to the Attorney-General and Minister of Home Affairs)

Mr. D. T. GILL, B.Sc.

Hon. N. A. LYNCH, B.Sc., M.B.A. (Minister of Tourism and International Transport)

Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil., (Minister of Agriculture and Rural Development)

Hon. R. R. FARLEY, B.Sc., J.P.,(Minister of Economic Development, Industry and International Business)

Prayers were taken by Canon Father Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, 11th March, 2003.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, March 11th, 2002, which Minutes have been circulated, be taken as read.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.
Mr. SPEAKER: If there are no corrections or observations, then let these Minutes stand confirmed.

PAPERS

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I am commanded to lay the following:

1. The University of the West Indies Guarantee of Bonds Order, 2003.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I am commanded to lay the following:

1. The Report of the Judicial Council, 2002.

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move the suspension of Standing Orders, 6, 16, 18, 20, 42(5), 43, 44 and 20.

The question that the Standing Orders mentioned be suspended for today's Sitting was put to the House and resolved in the affirmative.

GOVERNMENT BUSINESS

ORDER NO. 7 – THE APPROPRIATION BILL, 2003.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, in compliance with Sections 108 and 109 of the Constitution of Barbados, it is my honour to present to this Honourable Assembly, the Budget of the Government of Barbados for the Fiscal Year, 2003 to 2004.

Mr. Speaker, that Budget expresses in the Estimates of the Revenue what will be available to the Government, the Expenditure the Government proposes to incur, and an expression of the means by which the Government proposes to meet the gap between its estimated revenue and its expenditure. As Budgets Debates go, Mr. Speaker, this is the real thing.

It is obviously no secret that this will be the last Estimates of Revenue and Expenditure being presented by this current administration in this term, since the elections are constitutionally due before this time next year.

These Estimates, therefore, hold some interest, particularly for those gladiators who have fought in this vineyard for some considerable time and will have, through this medium, the opportunity to say final words of economic advice to the people of this country.

Sir, I would venture to suggest that no other previous presentation of Estimates of Expenditure and Revenue in this House since Independence was ever made against the

background of such extraordinary uncertainty and against a backdrop of such tumultuous change as the uncertainty and change which confronts us today, which is likely to persist and which will be operating well into the foreseeable future.

Mr. Speaker, before I go into the Estimates of Expenditure and Revenue as numbers and the policies they embody and they intend to express, first of all, I need to establish the context.

It is very sad that on this very day that we are debating the Estimates and Revenue of this country, a war may be declared, or conditions established to make a war unavoidable.

My Government, my country, my region, as both in practice and in policy, have clearly stated where we stand in relation to these matters. Mr. Speaker, it is a matter of historic record that the very first action of which I was engaged immediately upon being sworn in as Prime Minister of Barbados was to meet, along with the Attorney-General and Deputy Prime Minister of Barbados, with the United States Ambassador in 1994 and agreed to commit the men and women of the Barbados Defence Force, in support of an international coalition, led by the United States of America, in pursuit and in support of a United Nations Resolution in defence of democracy in Haiti.

We do not need any tutelage in relation to the conditions under which we should support international engagement in sovereign states. Our record on the matter is clear and strong. May I say that we do not support the precept or practice of regime change. We believe that every country has the right to self-determination. We do not believe in the practice of unilateralism no matter how powerful the country that seeks to practise it may be. We believe in multilateralism and in the precept that was clearly embraced by us in 1994 when we supported the United States of America when it sought to implement a United Nations Resolution to involve itself in Haiti.

Mr. Speaker, we also do not believe that war should be engaged in for light or transient purposes if alternatives to war can be pursued. We also find very disturbing the precept of preemption as the basis of self-defence as practised by nations. Therefore, we have taken a very fair position on the matter.

The fact, however, is that notwithstanding our position, a war is likely to take place that will have global consequences, some of which will be potentially catastrophic. It is our view that none of us will be immune from the consequences upon which others are embarked.

Mr. Speaker, the potential economic effects are quite considerably. They are likely to strike at the very

foundations upon which our economic livelihood is based. They are likely to complicate the adjustments that we have to make to an already difficult set of economic circumstances that have not been of our making but which sets the framework within which we live as a small open society. Emerging out of a recession, as we are, Mr. Speaker, the timing of this war could not be worst for a country like Barbados.

Mr. Speaker, these Estimates are also being presented against the background of a very dangerous and cavalier drift in the international economy. Sad to say, there is no force operating today that is serving as a driving force for global economic growth. All of the major economies of the world are involved in economic difficulties, some like Japan, are mired deep in recession. An economic catastrophe of formidable and fearsome proportions is working itself out in the principal Latin American economies.

Mr. Speaker, it is clear that the policies which have been at work recently to generate economic growth in the major economies of the world in the 1990s were, and are, sustainable. The facts are that much of recent economic growth globally was generated by private consumption expenditure by the United States society, which, in large measure, was triggered by the fact that over 50 per cent of United States household found themselves as participants in the Stock Exchange, were the beneficiaries of a massive increase in the paper wealth, which in effect supported a level of consumption expenditure, driven in part by private borrowing. That in many respects created the artificial conditions for growth in the 1990s.

The opposite effect is now taking place. As the Stock Market comes under pressure, the paper wealth effect that was triggering and supporting private spending has vanished and the downside is now the force behind the decline in consumer confidence now that the paper wealth has vanished.

I say, Sir, a lot of the policies that were used by the international economies in recent times to support growth were unsustainable. It is equally true that many of the new policies that are being now trumpeted as the basis for future growth in the major economies, are of dubious worth, if recent history is any evidence.

11.30 a.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: There is absolutely no agenda for global economic development to the extent that the entire world is being made to focus its intention almost exclusively on the fight against terrorism. The bottom line is that the international economy, in our judgment, faces its

gravest crisis since the great recession of 1929. Apart from the difficulty in production in the major economies, there is fundamental change in corporate governance in the major societies of the world and the stock markets are working to undermine confidence and to generate a dangerous downward spiral.

Our region is attempting to reconfigure itself as a single market and economy. This task is necessary and highly desirable but it will remain extremely difficult because some of the constituents of our regional economy are tethering on the brink of economic and financial catastrophe.

The general implication is that there are no easy or rosy growth prospects or opportunities open to us. We will have to wrestle and fight vigorously to secure moderate amounts of economic growth, development and prospect. As such in the climate of today's world we may have to reduce our growth target from the 3 per cent we had set ourselves as the sustainable rate of growth to 2 per cent and hence the possibility that while this climate prevails, the standard of living of our people will improve but at a slower rate than in the past. As people we will have to temper our material expectations and bring them in line with reality.

Mr. Speaker, these Estimates are being presented to Parliament at a time when our country and region are both engaged in a number of unprecedented trade negotiations in a multiplicity of negotiating theaters that will have a massive and determinable bearing on the future structure and functioning of our economy. These trade negotiations will forever change the relationship of this country with our traditional trading partners and the nature of our integration of into the global economy. I hope that as this House goes into Committee it would engage in a full debate on our trade policy.

The effect of these trade negotiations is that for the future we will have fewer prospects by which we protect our domestic industry. The forms through which protection to the industry will take place will be drastically different that those of the past and we will have to make adjustments to our policy.

Secondly, trade liberalisation contemplated through the Free Trade Area of the Americas under the WTO and our agreement with Europe will mean that in the future there will be a substantial reduction in the revenue available to the Government because our top rate of duty is 20 per cent and the essence of trade negotiation is to remove the 20 per cent import duty in future which will lead to the lost of \$170 million in revenue at today's estimates.

Mr. Speaker, trade negotiations will also mean that we will live in a more competitive economic environment in the future and our productive systems will have to gear themselves to operate in a situation where entities that hitherto did not have access to our markets will now have liberalised access to our market.

The trade programmes have already been demonstrated practically in some instances and these will bring about institutional changes. Already institutions in the financial and productive sectors and transnational corporations functioning in our country have gone about the business of consolidation and mergers to create a critical mass to function in liberalised markets and there is a human cost to these transactions which this country would do well to take into account.

Sir, above all, the reality is that we now live in a world that believes that it owes no one a living and we will have to make our living in that new competitive, hemispheric and global environment.

There are also other domestic factors that bear on our economic and social development which must be taken into account as part of the background to these Estimates and they impose on us the duty at this time to be very careful. Sir, we must also exercise the greatest possible prudence in the nature of our management and the way in which we husband our resources, to be extraordinarily judicious in our choice of policies without losing sight of the long-term goals and purposes of broad-based development which remain valid and which must never be compromised.

What are these domestic factors that condition how we should husband our resources at this time? We have recently raised two substantial loans on commercial terms on the international market. The first loan was to provide a cushion against the effects of trade liberalisation and the second loan of \$300 million was to enable us to cushion ourselves against any unanticipated consequences of the aftermath of September 11th.

These two loans have changed this country's debt profile and we must now craft our economic policy in a way as to be very careful in how we incur that new debt and the purposes for which we incur new debt in pursuit of ensuring that this country retains and carry a manageable debt position into the long-term future.

The second domestic factor is that Government has recently pursued a counter-cyclical fiscal policy to mitigate the effects of this recession. This means that in a situation where demand for goods and services were falling because of factors originating abroad, Government sought to maintain and stimulate economic activity by expanding its expenditure and the size of the fiscal deficit.

11.40 a.m.

Monday, March 17, 2003

Hon. O.S. ARTHUR: We could do so because we went to the recent recession with a platform of reserves that were radically in excess of the volume of reserves regarding the amount required for safety and liquidity. Therefore, we had a platform, for the first time, for the Government's spending to help bring a country out of recession.

Sir, if the House would recall, in every instance in past when Barbados has got into recession, the recession started with the export sectors and because of the unavailability of foreign exchange reserves, the Government, in 1980/1981 and 1990/1991, in response to a loss of external demand for goods and services, the Government compounded the recession by cutting its expenditure and leading to a general recession in the economy.

However, we were in a position last year to mitigate rather than to add to the recessionary forces in this economy by pursuing a counter cyclical policy, under which we incurred a larger fiscal deficit than the overall fiscal deficit that the Government would ordinarily regard as the deficit to sustain in this economy. Hence, the deficit of 5.6 per cent of GDP that is to be realised this fiscal year, was a deliberate strategy by the Government to use fiscal policy to help carry the country through the turbulence of economic recession.

Sir, as we know, large fiscal deficits maintained over a period of time will in small economies turn out to be a major destabiliser. It was the case in 1980/1981 and 1990/1991 that a series of fiscal deficits, over 80 per cent of the GDP, triggered the kind of loss of reserves that predicated the country to have to seek assistance from the International Monetary Fund (IMF). It is not the intention of this Government, as I expressed last year in my presentation to Parliament, to pursue with this counter cyclical fiscal policy for any longer than we have to.

Mr. Speaker, I would address the House to Page 27 and 28 of what I said last year, when I indicated that:

"Government's acknowledges that such deficits are unsustainable since they ultimately must be financed either by raising taxes or by further borrowing. In an environment where tax reform is imperative and where there is a need to contain the level of the national debt, the option of a large deficit is not viable. The Government, therefore, will introduce measure to being to return the deficit to around 2.5 per cent of the GDP."

Sir, clearly, we cannot move the deficit from 5.6 per cent to 2.5 per cent of the GDP in one fell swoop but these Estimates are part of that exercise of this Government to make sure that fiscal discipline continues to be a major ingredient of sustainable economic stability in this country.

Mr. Speaker, now that the economy is emerging from recession, it is the intention of the Government to back to a more normal and sustainable fiscal position. The implication is, we will not raise taxes to reduce the deficit, so the Government must control its discretionary spending and we intend to do that in these Estimates that are before Parliament.

Secondly, the more important implication is, since central government fiscal policy will not in the years to come be designed to be expansionary, the stimulus for economic growth in this country must come from the combination of private sector productive activities and investment facilitation measures by Government, not on Budget but off Budget and these Estimates proposes to get those two developments in train.

I need not have to point out that a domestic fact of significant that serves as part of the context within which these Estimates will be judged, is the fact that there is a pending General Elections. The holding of elections in this country in the past has proven to be a wonderful thing for democracy but horrors for our domestic economy. Last-minute pumped priming, as in the past, drained the Treasury and virtually bankrupted our foreign exchange reserves. Last-minute excessive public spending for purely electoral purposes, has invariably created, in the past, particularly 1991, a massive and horrible economic mess which had to be cleaned up. Indeed, the 1990 case will stand out forever as a classic in the history of this country.

Mr. Speaker, a Prime Minister and Minister of Finance on that occasion faced the same issue as we face today. Are we going to control discretionary spending by the state in support of the sustainable development of the country or are we going to do things purely for electoral purposes. His response was, and it would stand forever in the infamy of Barbados' politics, that he was not going to do anything that would cause his party to commit political suicide.

Mr. Speaker, in a country with resources and options as slender as those of Barbados, there is never a good time for fiscal, financial or policy extravagance and the eve of elections is the worst possible time for such excesses in this country.

Sir, the message that these Estimates will send forth and must send forth in this country, is that there is a Government in charged of this country's affairs that believe in fiscal discipline. This is not the time for pumped

priming, this is not the time for fiscal extravagance nor excesses, this is not the time for policy extravagances nor the excitement of material expectations on behalf of an electorate that cannot be sustained. Rather, this is time for prudence, the careful husbanding of our resources and the continuous laying of secured foundations for the sustainable development of the society.

Mr. Speaker, in a world awashed with difficulties now and further difficulties to come, these Estimates, that I have the honour to present to this Parliament, are intended to take us a step further on our goal towards sustainable and coherent development of the Barbadian economy. There are based upon the recognition that the development of this country had rested on the commercialisation of our stability; that the stability of this country, above everything else, must be preserved and that stability can only be engendered by the practice of fiscal prudence and fiscal discipline.

The Estimates are based on the recognition by the Government and the fact that now that Government's policy has helped to bring the economy out of recession and we have brought this country back to a stage of growth, the future of the economy must come from the stimulation of the private sector of this economy.

Mr. Speaker, the Estimates accept the philosophy that even amidst fiscal restraint, we have a duty to this generation and to future generations of Barbados, to continue strategically to build the social and human capital of this country. These Estimates reflect a continuing enduring commitment by the Government to put its chief priority on the social capital, especially education, at a time there are dangerous backward voices in this country that are telling the people of this country that everything that we have believed in the past and everything that we know are fundamental to the development of this country, mainly our human capital, no longer matter.

These Estimates reflect this Government's unflinching enduring and enlightened commitment to the principal that even amidst fiscal restraint, they must be no disengagement of this society from investing in our people and social institutions that have been the bedrock of progress of the Barbados society that we know.

11.50 p.m.

Monday, March 17, 2003

Continuation of: Rt. Hon. O.S. ARTHUR:

Amidst fiscal restraint, Sir, these Estimates reflect the determination of this Government not to compromise our fundamental core social values and commitments. Our commitment to continue the fight to eradicate poverty, our

commitment, Mr. Speaker, to continue the fight against HIV/AIDS and our commitment to bring about development within the context of social justice, by using fiscal policy, Government revenue and expenditure policies as a means by which we expand economic and social opportunity in this country. Sir, all of these things have been enshrined in the Estimates.

The core of our economic development programme will be promoted, Mr. Speaker, through these Estimates, by new qualitatively important, although not expensive initiatives, which I assure the House, will have far reaching consequences of a positive nature on this economy for many years to come.

Sir, that sets out the context, background, objectives, principles, philosophies that have informed the construction of these Estimates which I will present to the House, taking you through, first of all, a clear statement on our recent economic performance and a clear statement, as to where the economy is heading. I set the Estimates now, against the background of the recent performance of the Barbados economy and its immediate outlook.

Mr. Speaker, the year 2002 was the year in which everything wrong was supposed to take place with our economy, where the most dire consequences, the deep fall in real activity were projected by the nay-sayers and profits of doom and gloom but where our performance was far better than we had cause to hope, or even had cause to project.

Mr. Speaker, the performance of the economy as well, if I may deal with it in broad terms, reflects and validates the use of the Government counter-cyclical policy as a measure to mitigate the effects of a recession in this country.

Above all, Mr. Speaker, the performance of the economy in the year 2002 is a validation of our management of this economy over the previous eight years, when we systematically built up the foreign exchange reserves of this country through prudent management to stimulate exports and to encourage capital influence, such that we could face any recession or adversity in the country, confident that this country had the resilience, but more especially the foreign exchange resources to tide our way through.

Often we hear in this country, Sir, that the management of the balance of payments does not count. The fact is, Mr. Speaker, the performance of the economy in the year 2002 would not have been possible, had we not taken the initiative to build up the reserves in the previous eight years to \$1.5 billion.

Indeed, I venture to suggest, Sir, that if we had faced the year 2002 with the same holding of reserves that we held in 1990, 1991, the consequences for the Barbados economy would probably have been of a similar nature.

Mr. Speaker, the cycles in the Barbados economy reflect the fact that it had been typical for our economy, when it got into recession in the past to stay mired in recession for at least two years. This was the case in 1980 to 1981 and it was also the case in 1990 to 1991.

This time around, Sir, this economy has been brought out of recession in the shortest possible period, 12 months, and put back on a path of growth as early as possible. Twelve months of recession, Mr. Speaker, between June 2001 and 2002 have been followed by a situation where the economy had started to grow as early June 2003. As a result, rather than realising a fall in activity of about 2 per cent as was originally projected, the Barbados economy contracted by no more than 0.4 per cent in the year 2002.

In the course of the year, Mr. Speaker, we had a situation where the economy fell substantially in the first half of the year 2002, but by the second half of the year, the growth had resumed. If I were to take the House, Mr. Speaker, through the performance of the sectors, one would get a clear view as to what is happening in the Barbados economy.

The tourism industry declined by 10 per cent in the first half of the year but it rebounded in the third and fourth quarters by 3.9 per cent and 10 per cent respectively, virtually cancelling out the negative activity in the first half of the year.

The manufacturing sector grew for the first time in a number of years. There was a pick-up in construction activity during the last nine months of the year and as a result, manufacturing activity increased by 3.1 per cent in the year 2002.

Wholesale and retail activity fell by 2.4 per cent during the first six months of the year 2002, but benefited from a gain in tourism and construction activity. Overall, the sector expanded over the whole course of the year as compared to a decline in the year 2001.

Most impressively, Sir, despite an uncertain global economic environment and the threats that we faced in the challenge of the OECD, our international business sector registered an expansion in the number of entities that were granted licences to operate during the year 2002.

Newly licensed international business companies totalled 260, an increase of 24 per cent for the period over the previous years. In addition, Sir, 11 new licences were

issued to exempt insurance companies compared to only seven new licences in the year 2001, while three licences were granted to exempt management companies compared to only one in the previous year.

Twenty-six societies with restricted liability were given permission to operate during the year 2002 compared to 22 in the year 2001. The number of licences issued to offshore banks amounted to three as compared to two in the year 2001, so vibrancy was restored in the year 2002 to our second most important industry, the international business sector.

Mr. Speaker, what however I regard as this country's most impressive achievements, despite the adversity that it faced, was the record in relation to employment, the record in relation to the management of our reserves and the record in relation to inflation. Now, in previous periods when this country had faced recession, there was a deep dangerous plunge in the country's foreign exchange reserves. Those plunges were big enough in the past to carry this country into the hands of the International Monetary Fund.

Last year, Sir, despite the difficulties and the use of the Government counter-cyclical economic policy, our net international reserves declined by only \$49.1 million. There have been times when they had fallen by as much as \$200 million in a year.

The rate of inflation up to November, Sir, was estimated to 0.1 per cent and I want to stress that point. There was 0.1 per cent inflation for the year, as compared to an inflation rate of 3 per cent for the previous year.

Sir, the greatest human accomplishment by this Government in recent times, and I want to say, Sir, without an apology, the greatest human accomplishment of any Government in this country since independence, has been the record of this Government to carry a country through adversity, while maintaining a level of employment in this country would be regarded as an historic achievement, even during the most wonderful of times.

Asides.

Rt. Hon. O.S. ARTHUR: We must remember that in the recession of 1991, unemployment rose to 27 per cent. There has been no period in the history of modern Barbados where an administration has safely carried a country through an entire office of administration with unemployment hovering around 10 per cent, as we have done in this administration in plenty and in time of need.

12.00 p.m.

Monday, March 17, 2003

Rt. Hon. O. S. ARTHUR: Our record of employment creation is one which this Government is proud of. When I asked the people of this country for the mantle of leadership, I suggested that it was within the grasp of this country to create 30 000 jobs. That figure was used as a mantra of mockery from those on the other side. Those 30 000 jobs which were achieved in the mist of a recession shall come back to haunt them.

Let us compare notes, if the Democratic Labour Party dare wish to face us upon this issue. The rate of unemployment, the reserves of Barbados that has now stabilised to well over 30 weeks of import equivalent and the moderation of inflation point to strong resilience and the existence of a residuous strength of this economy that separate it from other economies in this region that have to face the same regional and international circumstances and put us, I dare to suggest to this House, in a better position than the middle income developing countries of the world like Hong Kong and Singapore that have faced the same circumstances as we have but who have not weather the storm as well as this Barbados economy has.

The administration in Hong Kong has had recently to increase income tax and corporate tax. They are wallowing in a serious recession. Singapore has not yet got out of that economic difficulty, so by comparison with those countries that are on the cusp of joining the world's developed, Barbados, faced with the same circumstances, has done remarkably well.

The Government does not want to claim the credit for it. The whole society in the year 2001-2002 rose up in the defence of the economic stability of this country. Our performance was the result of a series of national consultations where we tapped every intellectual capacity of this country and every productive sinew to be able to bring us to this plateau of resilience and to set the stage for the growth about which now I have the great pleasure to speak.

The signs already are that the economy grew in the year 2002. Tourism activity is increasing. We expect a better performance from the agricultural sector in general this year. We expect continued growth in the manufacturing sector. We expect as well that the evidence of growth in the non-traded sector will continue. It is projected that the average rate of unemployment will fall in the year 2003. However, all of that is conditioned on the question of the severity of a war.

I, therefore, would urge the House to be cautiously optimistic about our economic prospects recognising that adjustments may have to be made if we are faced with a situation where a war disrupts international travel and lead to a savage spike in energy prices.

Although the economy is doing reasonably well, when we take a stock of the forces that have been at work in the Barbados economy, we recognized how important is the need for us to continue the important task of our generation of building a new business culture in this country and carrying out the most far-reaching endeavour ever in a small economy to comprehensively transform and reposition our entire productive system.

The enduring responsibility of this society in the management of its economic affairs might involve the bringing about of stability through the management of the deficit. However, the overriding obligation still is to attend to those matters that would ensure that by the middle of the first decade of the 21st century we can build a more productive and more competitive economic system that will retool and re-engineer the basis of our productive sectors which will, in practice, bring a new enterprise culture to bear in this country.

I want to speak to those issues because while I am dealing with the deficit that is here now, we must not lose sight of the immediate future, so let me deal with the sectors one by one.

The tourism sector was facing a slow-down in activity prior to September 11th. This is true because the entire Caribbean tourism sector was losing market share. The Caribbean tourism sector is by world standards a matured industry but it is trading in the market as an industry with a tired plant, a tired product and tired policies and competing with newer destinations in the Caribbean particularly the Dominican Republic and Cuba and new destinations arising in the Middle East, the Indian Ocean and elsewhere which are offering greater value for money and fresher, more vibrant and more attractive tourism product. It is not by chance therefore that there was a decline in Barbados' tourism sector and the regional tourism sector beginning some time in the late 20th century because they suffered from all of the inherent problems of a maturing industry.

My Government's response has been to put our tourism activity in the context of a new framework called the Sustainable Tourism Development Act that has brought an entirely new fiscal institutional set of arrangements to bear on the development, not just of the hotel industry but to the entire hospitality industry such that all facets of Barbados' tourism ranging from hotel to every possible attraction can go forward with the stimulation of new measures to facilitate investments and to reduce the cost of doing business.

The greatest challenge facing us in tourism is to sustain the effort to improve our tourism product. In an era where we are facing competition from newer destinations, the Caribbean and Barbados have nowhere to go unless we

give people value for money and unless there is the effort to uplift the attractiveness of what we are offering to the people who come here to spend their hard-earned money. Hence, in addition to the Sustainable Tourism Development Act, this Government has put a new emphasis on spending for product development. We are transforming our capital city not only for the benefit of Barbadians but for our visitors as well because the first place tourists go in a small society is to the capital city to see what is offered. So Bridgetown itself properly transformed can be a Mecca for a new type of tourism in this country.

12.10 p.m.

Monday, March 17, 2003

Rt. Hon. O. S. ARTHUR: Mr. Speaker, when I speak of some of the off-budget facilitation measures of the Government, I will speak to our building a marina in Bridgetown to be able, for the first time in this country's history, to leverage the benefit of our asset as being the first stop for boats and yachts crossing the Atlantic, an asset Barbados has never sought to exploit in the past but which other Caribbean countries have shown how it should be exploited.

Mr. Speaker, we have to steer the course in building new tourism capacity. There are those who doubt as to why Government is doing certain things but when one takes stock of where we are in relation to the other sectors of the Barbadian economy, unless Barbados spends substantial worth today on new tourism capacity at the level of hotels of a quantity nature and unless Barbados today spends substantial sums on improving our tourism product, five years from now we will not be able to pay our bills.

We cannot wait until five years from now when the new trade arrangements come and make it very difficult for agriculture and manufacturing to then ask where is the capacity that would generate the jobs and the foreign exchange. It has to be done now. It is the kind of consideration that has begun to prompt us to spend money on the Gems of Barbados. It is the kind of situation that has inspired us to completely reconfigure the use of land on the Needhams peninsula. It is the kind of consideration that will lead this Government into its third term, to press on with the work and to develop our hotel facilities along the Drill Hall and the Garrison areas.

It is the kind of consideration that is prompting the Government to encourage persons to look at how we are going to bring 30 acres of our best beach land, now lying fallow at Paradise Beach, into productive capacity. Unless that is used productively, five years from now, we will not be able to pay our bills.

As I said, the second set of factors that have been at work in this five years have been the effect of trade liberalisation.

Sir, the Honourable Member for St. John introduced a Budget to this House on March 28, 1994 but did not tell the Parliament of the day that five day after, his Government was going to make a commitment to the World Trade Organisation, under the GATT Agreement that would have to be implemented between 1994 and 2004 but which would have severe implications on the manufacturing sector.

Those 1994 commitments were to be implemented over a ten-year period and involved the removal of protection in the form of non-tariff barriers, licenses and quotas to agriculture manufacturing and the replacement of tariff, to be phased out over a period of time.

We tried our best to push it back but the removal of the protectionist barriers that were to be the shield behind which agricultural and manufacturing functioned in this country which were to be phased out since 1998, exposed the vulnerability of a manufacturing and agriculture sector and had been the chief force at work recently that has reduced the output of activities in those two sectors.

Those sectors used to depend upon protection by way of quotas and licenses to survive and those had to be removed under the rules of trade to which the Democratic Labour Party administration had agreed. That is what we have to manage and that is why I told the Honourable Member for St. John that I had to manage the hand that he helped to create but we managed it.

The reality of the situation, Mr. Speaker, is that for the future, trade liberalisation, through the Free Trade Area of the Americas and the World Trade Organisation, our new relationship with Europe, there was one-way access to their markets but we are now faced with giving them reciprocal access to our markets. That will only put our manufacturing sector in an environment that is even more competitive than it now faces. It explains why the Government has put in place the Agricultural Development Fund and the Industrial Employment Fund to try to pass transfers to these sectors. Since we can no longer support or protect them by high tariffs, we can do what the Europeans and the Americans do, that is, passing subsidies that are compatible with international trade rules in these sectors to help them to perform.

Mr. Speaker, the way forward would require a degree of innovation. We simply have to find agricultural and industrial solutions at source and to wean those industries off their long-standing dependence on trade protectionism as the basis upon which they are surviving in this country.

Sir, I give the commitment that this Government is going to stay the course in trying to help our sectors in finding solutions at source. This Government is spending \$5 million per year in technical assistance to the manufacturing sectors of this country to help them lift their standards up to those required for international market penetration. It has started to make the difference. We have provided technical assistance and will continue to do so to the small business sector. It is about re-engineering our production structures to meet the competitive requirement of our new markets in this dispensation. Those things are relevant and will be sustained.

Equally, Mr. Speaker, the Government has shown a determination to begin the process of financing the re-engineering of our production system. We have created an Industrial Investment and Employment Fund; an Agricultural Industrial Trust; an Innovation Fund; a Small Hotel Fund and a Tourism Development Fund. We are again calling on the private sector to join us and to use a part of the vast excess liquidity that has been accumulated from the people's savings to press it into service at this time, to help us to finance the restructuring of our production sectors. Unless it is done now, we will not pay our bills five years hence.

I say to the House that the situation facing the sugar industry is such that we need a special debate on its future. I say to the House that 300 years of history is about to be changed. The Australians, our cricketing friends and Brasil, have issued a challenge to the European Sugar Protocol as being as incompatible with European trade rules. They are arguing that Europe, by giving us a guaranteed market at guarantee prices and not giving them, is distorting international trade. Sir, we cannot scoff at that argument.

The United States, which does not produce any bananas, was a country that led the attack on the European Banana Protocol which has done so much damage that is now playing havoc with Dominica, St. Vincent and the other countries in the Caribbean. Our friends no longer believe they owe us a living. Australia will play cricket with us but they have no sympathy whatsoever for sugar production in this country. It is dog-eat-dog. It would be virtually impossible for us to contemplate of the existence of a sugar industry in this country, if our sugar industry could not sell at guaranteed prices to the European market and has to sell its output on a bulk form on the world market.

As a result, in the face of this new threat, we now have to find ways of accelerating the reform of the sugar industry in order to enable it to succeed. I still believe that an integrated cotton industry, carried through to its all dimensions, represents the best alternative to sugar. Government has recently agreed to create a cotton forum.

12.20 p.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: We have created a new fiscal regime within which an integrated cotton industry can function and although a lot of time has been lost, we still must make the effort to carry out the most far-reaching reform of our agriculture sector.

Sir, I speak in these terms because the leading voices in agriculture seem to believe that in relation to the CARICOM Single Market and Economy we can remake the region and go back to a protectionist place in time but, Sir, that option is simply not open to us. I am pleading through this House to those who purport to be leaders in modern industry to get on board in terms of their outlook and understanding of the issues.

Mr. Speaker, the situation is so grave that for the first time in the history of Barbados I have found it necessary to include in these Estimates an amount of

\$250 000 so that the private sector can buy expertise that will help it to understand international trade issues and to begin to participate with us in international negotiations.

I want to repeat that there is a complete reluctance on certain sections of the private sector of Barbados to accept the reality that we are living in a changed world where people will no longer grant preferences nor allow us to enjoy the benefit of putting up barriers against the movement of their goods.

The Government is prepared to pave the way for the private sector to learn the rules of the trade and the first sector to which we will apply the fund is the agriculture sector because people want us to go back to a past which does not exist.

Mr. Speaker, in relation to the offshore business sector, we prevailed in relation to the OECD but as soon as that was done, we faced a new challenge from the American Government prompted by its concerns about the fight against terrorism to try to put a large wrench in the workings of our offshore sector. We have, to some extent stemmed the tide against corporate invasion because Barbados was not listed as a tax haven and our entities were not debarred from enjoying the benefits of U.S.A. Government contracts.

It is clear that the U.S.A. Government preoccupies itself more and more with the fight against terrorism and its belief that every country has a duty to do things that are only in the best interest of the USA even if they are not in their own national interest. We should anticipate that

although the international business sector is doing reasonably well that it will face challenges of the future.

Sir, this year we are controlling the deficit but we have to continue the exercise of getting this country ready. When the Minister for Foreign Trade speaks she will tell you that negotiations are on their way and that negotiations with the Free Trade Area of the Americas are to end by 2004, that we are to implement our CARICOM Single Market and Economy by 2004, that the negotiations with the WTO in relation to agriculture and services will be concluded by 2004, that the negotiations with Europe will be concluded by 2007 and that Barbados cannot wait. The private sector must get itself ready and I send a message through these Estimates that the Government is ready in every respect to be part of this major exercise in fundamentally re-engineering and refinancing our production system and also in repositioning itself in the context of a new global and hemispheric regional economy as a successful exporter of high quality services.

It is against that background that I come to deal with the Estimates as numbers. This financial year ending March 2002 was easily the most challenging that has faced this Government in its entire term. We set out to incur a deficit that was over 5 per cent of GDP as a deliberate part of the effort to keep the economy going and it should come as no surprise to the House that the deficit realised by the end of March is 5.6 per cent of GDP.

Mr. Speaker, last year this House on March 15th approved a financial programme comprising projected revenue of \$1.795 billion. Total expenditure of \$2.290 billion and a projected overall deficit of \$495 million. On the basis of the most recent financial information available to us, rather than realising revenue of \$1.791 billion in this financial year to end March 31st, our revenue is likely to be \$1.701 billion which is \$94 million less than the projected amount. Sir, current and capital expenditure are likely to be about \$2.222 billion as compared to \$2.290 billion.

Mr. Speaker, before I go into the Estimates I want to say that last year Government's revenues because of recession in the first half of the year were not as buoyant as was projected. It is to credit of the Government that despite the fact there was a \$90 million shortfall in revenue between the amount projected and realised, Government continued to carry on the task of developing the country.

Mr. Speaker, the Government did not miss a single beat. It continued the fight against poverty and HIV/AIDS and to build roads. It continued to put in facilities across Barbados and the programme of building houses for the nation. Above all, Government paid its bills on time and this year, when revenue was off projection by \$94 million Government back-paid public servants.

Sir, to the extent that revenues did not meet expectations during the course of the year Government put in place every measure to control its current spending. As a result our current expenditure for the year was less than anticipated.

12.30 p.m.

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Hon. O.S. ARTHUR: As a result, our current expenditure for the year was less than was anticipated. The Government decided this fiscal year to control spending for current purposes but allow the capital programme of the Government to proceed apace.

Mr. Speaker, in the financial year ending March 31, 2003, we anticipate that we will spend approximately \$326.8 million on the capital side. This it has to do with the fact that we are carrying a portfolio of large and lumpy capital projects such as the South Coast Sewerage Project, the Forensic Laboratory, EdTech, the Bridgetown and Rural projects.

Interesting, the fiscal performance like the economy showed two contrasting tendencies. In the first half of the year, with the slowness and relative decline in economic activity, the Government's revenue declined but there has been an increase in Government's revenue in the second half of the fiscal year. It is Government's hope this trend will be taken into the next fiscal year. Unless there is some unexpected out turn, both the current revenue and expenditure for the fiscal to end March 2003, will end lower than what Parliament had projected and approved. The capital expenditure has remained fairly buoyant and we will have an overall deficit of \$521 million equivalent to 5.6 per cent of the GDP. Sir, this is the point where I would want to make the comparison between our fiscal programme for the year ending and the fiscal programming for the year to come.

Sir, the coming fiscal year is set in the context of the Government's intention to reduce the fiscal deficit over a period of time from 5.6 per cent of the GDP, downwards, to the point where it amounts to no more than 2.5 per cent of the GDP, sometime in the foreseeable future and the first exercise is going to be made this year.

Therefore, as a result, our financial programme has been based upon the policy that the fiscal deficit, net of amortisation, should be no more than 4.7 per cent of the GDP in the year 2004. We anticipate that Government's revenue will rise from \$1.7 billion this year to \$1 780 million. We also anticipate that Government's current expenditure will rise from \$1 895 million this year to \$2 074 million next year. The big adjustment next year will be, whereas in this fiscal year our capital expenditure will

be approximately \$376 million, in the next fiscal year, we are supposed to spend no more than \$270 million for capital purposes.

Mr. Speaker, the reality is, this fiscal year a number of Government's large capital projects will come to an end. The South Coast Sewerage Project engrossed \$45 million of Government's expenditure this fiscal year but we will spend only \$7 million on this project in the next fiscal year. Equally, the Bridgetown Road Improvement Project is scheduled to be completed between May and June this year and the Forensic Lab is virtually complete. The Government has decided to put a restraint on new projects, through the central government funding, to reduce the fiscal deficit. We are not going to carry the capital programme as large as the capital programme that we undertook last year.

Sir, one may delve into Government's priorities by looking at the way in which Government spends its money. There is a table on page 4 of the Estimates that shows Government's expenditure by function. Mr. Speaker, next year education will account for, apart from debt, the largest proportion of Government's expenditure. We will spend \$375 million on education; \$310 million on health; \$214 million on social security and welfare; \$322 million on economic services; \$63 million on housing and community amenities; \$59 million on community and social services and \$339 million on the general public service.

Sir, education will continue to engross the largest claim on the resources available to the Government, setting its statutory responsibility to meet the debt of the country. This leads me to an important debate.

Sir, from the time there was a Barbados, even in those dark days when our affairs were largely run by slave owners, there was a view, even on the part of slave owners, that this country's progress had to be based on the education of our people. For three centuries and more of the existence of this country and before becoming Independence, there was a willingness on the part of the people of this country to tighten their belts. In the tightening of their belts redounded to our ability to be able to find the resources to train our people and build our capital.

Therefore, it has to come as the most dangerous attack on the possibilities for future development of this country, when we can have, issuing from the lips of persons masquerading as leaders in Barbados, the nonsense that education and qualification do not matter in Barbados. It is in the entire history of this country. It is easily the most barbaric, antediluvian, backward, unprogressive, unenlightened statement by any public person. Sir, you can comb the entire history of this Parliament, even in those dangerously backward days when this House was led by

deep conservative people, and you will find from their bosoms they sprang an element of enlightenment and there was a willingness to invest in carrying forward this country by investing in our people.

Sir, I will have to ask in this debate, I cannot run the Parliament, when there are those who are at this time who are purporting to lead our nation saying that education and training do not matter, I have to ask that we have the opportunity to have a serious debate on education in this country, if only to reassure an anxious population that the dangerously backward view cannot be taken seriously.

Asides.

Hon. O.S. ARTHUR: Sir, this is not a laughing matter. There must be a debate an education in this House, if only to convinced an anxious population that the view that has been allowed to stand without any contrary opinion being expressed from those in this Parliament who are qualified by reason of having power invested in them by the will of the people. We need to hear those voices as to whether they too share that very ugly and terrible concept as to how we should proceed.

Asides.

12.40 p.m.

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Continuation of: Rt. Hon. O.S. ARTHUR:

Sir, silence in my view in this matter will reflect acquiescence and a little bit of disturbance in the Democratic Labour Party, is not so foreign to the institution. There have been disturbances in the Democratic Labour Party for less worthy reasons. I will urge them to join with us on This Side to lift the level of public discussion about the future directions of this society. This is a serious point.

Sir, not only is my Government committed this year to expand our expenditure on education, but we are doing that at a time when we are cutting the deficit. Last year, when our revenue fell, we increased our expenditure on education.

May I say, Mr. Speaker, that EduTech has been given \$30 million in these Estimates but my Cabinet has already agreed that during the course of the financial year, if our revenue performs better than we project, the first claim on the resources on the Government of Barbados must be to allow us to carry on the EduTech project at a level that is warranted by the programme as defined.

Mr. Speaker, I want to restate again, that in this year's Estimates, my Government's uncompromising and unflinching commitment to build our human resources has been expressed. I stated as well, Sir, in the event that we have the resources during the course of the year, the first priority must be given to provide more resources for us to accelerate the implementation of the EduTech. I want to put it not only in the context of public financing but in the context of a coherent philosophy of the development of this country.

Our development during the course of the Twentieth Century, rested upon our being able to enjoy a fully literate society, through the foresight of people who went before us.

Mr. Speaker, in the entire history of mankind one rule holds, there has never been any literate society that has been poor, and there is no illiterate society that has been rich and that is true.

In the Twenty-first Century, there is the danger of now being a new technological dysfunctionality, whereby some sections of the community will be technologically illiterate. We have a duty to Barbados to make sure that the entire generation of the Twenty-first Century is as technologically literate, as was the generation of the Twentieth Century, functionally literate, and to ensure, Sir, that this country that has known income inequality, is not afflicted by a new digital inequality in the Twenty-first Century, working, Mr. Speaker, to marginalise a part of our society. Hence, the importance of a project like EduTech and our community technology project to carry the computer and the Internet to the schools and to every nook and cranny of our society.

The objection of the Democratic Labour Party to EduTech, Mr. Speaker, reflects a general backwardness in the Democratic Labour Party, in relation to its understanding of the social relations in this modern society.

I will stress again that this administration will commit the resources to EduTech to allow us, by the end of this first decade of the Twenty-first Century to have a technologically literate population, Mr. Speaker, and I am calling on the Democratic Labour Party to join us.

I am serving notice as well, Mr. Speaker, that as soon as we finish EduTech, my Government is going to press on with the task of bringing to this country, a new University College of Barbados.

Asides.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, every year, there are thousands of young Barbadians who are seeking admission to our principal training institutions, the

Barbados Community College, the Samuel Jackson Prescod Polytechnic, the Hospitality Institute, Erdiston Teachers' Training College, The Barbados Nursing Programme, who cannot be admitted because of the scarcity of space.

There is a training deficit, therefore, in Barbados, Mr. Speaker, that reflects an underutilisation of our human resources. We believe in the precept that this country's development in the absence of natural resources must be rested on the strengths of our human resources.

The fact that thousands of Barbadians are not able to be trained, Mr. Speaker, is the greatest waste of our most valuable resource. The day must soon come, as an aspect of our converting this country into a fully developed country, where we fully develop our human resource and put it fully to use both at home and abroad.

I want to stress, Mr. Speaker, that this Government will implement a training policy through a new University College of Barbados, where we will not only train Barbadians to find work at home but we will train Barbadians, Sir, to find work, wherever work can be found in the global economy.

We are fighting, Mr. Speaker, for a new global order where there is not only movement of goods and capital, but where borders are relaxing such that people can find work commensurate with their skills and capacities.

This country, Mr. Speaker, more than any other country in the Caribbean has been one that has known the benefit of the migration of our people in search of work, wherever work is to be found.

There is a tremendous need, Mr. Speaker, for Barbadian nurses. Why should we train nurses only to work in Barbados, when there is a demand for them all over the world? There is a demand, Mr. Speaker, for Barbadian teachers and for other Barbadian skills.

Mr. Speaker, our training programme must meet, first of all, the needs of the domestic economy, but it must also have a global focus. The point, Sir, is that in managing a small society, in the context of a globalised economy, we must have a global focus to the most critical economic process. In our case that critical economic process, Sir, is the development of the human resource and unless we do that, no matter what we do in terms of the reorganisation of the economy, nothing will matter.

Mr. Speaker, there has been a statement that education does not matter and I will never allow the Democratic Labour Party to forget it, and I have never been in a position to benefit from inner consultations with the Chambers of the Democratic Labour Party. There has been

an appearance once upon a time that the Democratic Labour Party believed in the virtues of education.

Indeed, Sir, the very philosophy that the late Right Excellent Errol Walton Barrow is said to have espoused, was the carrying forward of a free nation upon the opening of access through the liberalisation of education. This is a powerful image. Sir, what now is this contemporary variation of the Democratic Labour Party and what mirror image does it have of itself? Does it see the late Right Excellent Errol Barrow or are we to believe that the Democratic Labour Party has now been taken over by a collection of intellectual wild boys?

Asides.

Rt. Hon. O.S. ARTHUR: I want truly to feel, Sir, that the misguided statements of the person who is masquerading as the Leader of the Democratic Labour Party does not reflect the views of those who are in a position to speak in the context of the late Right Excellency Errol Walton Barrow's legacy.

I think that this House will now know for sure, whether the Democratic Labour Party has now entirely disrupted itself from its philosophical moorings and has now gone adrift in a weak and leaking craft, led by a leader, Sir, who cannot lead because he does not have the compass that is to inform the philosophy that should chart the course of the craft. This is what this House will settle this week.

Mr. Speaker, in these Estimates of Expenditure, the Government has provided approximately \$50 million in support of the tourism industry. I need to say to the House that for the first time the Government intends both by on-budget and off-budget provisions to enable the Barbados Tourism Authority to have access to the full amount of resources that would enable it to carry on a fully fledged marketing programme, without having that marketing programme in anyway compromised by fiscal restraints.

12.50 p.m.

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Rt. Hon. O. S. ARTHUR: In addition to the \$50 million that is on-budget for the Barbados Tourism Authority (BTA), the Government is going to allow the BTA to raise a bond for as much as \$15 million, as it can do under its law, so that there can be no basis upon which the BTA will not have enough resources to fully implement its marketing programme. I stress that point because I said earlier that the Government expects that the growth in the economy this year will come from the growth in the private sector.

As regard the private sector, the growth will come largely from tourism and that tourism growth will drive activity in the other sectors of the economy. We therefore have to agree that the programme of the BTA must be fully funded and that it must carry out an aggressive new marketing programme geared to neutralize our economy from any adverse effects of a possible war. So I urge the House to recognise that in addition to the \$50 million that is on-budget, it is the wish of the Government that the BTA, by way of a bond issue of at least \$15 million, should have access to \$65 million in resources to get on with the job.

In this year's Estimates we are allocating \$30 million for the EduTech Programme, but if necessary and if our resources allow, we will come back to Parliament for a supplementary to improve it.

The big increase in Government's expenditure is in debt servicing. Debt servicing is to rise from \$519 million to \$622 million. Among that debt servicing, the Government has, for the first time, not only to pay the interest on the debt of the sugar industry but will have to pay the principal debt of the sugar industry because the sugar industry has reached a stage where it is also unable to pay the principal that it owes. This is serious. We are reaching the stage where the sugar industry has to rely upon subsidies to enable it to plant. It has to rely upon subsidies to enable it to pay its wages. It has to rely upon subsidies to enable it to carry on its ordinate operations.

As I speak, the Government of Trinidad and Tobago and the Government of St. Kitts are about to take very serious decision on the future of their sugar industries. We have put in place an arrangement where our industry is concerned. We are supporting Guyana in a specific way. Our sugar production now is below the level of our quota with the European Union and if we were to divert production outside the context of forced-mature to our domestic market and cannot meet the European Union quota, we will have to lose that quota permanently. That quota will be shared by all the countries of the ACP but countries like Guyana and other Caribbean producers of sugar will not be able to take up our quota.

As a result therefore, the Government of Guyana has made representation to us, they are producing a fine quality well-packaged sugar, that rather than just give up our quota, they will allow us to buy theirs and maintain our quota to the European Union. It is part of making sure that we rationalise our disengagement from the European Union quota but in a way that does not put our regional neighbour in peril. As such, this year Barbados will be taking up a part of its domestic consumption from Guyana. We will supply at least 25 per cent of our local sugar needs from domestic sugar and 75 per cent from Guyana but the future of the sugar industry is seriously now to be debated. The

concept of a sugar industry selling raw sugar as a bulk commodity is coming quickly to an end. In the interest of the future of the rural society, it is incumbent upon us that we find an alternative as soon as possible.

Mr. Speaker, the Honourable Members on my side are urging that they need to take a break and I will yield to that at this point. However, I will resume my presentation and complete it as soon as we return from lunch.

SUSPENSION OF SITTING

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move that this Sitting be suspended until 2.00 p.m. today.

Hon. R. N. GREENIDGE: I beg to second that.

The question that the Sitting be suspended until 2.00 p.m. today was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.

1.00 p.m.

Monday, March 17, 2003

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

Hon. O. S. ARTHUR: Mr. Speaker, when the House was suspended for lunch, I was in the process of giving the House an account of some of the major Expenditure as contained in this year's Estimates. Obviously, I would not tire the House or trespass on its good patience by going through every item of Expenditure but I think the House needs to judge the character of Government's policy in terms of our statement of priority as is reflected in Expenditures.

I would have spoken to our commitment to education and to making sure the Barbados Tourism Authority is fully funded in relation to its marketing programme. I have spoken about the issue in relation to debt in the sugar industry.

I believe the House's attention must be called in relation to the way in which the Government's attention should be treated to the Queen Elizabeth Hospital as a health institution. This is the first year in which a transfer is being made to the Queen Elizabeth Hospital, not in a capacity as a Government department but in its capacity as a Board. I, therefore, need to be explicit in what the Government is hereby doing. We are providing the Queen Elizabeth Hospital with a subvention of \$110 million. It makes the Queen Elizabeth Hospital the single largest user

of Government's funds of any other institution in Barbados.

The amount being spent by the Queen Elizabeth Hospital is greater than that spent on all of the primary schools in Barbados. It is greater than the amounts spent on all of the secondary schools. It is unthinkable that one could have an institution that is spending over \$110 million and have its affairs run in this fashion, that things must be sent from the Hospital through a senior clerk, via an assistant officer, up to a senior assistant officer, to a Deputy Permanent Secretary, onto a Permanent Secretary. An institution of this nature cannot function in that fashion.

With regards to the financials of the Hospital, the Government is capping the subventions for the time being at \$110 million, on the understanding that \$110 million will not include the equipment needs of the Hospital.

We will agree that the Hospital can raise, by way of suppliers credit, an amount that would enable the Hospital, under the direction of a Board, to be fully capitalised, to fully bring its operating theatres into full use, to be able to provide it with the equipment to guarantee the public of Barbados an excellent service. Therefore, the \$110 million does not include equipment or machinery. As we pass the Hospital over to a Board, we are going to make sure that it has all the resources to function properly.

In addition, we would expect that under a Board, the Hospital would do a better job of collecting the revenues that are owed to it than when it was functioning as a Government department.

As a result, therefore, we have given the very clear instructions that after the Government has capitalised the Hospital and passed at least \$110 million to it each year, that it would make a greater effort in the future to meet a part of its increase in expenditure from an increase in its revenues.

Sir, the notion that the Queen Elizabeth Hospital should not have a Board is as ridiculous as the notion that the National Union of Public Workers should not have a Board, although in the course of its operations, the National Union of Public Workers is engaged in expenditure of less funds and has a less comprehensive and complex staff than managing men, machinery, equipment performance and other services.

Mr. Speaker, you would also notice the Barbados Drug Service is also receiving \$35 million. We also feel the time is coming when that subvention to the Drug Service would have to be capped. There is the need for a reform in the Drug Service to make sure that the cost of providing drugs to the class of Barbadians who need to have subsidised drugs does not spiral out of the reach of the society.

This is an area where it has shown fairly substantial increase in cost in recent times. We are committed to the concept of a drug service serving classes of Barbadians but the time is upon us when, like so many of the instruments and services of Barbados, we have to review their workings to make sure they are cost-effective and that it is certain they provide the services to whom they are intended. It is also expected that the Drug Service lends itself to some measure of reform. I hope that I would have the opportunity to discuss some of those reforms.

Sir, in the area of Social Security and Welfare, the area that is included in the Urban and Development Commission, it is erroneous if it only relates to its Capital provision. As you can see, Item 716, there is no provision and in the process of these Debates, we will be moving to cover the expense of both the Urban and Rural Development Commissions. Generally, across the entire realm of the social services, there has been no cuts. They are maintaining the Poverty Eradication vote as it stands.

In the case of the Welfare Department, the House will notice there has been a slight decrease in grants to individuals. This is not because of any wish on the part of Government to reduce grants but because - and the House must take careful note of this - the Welfare Department has embarked on a Welfare-to-Work Programme. A large number of persons who have been on welfare for long periods have now been trained and taken off the welfare role.

There are countries that speak of a Welfare-to-Work Programme as being the best way to lift people out of poverty. That programme is being fully implemented by this Government. It has the entirely satisfactory effect of both empowering people with new skills to take them off the role, as well as helping to reduce the cost to the Treasury.

With regards to both Rural and Urban Development Commissions, these programmes will continue in such a fashion that would give us the assurance that before the end of the first decade of the 21st Century, every established community in Barbados must have roads and basic community facilities. That, Mr. Speaker, still stands as the role of this administration.

Mr. Speaker, because of the fiscal restraint, we are finding new ways to finance the activities of the Rural and Urban Commissions. There is provision in the Estimates that reflect a reduction in last year's application but of the \$9 million that has been voted for the Poverty Eradication Fund, the first claim on those resources would be earmarked for the Urban and Rural Development Commissions to allow them to pick up the programme which is not being provided for through direct funding.

Equally, Mr. Speaker, the Urban and Rural Development Commissions are carrying out a concrete road works programme all across Barbados. I was very pleased to see the extent of this programme in the constituency of St. John, having regards to the fact that it has started in the constituency of St. Lucy and is now fully in effect in St. John.

The House will remember the Government decided not to borrow the \$40 million for the concrete road works programme to add to the debt of Barbados. What we proposed to do is to fund the road aspect of the Urban and Rural Commissions this year from the Public Enterprise Investment Fund, as well as allowing those two Commissions to have access from the Public Investment Fund to expand the scope of loans that can be made available through the Rural and the Urban Enterprise Funds.

We also feel they were doing a good job in providing poor persons with funds for home repair. We want to restart that as well but the difference being that the funds for it will not come from Government's cash but from the Enterprise Investment Fund. These institutions have a way in which they are structured to be able to borrow for those purposes.

Mr. Speaker, although the Government is reducing Capital Expenditure, one of the exciting new project to start this year is a Coastal Conservation Improvement and Investment Project. Some years ago, an important Coastal Improvement Project was started to protect the beaches along the coast of Barbados. The great benefit of that investment would have been realised in the way in which sand has accreted and the shoreline of Barbados has been stabilised.

We have managed to secure a loan from the InterAmerican Development Bank which will now allow us to finance a Phase 2 of the Coastal Conservation and Improvement Project.

I am sure, in her contribution, the Minister for Physical Development may want to speak about this investment in the protection and enhancement of the environment of Barbados. It has many exciting dimensions which need to be spelt out in great detail. We should use the opportunity of this Debate to call attention to it because it reflects one of the major activities being sponsored by the State.

I spoke earlier about the fact that this year we were going to start three things which we think were quantitatively significant and who do not have what others might regard as character.

2.10 p.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: I spoke earlier about the fact that this year we are going to start three things that are qualitatively significant although they do not involve a lot of expense. I have called on the private sector of Barbados to be partners with the Government in preparing the country for globalisation by engaging with the Government in its trade negotiations and helping its members understand the nature of trade negotiations and the way in which the changes to trade negotiations will affect the market within which Barbados' production takes place.

Sir, for the first time a grant is being made to the private sector to support its trade team. This \$250 000 will enable the private sector to participate fully in international trade negotiations and to assist Government in developing trade negotiations' and its position on trade issues. Mr. Speaker, since production in Barbados is going to be influenced by trade negotiations, we must make this investment.

As far back as 1988 the Government offered the private sector tax incentives but they have not responded to acquire capacity to understand trade issues. We feel this has to be done and hence the public expenditure for the purpose.

While Barbados has historically sought to export financial services there are a large number of other professional services that Barbados can export and we have to support those new emerging institutions, which have now come forward and who want to organise them to enable us to tap into the new rich market opportunities that trade negotiations are unearthing in relation to new non traditional services but I will speak more to this matter later, Mr. Speaker.

Sir, trade negotiations to date particularly in CARICOM has centred around liberalisation and trade in goods. Trinidad has an energy base that allows it to have natural gas as a cheap import and it has been the beneficiary of many comparative advantage that liberalising the region has to date afforded.

The next round of liberalisation in CARICOM under the provision of the CARICOM Single Market and Economy will involve liberalisation in service. In fact, Protocol Two is exciting for Barbados because there have been 450 restrictions identified on movements of services and skills in the region and we have agreed to remove those restrictions by the year 2005. In the case of Barbados, Jamaica and Trinidad we have even agreed to bring forward the date for the removal of those restrictions.

Mr. Speaker, Trinidad was the principal beneficiary of liberalisation of trade in CARICOM to date to the extent

that they have an advantage in the production of commodities but a country like Barbados that has the range of professional services stretching across the gamut of professions it now has to be one of the principal beneficiaries in the next phase in the implementation of the CARICOM Single Market and Economy.

Mr. Speaker, I have an obligation to the region to cause the CARICOM Single Market and Economy to be fully implemented by the year 2005 and I will do my best to make sure it happens. I say to Barbadians who are skeptical about the CARICOM Single Market and Economy that we are likely to be the beneficiaries more than any other Caribbean country when the next phase is implemented because restrictions will be removed on our lawyers, doctors, engineers, the whole range of professionals and artisan who historically have been prevented from functioning in the regional markets because of the 450 restrictions which stood in the way of skills and services being liberalised.

Barbados should seek sensitively to go for this opportunity. The Government has a responsibility to all and we are giving \$250 000 to the private sector to facilitate the professionals organising themselves to go for it.

Barbados is also negotiating in the Free Trade Area of the Americas, conscious that we will open up our markets for goods to countries that are more competitive than us in the production of manufactured commodities. It must excite us to contemplate the production of services in a liberalised market of 800 million people in the Americas and an international market of 15 trillion. If Barbados with its tremendous skill endowment cannot make it in a liberalised market for services in the hemisphere, Mr. Speaker, we will never make it. We have to prepare ourselves to go for it.

Equally, under the WTO by the year 2005 most countries will put on the table as part of the negotiation the liberalisation and removal of barriers to market access in services in their society. Again, this broadens the scope of operation for our professional and while people like to focus on the negatives of trade liberalisation, our country has developed a number of skill-intensive industries, and with its rich human resource stand to benefit from globalization and trade liberalisation in services once we have the imagination and determination to do what has to be done.

The \$250 000 being provided for the first time to support private sector service export initiatives is Government's recognition of the fact that we have to gear ourselves to take advantage of the opportunities that trade liberalisation will bring rather than simply complain about the losses that we are making in relation to commodity production.

Finally, we are also giving \$250 000 to support the operation of a centre for policy studies. This period in our history is one of perhaps the most intense economic change in the history of Barbados. Never before did we have to carry on negotiations across such a wide set of disciplines.

We are negotiating in the Free Trade Area of the Americas a portocol in relation to Government procurement but there is no CARICOM agreement in relation to Government procurement. We are negotiating in the Free Trade Area of the Americas a chapter in relation to investment but while there are international rules governing trade in services and trade in goods there has never been a multilateral agreement in investment. Therefore, this is the time when our economic policy has to be based upon serious research, careful measurement and deep analysis.

Very often we find ourselves in a situation where the Government, private sector and the trade unions are seeing the same matter from a different perspective because we have not had a national study done to focus the issue in such a way as to shed light on it such that everybody can understand what needs to be done strategically.

Barbados needs a centre for policy studies at a time when our economic relationships are being transformed over a wide sphere. We want it to be a triparte centre that will allow common studies to be prepared so that private sector, Government, trade unions and the civil society can understand the issue as it is, have a shared perspective and come to a consensus on the policies that must be pursued in order to advance the national interest. Again, this may seem like a small amount but it is an important initiative to secure a very important result.

The item in these Estimates of expenditure pertaining to wages and salary may appear to have decrease by 6.7% but this is because in the next financial year we will not have to back-pay the public servants. Also the wages and salary for the Queen Elizabeth Hospital are not now being shown under Government wages but are being shown under Transfer and Grants to Public institutions which have increased by \$155 million.

2.20 p.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: Also, the wages and salaries for the Queen Elizabeth Hospital are not now being shown under Government's wages and salaries but are being shown under transfers and grants to public institutions. Grants to public institutions have been increased by \$115 million and wages might have fallen by \$25 million, that is the explanation for that. Sir, I do not want anybody to pick up these Estimates and say that this

Government is cutting wages by 6.7 per cent. It merely reflects those two developments.

Mr. Speaker, we propose this year to finance the deficit largely by relying on domestic financing. In a situation where there is excess liquidity of 80 per cent of the assets in the banking system, the Government can safely tap the local market for financing for its deficit, without this deficit causing any problems in relation to the availability of financing for the private sector.

However, I would stress that the Government proposes in the next financial year to reduce the amount it spends for capital purposes from \$326 million to \$270 million. In ordinary circumstances, if we were to reduce expenditure in the economy for capital purposes by \$50 million, that in itself could lead in a loss of activity in the country.

Therefore, it is important that the House understands that these items of expenditure on Budget must be read in conjunction with activities that the Government may support through its other agencies that are not funded on Budget that are intended to maintain the Government activity in the country at a more heightened level than was the case in the past.

In addition to the \$276 million that will be spent on Budget by the Government, there are a number important investment activities that will start or will be accelerated in the course of the next financial year, which when taken together reflects the fact that, rather than there being a \$56 million reduction in capital by State activity, there will be an expansion in public investment for the purposes of expanding the country's infrastructure and building productive capacity in the year to come.

Sir, the reform and expansion of the Bridgetown Port is at a stage where all of the designs have been completed. This project which involves infrastructural work, the reform of the Port as well as the corporatisation of the Port, is expected to cost \$67 million financed by resources, not under the control of the central government but under the control of the Port. This activity is ready to start and it will help us to replace the \$56 million of capital reduction of the central government, with activity by a state enterprise.

Equally, we expect that the rehabilitation and expansion of the Grantley International Airport will go full blast this year. This project will cost \$139 million and to date \$17 million has been expended. We anticipate that in the next fiscal year, \$62 million will be spent on the airport of which only \$14 million is coming from central government. Sir, there will be a net injection of approximately \$50 million from the airport project alone into the economy to help us take up the slack caused by the reduction of our central government capital expenditure.

Mr. Speaker, the redevelopment of the Hilton Hotel will go full blast and we expect that the important work at the Urban Rehabilitation Programme will be stepped up as well. Phase one of this project is near completion. This phase involves work at St. Lawrence Gap, the reclaimed Waterfront car park and the Princess Alice project.

Mr. Speaker, I am very pleased to say that in phase two, work has started in Speightstown, at long last, with work at the District E Police Station, Salt Pond, Coastal Conservation and work at the restoration of the Old Town Hall is proceeding apace. Sir, phase three includes the Salt Pond drainage improvement, the Jubilee Gardens Redevelopment and the inner and outer Careenage. The same way that we are transforming the centre of Speightstown, it is a fitting thing that in the year that the City celebrates its 375th Anniversary, we must transform the inner and outer Careenage and the section leading to Queens Park from a thing of squalor into a thing of beauty. We can conceive what Bridgetown would look like when the centre of our capital is transformed. That work started this year and it must go on.

Asides.

Hon. O.S. ARTHUR: Mr. Speaker, the Princess Alice Highway car park rehabilitation has started and the street scapes will be done in St. Lawrence Gap. These projects are expected to cost approximately \$23 million in additional activity by the Barbados Tourism Investment Inc. (BTII).

Mr. Speaker, the Coast Guard relocation is ready to start and it is expected to cost approximately \$40 million. The Government has made a decision that we are going to use more public/private sector partnerships to carry out work as we have done in the case of the United Nations premises.

First of all, they offer themselves as an investment opportunity for agencies such as the National Insurance. The National Insurance has a lot of funds to invest and what better way to invest this money than to invest it in helping to build the country, they build operate and then offer it back to the Government after a period of time, with the Government meeting the cost of servicing their needs.

We propose to treat things that historical been in the private sector as things that can be the subject of private investments. We also believe that allowing the private sector to do those things will help us to complete projects at a more reasonable cost and in a swifter period. For example, the United Nations' headquarters was build using Nation Insurance Scheme's (NIS)

funds by the private sector in collaboration with the Nation Insurance Scheme and this project came in under budget and on schedule.

Sir, rather than the Government put a large number of these lumpy investments on the capital budget in the future, leading to large fiscal deficits, we will contract these out to the private sector on a build, operate and transfer basis, widening the opportunity for those in Barbados who have to manage long-term investment funds.

2.30 p.m.

Monday, March 17, 2003

Continuation of: Rt. Hon. O.S. ARTHUR:

I hope that the National Insurance, the managers of pension funds and the managers of long-term capital in Barbados are as excited as the Government, in opening up all of these new initiatives for that work, historically, thought to be in the realm of the public sector only as areas for private investment.

Mr. Speaker, the designer for Tamarind Hall Town Centre in St. Joseph designer has also been completed. Again, the Government intends to have that project dealt with, by way of public private sector partnership, rather than by direct Government spending.

Of course, Mr. Speaker, the long awaited joint venture programme between the National Housing Corporation and private sector development has been conceptualised and it is ready for implementation. Along with the portfolio of capital activities by state enterprises, to say nothing about the \$70 million judicial centre for which all of the arrangements and financing have been secured, to say nothing about the expansion of the national petroleum gas works, Phase Two of the project. Sir, all of that activity will help us to replace the \$50 million reduction in activity on the direct public account.

In addition to these activities by the state enterprises, this year the Government intends to support a number of private sector investments that can have a very beneficial effect on building productive capacity that will support income of foreign exchange generation for many years to come.

Mr. Speaker, the planning permission has now been granted for the Pierhead development project which will consist of a marina - and I will speak about that later - a multi-complex apartment hotel, three blocks of residential accommodation, a naval museum, retail outlets and office accommodation to entirely transform the centre of Bridgetown.

We anticipate that now all the hurdles have been cleared, this project will go forward. Sir, whether or not it goes, the Government is determined that there must be a marina in Bridgetown.

Aside.

Rt. Hon. O.S. ARTHUR: We need a marina in Bridgetown, as I said, to leverage the fact that one of the assets Barbados has which it has never sought to use is that we are the first stop across the Atlantic for the boating and yachting community. There are other Caribbean countries that are not as advantageously positioned as we are, which have pressed ahead in this sphere because of our deviance of putting a marina in place.

The Government has determined, as I have said in my in presentation to Parliament last year, that we are going to make Barbados the location of first choice for the boating and yachting community, as part of the effort to diversify and to improve the tourism product of this country.

That marina is necessary and the Government already have the plans drawn, and we are approaching the Caribbean Development Bank for the funds to build a marina in Bridgetown, as part of the Government's equity investment in the Pierhead Development Project.

I say, Sir, that even if the private investors do not come through, the time is now upon us when there must be a marina in Bridgetown. I am told by the Chairman of the National Insurance Scheme (NIS), the distinguished Honourable Member for Christ Church West, that this is the kind of action with which the NIS is anxious to be associated.

Secondly, Mr. Speaker, as an expression of the Government's commitment to the growth of inland tourism, and the House is aware that we have now created a new regime within which inland tourism can flourish, for the first time in Barbados. It is going to be the next important new wave of tourism, in a country where there is tremendous pressure on the access to beach land.

As an expression of the Government's commitment to the growth of inland tourism, planning permission has been granted for the development of a new sports tourism resort at Lion Castle Plantation in St. Thomas. This resort will be dedicated to the sport of polo and will be established on 64 acres of land. It will consist of the polo field, Sir, a club house and 30 lots for residential accommodation.

Mr. Speaker, many other hotels and tourism related developments are scheduled to start over the course of the next 12 to 18 months. At Lansdowne in the parish of Christ

Church, a new hotel condominium will be constructed. This will consist of 178 units providing a total of 356 new beds to our tourism capacity.

Also in Christ Church, Sir, permission has been granted for the renovation of the Caribbee Beach Hotel, including the addition of a tennis court and the construction of a car park to accommodate 40 cars. This renovation will add 74 new rooms and apartments to the existing stock of 42 rooms and will be increased the bed capacity in Barbados, Sir, by 148 beds.

All of us have been pleased in the way in which the Crane is being transformed into a major resort. Phase One has now been finished. Planning permission has been granted for Phase Two of the project to expand the hotel and construct timeshare condominiums. This development will consist of two buildings that will add 63 units, Mr. Speaker, to the Barbados' tourism capacity in the next twelve months.

On the west coast in St. James, the Beachcomber apartment hotel in Paynes Bay will increase its room stock by adding 19 units and 36 additional beds.

Mr. Speaker, there is investor interest and confidence in expanding hotel capacity in this country and the Government will support this interest.

There is also, Mr. Speaker, a lot of interest in investment in the retail sector, in the Warrens area. The Barbados National Bank (BNB) will also be carrying out some investments and the NIS will also be building additional office facilities in the Bridgetown area.

At Warrens, planning permission has been granted for the construction of four commercial buildings, consisting of three office blocks and one discount warehouse. At Walton Street, Bridgetown, CLICO will be erecting a four-storey office building, covering a gross floor area of approximately 43,000 square feet.

I have given the House a flavour, therefore, of the kind of investment by the Government and the private sector that will take place in the course of the next financial year, in activities that will modernise and expand the productive capacity of this country in areas that will bring to Barbados, a new range of services of a kind that this country has never had in the past.

I am therefore confident that in a year when we are proposing to reduce the capital vote of the Government, so as to control the central Government's deficit, there is going to be enough off-budget activity by state enterprises and the private sector to replace that gap in the capital expenditure and assure us of continued strong growth, not only in the 2003 to 2004 but in the years to come.

Mr. Speaker, I am not going to take the House into all issues pertaining to the revenue. Our revenue forecast for next year presumes a growth of revenue of about 4 per cent. Clearly, if there is going to be a war, it would have an effect on the revenue, as was the case over the course of the last financial year. If there is, the Government would have to make some corresponding adjustments in its expenditure to accommodate any revenue shortfall.

Sir, the revenue has been modestly forecast to grow by 4 per cent in the next fiscal year. I will use this occasion, however, to speak to two issues I think need to be spoken to about.

First of all, the question of the valuation of land in Barbados is one that has generated, in the Government's view legitimate concern. The valuation of land in Barbados is done on the basis of a formula that has been written into the Act. It is based on the market capital system of accessing property tax which has been with us, Sir, for as long as there has been a land valuation. It is done administratively. In fact, Barbados moved to that method of valuing land in 1969.

As you know, we have a triennial basis for the valuation of land. In the last triennium, the reported values in many instances, Sir, seemed extremely steep and the Government is conscious of the need not to have property taxes work a hardship on people, merely by reason of the process of valuation.

2.40 p.m.

Monday, March 17, 2003

Rt. Hon. O. S. ARTHUR: I want to remind the public, through this House, that there is an appeal process by which people who have a grievance with their valuation can make an appeal, and many have been doing so, to have the values reduce. It is a fact that the reported values for purposes of applying the land tax have risen at a rate that is of concern. The Government has tried to address it by reducing the land tax rate but there are still some instances where the values are extraordinary. I give the assurance that this is a matter that is under active consideration and I will be making a report in due course to Parliament about it because the Government recognises that the valuation of properties for the purposes of tax is an issue that needs to be addressed fairly soon.

The Auditor-General's report calls attention to the way in which the arrears of revenue owing to the Government have been mounting. As at March 31, 2002, \$83 million in arrears was owed to the Custom and Excise Department, \$95 million to the Land Tax Department and \$18.6 million to the Treasury. If there were no arrears, the Government financial position would be of an order that

would enable it to contemplate a serious reduction in the level of taxes generally.

The Government has sought to address this matter not by draconian measures but by putting in place a new arrangement that would enable people who have arrears of taxes to the Government to get involved in programmes to manage those arrears in a sensible way. I need to spell out the policies that have been put in place by Government that would enable people who owe the Government to bring down their arrears.

First, the interest and penalties due on arrears outstanding as at March 31, 2002 will be frozen in respect of people who are indebted to the Crown and to the National Insurance Fund. That is important because in the past when people got involved with programmes to manage their arrears, the interest and penalties were never frozen, so freezing the interest and penalties tells the person who wants to enter a programme that in the future the amount that they have to pay back is known as of the date that they enter the programme and that it will not escalate if they fall behind in relation to their principal.

Secondly, permission will be granted to apply all payments to the outstanding principal first while interest and penalties remain static. Under the past arrangement, the Government used to collect its interest and arrears first and because the principal was still outstanding interest could be accumulated on the principal, so we are now putting in place an arrangement whereby people will be given an ease to allow them to bring down the principal that they owe and hence help them to better manage their affairs. Interest and penalties will then be paid after the principal is settled, so against that background we are freezing the interest and penalties to allow persons to work down their principal first.

We are not expecting people to do it all at once, so a maximum of 36 months will be granted to them for the repayment of the sums outstanding including principal and frozen interest so that they can manage their affairs properly. The programme of the agreement will be terminated if the commitment given is not honoured or if current payments are not met. We think that this is very reasonable because it will allow people to get on with their lives, to acknowledge their debt and to better manage their obligations.

This is a matter that is now being referenced over and over again by the Auditor-General. We will not have two 'Barbadoses', one in which the ordinary people pay their taxes and another in which another group of Barbadian enjoy the benefit of access to the services and do not pay their taxes.

Already under the Value-Added Tax system we are seeing ingenious ways by some Barbadians who should know better who are trying to avoid their due obligations. The VAT is collected by people entrusted to the Crown. It falls on the consumer, it does not fall on the collector, so they have a duty to pay it over. The Value-Added Tax Office has mailed over 2 200 letters to delinquent registrants of which only 118 have responded. Those who have responded represent only \$6.1 million of the \$78 million of the VAT that is owed to the Crown. What is happening is that a number of unscrupulous registrants, instead of honouring their obligations to the VAT Office, are choosing to register and operate under new business names thereby trying to avoid settling outstanding debts under the old business.

The Government will be introducing stiffer anti-avoidance measures to ensure that this defrauding of the revenue, particularly when people themselves are not paying but only collecting on behalf of others, does not persist into the future.

In 1997 and again in the year 2002 I spoke about the programme that this administration intended to pursue in relation to putting some of the shares of enterprises that are owned by the Government out to be invested in by the public. In 1997, I prescribed that the Government was going to follow a formula in relation to divesting itself of the majority shareholding of its principal financial institutions, the Barbados National Bank and the Insurance Corporation of Barbados.

Increasingly, the best practices in relation to the operation of financial institutions require that the State play a supervisory and regulatory role but that it move away from being a direct owner of financial institutions.

In relation to the Barbados National Bank, this administration inherited an institution that was making a loss. We are not seeking to reduce Government ownership in it as a way of treating with an institution that was making a loss. We saw, as we still do, the partial divestment of some of the Government interest in the Barbados National Bank as a way of opening an opportunity for the staff and local investors but more important, of enabling the bank to grow and to become a leader of the financial institutions by entering new strategic partnerships with financial institutions.

There is a situation of excess liquidity in the banking system of Barbados because our commercial banks do not offer a wide range of financial services. There is a large number of entities in Barbados which have sound investment proposals but which cannot get financing from our financial sector precisely because very strict criteria of credit worthiness have traditionally been applied that discriminates against people who do not have collateral,

who do not have in the judgment of the bank, capacity to pay and who do not have what they would regard as character.

The facts are that in recent years in the absence of a willingness on the part of the financial system to perform, especially merchant bank function, investment function and venture capital function, the responsibility of meeting the development needs of non-traditional borrowers in this country has fallen to the Government even in circumstances where the Government has been short of cash and the banking system has been flushed.

2.50 p.m.

Monday, March 17, 2003

Rt. Hon. O. S. ARTHUR: We have created the Tourism Investment Fund and the Hotels Fund because small hoteliers were experiencing problems in getting loans from the banking system to be able to do refurbishing and marketing.

We have created the Industrial Investment Fund, the Agricultural Development Trust and the Innovation Fund. There are Barbadians who have ideas but cannot take the ideas to a bank in order to receive funding because the banks will not accept the risk.

Sir, we recognise the Government has done these things as part of building a developing institution but Government should only be put in this position if there was a shortage of liquidity and capital in Barbados. There is not. The system is flushed. There is a need for our financial system to be less dominating by commercial retail banks that are only interested in financing, consumption or personal loans, an evolved financial institution that can perform a range of financial services, commensurate with the requirement of a modern society.

There are some Caribbean countries where the financial system has developed way beyond what we have in Barbados. There are some that are providing investment banking functions. In fact, the only commercial bank in Barbados that bids for Government projects is the Trinidad Commercial Bank. They have understood the techniques of investment banking and has treated that as part of the function of the institution but hardly any of the commercial banks, including the Barbados National Bank bids when Government puts its issues on the market.

One of the major challenges facing this country is to recognise that this excess liquidity in our financial system reflects the fact that our people savings are not being mobilised in support of our development. The transformation of our system of Barbados is one of the most important things that we have to do if we are going to

ensure that this country becomes a fully developed economy by fully utilising its abundant resources.

Sir, when we came to Office, the Barbados National Bank was an institution that was operating at a loss. The Member for St. John has helped, in some respect, by transferring the debt from the Barbados National Bank to an institution but the fact of the matter is that even the way in which that was done, commendable as it was, still left the bank in a position where its earnings were too low.

One of first things this administration did was to refinance it. There is \$250 million of paper the Barbados Agricultural and Marketing Corporation is holding on behalf of the Barbados National Bank from 4 per cent to 7 per cent interest, to enable it to realise a profit. This Government also transformed some of the deposits of the Barbados National Bank into equity in order to enable it to restructure its balance sheet.

Mr. Speaker, I gave the management and directors of the Barbados National Bank one mandate, to convert the Barbados National Bank into a full serious commercial bank and prepare it in such a way that people would be happy to invest in it, if the Government were to put it on the market.

In 1997, I outlined the process in the way it was to have been done. 51 per cent, in the first instance, was to be offered to the Barbadian public, beginning with the staff of the institution and credit unions. In the year 2000, we offered 51 per cent of the shares on the open market. I must repeat that, Sir. Our first instinct was to offer majority shareholding in the Barbados National Bank to the people of Barbados.

Mr. Speaker, something that was done without our being fully aware of it, prevented some credit unions from being able to participate at that time as we would have wished. It was the intention of Government for the credit unions to be able to take up those shares at \$1.80 per shares. We then heard a lot of talk from the Opposition that the timing was bad. We heard a number of statements from the person who masquerades as the leader of the Democratic Labour Party.

Sir, I cannot cite the newspaper but if I could I would have been able to tell you that in one of his columns he said that the people of Barbados are not going to be interested in these shares because the share value is not expected to grow significantly over the next five years. This was at a time when the shares were valued at \$1.80. The masquerader said, "Don't buy them people, these shares are worthless and are not going to grow in value in the next five years."

Mr. Speaker, I am disappointed with the Honourable Member for St. John to have that masquerader lead him in that argument about the shares being put on the market in December has stopped people from buying them. Sir, people do not buy shares out of their current monthly income, activities in stock exchange take place during the course of the year. People generally divert some of their savings to shares, or sometimes borrow, but putting shares on the market in December do not stop people from buying because people do not earn \$10 000 to go and buy shares. Therefore, I thought that there was an agenda to that argument.

The reality, Mr. Speaker, is that the Government's wish is that 51 per cent of the shares of the Barbados National Bank should have been held by the Barbadian public and we put it out at \$1.80 per share. It was not fully taken up. Last year in my presentation to Parliament, I indicated that it was the intention of the Government to allow the Barbados National Bank to go back to the market and to seek a strategic partner, not because we wanted to get rid of the shares but because it was vital that the Barbados National Bank, like all other banks operating in Barbados, bid out the range of services they are offering if they are going to be functional in relation to the needs of a modern society.

Mr. Speaker, this matter was very carefully taken up by the Board. Presently the Government owns 76 per cent of the shares of the Barbados National Bank. It is Government's stated intention to reduce the amount to 20 per cent. Sir, based on this direction, the Directors approached eight potential strategic partners to determine their interest in at least 51 per cent of the shares. That was announced in advance.

These potential partners were drawn from Jamaica, Trinidad and Tobago and the United Kingdom. The Directors, like Government, considered it essential that any strategic partner should be in a position to support and to enhance the bank's strength and to assist it in achieving the following to allow for greater diversification of products and services in order to keep up with and possibly to stay ahead of expected competition from mergers and acquisitions.

This is set in the context of the fact that once Barclays Bank and the Canadian Imperial Bank of Commerce have merged, then all of the small indigenous commercial banks will have a difficulty retailing in the market if they are not themselves prepared to enter strategic partnership to offer a wider range of goods, products and services.

Secondly, we need to increase revenue and growth through an increased customer base, through external redirecting of business. We need a partner who can afford

the bank access to regional and international markets. There are a number of businesses that are coming to Barbados which cannot get access to domestic banks because they need access to regional and international markets. We also need a strategic partner to assist in the containment of cost through economies of scale; assist in enhancing training including exchange of staff; expose the bank to the cutting-edge technology to enhance productivity; access to a larger pool of experienced and well trained senior management in areas where the Barbados National Bank does not have a track record, especially in areas of merchant banking, investment banking, et cetera, and, above all, the bank needs a partner to give it the ability to accommodate United States dollars financing to assist it in providing more cost-effective financing for our tourism industry. At present, it cannot do that and those are the factors that were taken into consideration.

3.00 p.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: KPMG was commissioned to do a valuation of the bank and provided an opinion as to the fair market value of the outstanding shares of Barbados National Bank. Fair market value is defined as the highest price available in an open market between informed prudent parties acting at arms length and under no compulsion to act, in terms of cash.

Mr. Speaker, a privatisation committee was established in the bank. Eight organisations were approached and three of them put forward offers. The privatisation committee of the bank agreed that the Republic Bank of Trinidad & Tobago which has an extraordinary record in Trinidad, is recognised as the employer of first choice by the union and has a tremendous record in providing loans to small businesses and micro enterprises.

The privatisation committee of the bank has recommended that Republic Bank should be offered 57 per cent of the shares held by the Government in the bank at a share price of \$3.45 per share. This share price of \$3.45 exceeds the basic fair market value of between \$2.97 to \$3.13 per share as determined by KPMG. Sir, KPMG did an evaluation of the shares and said they were worth between \$2.97 and \$3.13 but an offer was received of \$3.45.

Mr. Speaker, the masqueraders said that no one in Barbados should buy these shares because there was no possibility of these shares improving in market value within the next five years. Shares that the Government sold to the public of Barbados in 2001 at \$1.80 per share are now being value between \$2.97 to \$3.13 and being sold for

\$3.45 per share. This transformation once concluded will allow us to realise the objective of having the Barbados National Bank engage in strategic partnership with a reputable institution that has a track record necessary to build the institution to allow it to become a major player in the market.

Part of the objective is to increase the market share of the new Barbados National Bank to 28 per cent of the Barbados market and to go into areas like financing for the tourism industry and micro enterprises that traditional have not been part of the engaged focus of the banking system of this country.

Mr. Speaker, recently we are hearing again loose, wild, inflammatory statements being issued by the person who it is alleged leads the Democratic Labour Party about this transaction being entered into as a way of raising campaign financing. This has impugned the integrity of Mr. Hewitt and every member of the bank. Sir, nobody in this administration has been engaged in this exercise as it was left entirely to the management of the institution and the valuers were part of a privatisation committee. How this money will come into the coffers of the Barbados Labour Party is something that only the masquerader can tell us about. It is part of foolishness at the time of elections of persons on the Democratic Labour Party's side believing that they can stigmatise this party by charges about secret deals.

In 1994 there was the secret deal with the IMF and then you heard about how the Government had bought three sugar factories from BSIL and the money was campaign financing although not a penny never passed for the purchase of those factories. This is part of the new nastiness of the Democratic Labour Party under the guidance of people like former trade commissioners.

Mr. Speaker, the secret deals that are cut concern the relationship between people who held public office in the Democratic Labour Party and the people at Royal Westmoreland. People use their public office to ensure that the business of Royal Westmoreland would pass through.

The secret deals are cut when people who are ambassadors in Trinidad and Tobago insist that they must become ambassadors in Colombia. Those are the ways of the Democratic Labour Party. The secret deals were cut in relation to the Bushy Park golf course and the promises given before the 1994 elections in relation to the grant of casino gambling licences by a former trade commissioner.

Those are the secret deals are about what he was doing in 1995 meeting with certain Colombians who were subsequently arrested but, Mr. Speaker, that is a different debate for a different time.

Sir, this notion that the Barbados Labour Party is using this for campaign finances, is just nastiness intended to pollute public discourse at this time and to inflame public passion on a matter that not only can stand scrutiny but that is distinctly in the best interest of this country.

Mr. Speaker, Sir, it is pandering to an anti-Trinidadian mentality. The Democratic Labour Party is not on good grounds because the Honourable Member for St. John is only too well aware of situations that took place in April 1994 involving the sale of thirteen pieces of property in this country to CLICO without the necessary paper work being put in place.

Sir, when I speak of the CARICOM Single Market and Economy, Barbadian financial institutions are also going into other Caribbean countries and purchasing financial institutions as well. The Barbados Mutual Company and Life of Barbados are some of the largest owners of financial institutions in Jamaica and this is going to be part and parcel of the way the CARICOM Single Market and Economy will function in the future.

Sir, I have already said that for the CARICOM Single Market and Economy to come alive it must lead to the creation of at least 50 Pan Caribbean company with sufficient scale to function across the entire range of sectors in the Caribbean economy. I also see the need for investors in the Caribbean to come together to create a Caribbean cruise line. The only industry in the world where the Caribbean is dominant is in the cruise business. Sir, 43 per cent of international cruises originate in the Caribbean and it is the only region that offers the possibility of a different attraction a night's sail away and all year round cruising.

Yet, the industry in the world in which we are the most dominate is the one where there is absolutely no Caribbean investment but yet Caribbean investors have invested in land-based tourism. When will we get our act together and recognise that we can only maximise the returns from the cruise industry not simply by being a point where people stay but the Caribbean must own enterprise?

Sir, in the 1930s Marcus Garvey spoke of the needs for these types of investment and it is urgent now. In the financial sector as the transnational companies merge the small indigenous domestic institutions will fail by not being able to perform a range of services commensurate with them.

3.10 p.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: Sir, I make the additional point that the age of retail commercial banking as a

function is going to come to an end. We cannot agree that our people's savings should be used only to finance consumption and distribution. Those savings must also be used by a fully developed and responsible financial sector in financing the reengineering of our production system and we have to grow financial institutions appropriate for the purpose. Mr. Speaker, that is the strategic object that lies behind the relationship that we are seeking and that will augur well for the Barbados National Bank and a strategic partnership.

There is an unsettling aspect of this matter in some people's mind because it involves Trinidad enterprise in Barbados. The truth is, to date, because Trinidad has an abundance of natural gas to be able to support industrial activity beyond what can be done by other Caribbean countries and because Caribbean integration has largely involved the removal of barriers to goods, Trinidad had benefitted more than any other Caribbean country from the nature of our integration.

I have already told the House that the new Caribbean Single Market and Economy does not only involve the removal of barriers and the movement of goods but it involves the liberalisation of services. We have agreed to a regional programme to remove 450 restrictions on services, capital and enterprise establishment by the year 2005. That offers a unique historic opportunity to a country like Barbados that has the human resource, skill and service capacity to be the service provider for the region and some of the imbalance will be corrected.

Sir, this matter has become emotive because of the inability of Barbados to enter a fishing agreement with Trinidad and Tobago. The last fishing agreement was entered with Barbados and Trinidad and Tobago came to an end in 1991. The previous fishing agreement was structured to allow Barbados access to Trinidad market to fish on the understanding that we gave Trinidad access to our market for goods. With the coming advent of the Caribbean Single Market and Economy, Trinidad no longer needs a concession to our market for goods because they already have this concession under the Caribbean Single Market and Economy. Hence, when that fishing agreement expired in 1991, the then administration and Ambassador found it impossible over a period of four years to get Trinidad to agree to a fishing agreement.

Sir, this is a matter that is now engaging Heads of Governments in a concerted way. The Prime Minister of Trinidad and Tobago came to Barbados to discuss the issue and we have reactivated a negotiating team. For the first time a technical report that sets out the migrating pattern of fish that will enable us to reach an agreement that involves licensing people to catch fish at a specific time of the year, that technical work is now at hand and can be used as the basis for the conclusion of a fishing agreement.

Mr. Speaker, we see it from the Barbados point of view but sometimes I do not think that people in Barbados see it from the Trinidad point of view. I am not here to argue their case but simply to say that the fishing industry that we are talking about is the Tobago fishing industry and the notion of bringing a large number of Barbadians vessels, 160, going to Tobago to compete with 10 vessels in Tobago water is unsettling. It is a consideration that I suspect has constrained the speed at which the Government of Trinidad and Tobago has moved in this matter.

Sir, the Barbados negotiating team met with me on Friday to update as to where this matter stands. I had a discussion with the Prime Minister of Trinidad and Tobago on Friday afternoon to discuss, not only fishing but other indicatives that the present administration is willing to push.

I want to commend the Prime Minister of Trinidad and Tobago for seeking to put on the table to the possibility of concessional prices for energy to the region at a time when we could face the prospect of serious hikes in energy prices because of a war. I think that Trinidad also has to be commended for the fact the present administration is thinking in terms of having a pipeline for gas. Trinidad's competitive manufacturing is based upon the fact that its manufacturing is fired with gas. Trinidad has an abundance of gas. It does not use fuel oil for manufacturing. If they were to carry a pipeline through the Caribbean and offer us, as they would have to do, that natural gas at national prices, because under the Caribbean Single Market and Economy there must be national treatment, then a lot of the disabilities that the rest of the Caribbean manufacturing sectors face could be removed by that act alone.

Sir, this matter is going to be brought to conclusion. There will be a fishing agreement between Trinidad and Tobago and Barbados and there will be a Caribbean Single Market and Economy. I want to use this opportunity to speak to it very briefly.

A Caribbean Single Market and Economy reflects the future of the Caribbean in a way that is so desperately needed and if we do not do it, we are going to fail the people of this region in a very important way. The original Treaty of Chaguaramas, conceived in 1973 by Errol Barrow, Forbes Burnham, Eric Williams and Lester Bird, was not of a Caribbean Single Market and Economy but conceived of a limited common market with goods being able to be moved freely but no provision was made for the movement of skills, the right of establishment of enterprise nor the right of capital to move.

Mr. Speaker, there was provision in a general sense for harmonisation. Effectively, what was agreed to in 1989 was that limited concept of a common market would have to be replaced by a new initiative to take the 15 individual

Caribbean economies and reconfigure them, such that they become one national economy. The same way that Barbados is not 11 parish economies but we are one national economy.

It meant that to the extent the original Treaty of Chaguaramas did not make provision legally for the 15 economies to function as one, with barriers to capital, services, establishment removed policies harmonised, a legal basis for the Caribbean Single Market and Economy had to be created.

Hence, the first exercise was to take the original Treaty of Chaguaramas and reconfigure it to give a legal basis for a single market to function. Also, insofar as

a limited concept of a Caribbean Single Market and Economy involves simple matters such as at the port by removing duties and Tariffs, there was no need for dispute resolution mechanism in CARICOM that had a judicial character. As you go into a higher form of integration, as you provide for the movement of capital, as you vest the rights of establishment of enterprise and as you seek to harmonise policies, you are going to need an institution, like a court, in the regional jurisdiction, in relation to the interpretation and the enforcement of the provisions relating to that Caribbean Single Market and Economy.

Sir, we had to rewrite the entire Treaty. The error in 1989 was to believe that the Treaty of Chaguaramas could have been rewritten and implemented in three years. Sir, that could not be done. The problem in the Caribbean is very often accepting impossible deadlines. To revise the Treaty of Chaguaramas nine Protocols had to be created. The Instruments of CARICOM had to be changed and we had to have a new Protocol to give rights of establishment to allow for the free movement of capital and people.

3.20 p.m.

Monday, March 17, 2003

Continuation of: Rt. Hon. O.S. ARTHUR:

We had to have a protocol, Mr. Speaker, to protect disadvantaged countries, regions and sectors. We had to have a protocol to harmonise agricultural policy, industrial policy, a protocol to harmonise external foreign and trade relations, a protocol, Mr. Speaker, addressing issues pertaining to dispute resolution and the settlement of disputes, and the creation of a Caribbean court.

Sir, that process of dealing with those nine protocols had to be carried out through consultation in 15 Caribbean countries. It started in 1989 and when we came to office, hardly anything had been done. This Government sponsored two special consultations on the Single Market

and Single Economy in this country. The first, in the year 1996 and the second, in the year 1999 to accelerate the process of giving the Single Market and Single Economy, Sir, a legal definition.

Mr. Speaker, where it presently stands is that we have now provided for the Single Market and Single Economy and for the revised Treaty of Chaguaramas and it shall soon be brought to this House so that there is now a lawful authority, by which all of those things that are needed to be done to make the Caribbean one economic space, there is now a lawful authority to do them. What has to happen now is that we have to take the provisions of the Single Market and Single Economy, as expressed in the revised Treaty and incorporate them into the domestic law.

It has been calculated, Mr. Speaker, that the countries in the Caribbean will have to make at least 400 changes to the domestic legislation to incorporate the measures for the Single Market and Single Economy into the domestic law, and that is where we are now. There is a unit for the first time, functioning in the Central Bank of Barbados to begin the process of taking that Single Market and Single Economy from being a legal expression and making it a living reality.

Mr. Speaker, we had two studies done. One, by a Mr. Kissoon and the other by the British, a Mr. Hablock Brewster. They have identified how we are going to do it and the phases that we are going to go through. Some of the changes will involve simple administrative changes. Some will involve changes to the laws. For example, Mr. Speaker, to bring a Single Market and Single Economy into existence, we need a new Customs Act in Barbados.

Barbados has already advanced the process by having a new Fair Competition Act but modern laws will have to be drafted, and incorporated into the jurisdiction of East Caribbean countries to give legal enforcement in those Caribbean countries to the provisions of the Single Market and Single Economy.

Mr. Speaker, the Europeans went this way. They agreed that they would transfer sovereignty to supranational institutions so that those institutions could give directives to member countries to make the laws enforceable in those member countries.

The Caribbean community is one of sovereign states. There are many people who thought airily about integration. They do not understand what they are talking about. You can have various forms of integration, each defined by the extent of the sovereignty that independent states transfer to supranational institutions.

In the Caribbean, we have agreed to a form of integration that is not a federation. It is not a confederation.

It is a community of sovereign states that are bound by a community of purpose but each country retains the sovereignty in relation to decision making.

We have reached a stage now, in our integration process where, if the Caribbean remains as a community of sovereign states, with no transfer by individual member countries of any of its rights of self-determination, or rights of decision-making to regional institutions that are supranational with a power to enforce, then the Single Market and Single Economy, Sir, is going to take a long time to implement.

Sir, what essentially has to be done, is that about 400 pieces of new legislation, not only has to be created but has to be embedded in the domestic jurisdiction of the 15 economies, so that it becomes a legal process and this cannot be left to chance. Some supranational institution in the Caribbean must have the power to be able to direct countries to implement their legal obligations.

Sir, when simple forms of integration just involved the removal of duties at the port, we did not need supranational institutions, but as we go deeper and deeper into the integration process, as we go to that stage where the economic integration can only be expressed in new law, then fundamental issue of governance must arise.

Therefore, I want to use this opportunity to clarify what I said in Trinidad, in relation to Barbados' participation in higher forms of integration. The existing arrangement under which CARICOM is just a community of sovereign states, where the states pool their sovereignty but do not agree to transfer any of that sovereignty to any supranational institution to function collectively on the part of the region, will make it virtually impossible for us to implement a Single Market and Single Economy that required the enactment of 400 pieces of legislation to make it become a living reality. Issues of governance therefore, Sir, have to be addressed.

As regards whether or not this is a federation or some other political form, must be thought through but we must find a process by which sovereignty can be transferred to supranational institutions in a region that is aspiring to do what the European Union (EU) has done.

Mr. Speaker, in the EU, they have a commission to issue directives. They have a Parliament and that is what has made them able to carry out the form of ambitious process of integration, at the economic level that they have achieved.

In the Caribbean, Mr. Speaker, we have agreed to have a Caribbean Court of Justice, but that court of justice has to exercise an original jurisdiction in relation to the application of community law. Clearly, you have to create

the body of community law for the court to apply and that is what we are engaged in at present.

Mr. Speaker, that is why when people speak about the pace of integration in the region, they generally speak without a full understanding of what is involved. They speak against the background of this region, too often accepting deadlines that are unrealistic.

There was no way that what needs to be done to take 15 individual economies and make them one economy could have been done in three years, that is, between 1989 and 1992. Mr. Speaker, Europe started its integration in 1957 called, the Treaty of Rome and after 50 years, it has not finished the process of creating a Single Market and Single Economy.

In our case, as well, Mr. Speaker, I want to repeat again. The Caribbean Single Market and Single Economy will never ever, like Europe, appear as one finished entity at anyone point in time. The concept of the economy will evolve as new disciplines are brought within the ambit of the original economy.

Let me illustrate, Sir. In 1989, when it was agreed to create the Single Market and Single Economy, the nine protocols were agreed upon to bring it into existence, but there was no protocol on Government procurement. There was no protocol on issues such as, how do you treat circulation of goods created in free trade zones.

Trinidad, for example, apart from its natural gas, has been accused, rightly or wrongly, of passing on for circulation in the region, goods that were created in free zones that should not be treated as regional goods. We need a protocol on that, Mr. Speaker. We need a protocol as well, on electronic commerce.

In 1989, nobody thought about these things. So that we have now, a governmental task force whose work is enshrined in the revised treaties to enable us to put the Caribbean Single Market and Single Economy in place. Let me speak about Government procurement.

We are negotiating in the FTAA to bring into existence a hemispheric approach to the treatment of Government procurement. Historically in Barbados and other Caribbean countries, Governments procurement has been guided by their domestic Financial Administration and Audit Acts, but we have never had our capacity as a state to purchase goods and services constrained by having it made mandatory that entities from other economies should be part of the process, except in instances where we borrowed money from international institutions, and countries that are shareholders in those institutions have a right in the law to tender for goods.

3.30 p.m.

Monday, March 17, 2003

Rt. Hon. O. S. ARTHUR: The Caribbean is seeking to negotiate, in the Free Trade Area of the Americas, a new protocol on Government procurement. We have to pay great attention to it because our State in Barbados, is one State, one Government, but in the United States of America there are the Federal Government, the State Government and a Municipal Government. Very often a Municipal Government in the United States of America has a budget that is larger than the budget of the Government of Barbados, so it just cannot be a question of comparing or allowing the protocol to pertain to our State if the question of State activity is not defined.

Equally, sensible thresholds have to be set in relation to the point at which Government transactions become the subject of cross-hemispheric tendering. Those thresholds have to be high to allow small countries to benefit from not having to expose themselves to that kind of competition.

We do not have in CARICOM an arrangement pertaining to Government procurement but we negotiated one in the Free Trade Area of the Americas. So we have to get the regional policy right first. There are folk who believe that the Caribbean Single Market and Economy, if it is created in the year 2004 will be too late. That is not true. We have agreed as a matter of policy that the Caribbean Single Market and Economy must be what is called Free Trade Area of the Americas Plus and World Trade Organisation Plus, namely, as is our right under international trade law, that in every sphere whether it is in relation to access agricultural goods, manufactured goods or whatever else that we are going to grant ourselves in the Caribbean, broader, faster and deeper liberalisation than we grant our neighbours in the hemisphere, as I say FTAA Plus. We agreed as well that we will grant ourselves in the Caribbean faster, broader and deeper dismantling of barriers than we would do in the rest of the world.

The Caribbean Single Market and Economy is intended to come into full existence in the year 2004. Although the Free Trade Area of the Americas is to be negotiated by the year 2005, the provisions of the Free Trade Area of the Americas are to be phased in, in some instances, over a period of 15 years. So once we have the Caribbean Single Market and Economy in place in advance of the FTAA and we give ourselves greater liberalisation than we give our neighbours, the Caribbean Single Market and Economy can continue to be a strong independent force in the fortunes of the Caribbean people for many years to come, but we have to do it. Issues of governance have to be addressed, we cannot be disengaged from them.

Sir, I suppose I reap criticism for myself by making a statement in Trinidad and Tobago, and I deserve it, for trying to underscore the ridiculousness of some aspects of the way in which we are approaching this issue. You cannot cross a chasm by two small jumps. You are either going to jump across or you are not going to do it. I fear that in relation to the issue pertaining to the movement of skills, the region wants to jump across a chasm in two small jumps. They start by saying that they will allow graduates to move and then they allow musicians, entertainers and sportsmen to move but the rest of the human capital of the region cannot move freely. That collides with the historic experience of the Caribbean people.

Throughout the history of the Caribbean, persons who do not have university degrees and other skills have been moving and have effectively made this region their economic space. The Jamaican hagglers have been moving. The Barbadian teachers and so on have been moving well in advance of the Caribbean Single Market and Economy. The Caribbean artisans have been moving up and down this region. In my judgement Barbados must enact a new Immigration Act that does not create an elitist situation where we say that if you have a degree you can come here and live and work but if you are an artisan, you cannot come. Those skills are sometimes as vital to the focus of this Barbadian economy as those of people with degrees.

It is also true that had it not been for other Caribbean people coming to Barbados and helping in our agricultural sector, our agricultural sector would probably would have vanished by now. It is also true that our construction industry, even before I became Prime Minister and was building cupboards, benefited from people coming here and bringing skills.

Sir, I feel that the leaders of the region must trust the people of the region. It is ridiculous to believe that people will leave heart and homes, families and communities and just go and congregate in one section of the Caribbean society merely because they remove restriction on the movement of people. It will not happen. People have attachments to communities and they have relationships of kith and kin. So we must not perceive the Caribbean Single Market and Economy as one where we will tell the big investors and the graduates that the space is for them but it is not for the Barbadian fisherman, the Guyanese artisan nor the Jamaican haggler. It must be for them too.

I feel that we will make even more progress with the Trinidadian issue if we are to tell Trinidad and Tobago as well that we want a Caribbean Single Market and Economy where the space belong to the Barbadian fishermen at Oistins, as much as it is to CLICO, and have that enshrine in our law and urge the region to enshrine that provision in their law.

We have to be bold because the Caribbean Single Market and Economy will not resonate in the minds of the ordinary Caribbean man and woman as something that is for them if there is a provision only for the movement of skilled graduates and there is no provision to enshrine the rights of the ordinary Caribbean worker into the Caribbean Single Market and Economy.

When I say we have to trust the people, I feel that the people will make judgements that are sensible that will allow this Caribbean Single Market and Economy, which is overdue, in our time to become a positive serious factor in the transformation of our Caribbean economy.

Barbados has given the commitment that by the year 2004 we will implement all of our obligations as expressed in the revised Treaty of Chaguaramas to implement the Caribbean Single Market and Economy. There are things that we are going to have to do, so I illustrate what would happen. We have to look at relaxing exchange control transactions involving the rest of the Caribbean. Fortunately for Barbados, we do not have any Alien Landholding legislation but in some Caribbean countries constitutional changes have to be made to remove those. For us a lot of the changes have to do with removal of registering and other restrictions that would stop professionals from being able to function in Barbados. It makes sense to do it. The reality is that whether we do it or not the Caribbean will become part of a single economy when it joins the Free Trade Area of the Americas, so we may just as well begin at home.

I said all of that because I sense that there is emerging in this country a tendency towards xenophobia that if somebody get involved in buying things in Barbados from Trinidad and Tobago or elsewhere that it should not be allowed.

3.40 p.m.

Monday, March 17, 2003

Rt. Hon. O. S. ARTHUR: I have seen statements from a leader of a private sector organisation, speaking about the damage that the Single Market and Economy will do to the farmers, rather than trying to get our farming community to gear itself and to take advantage of the opportunity.

Norman Manley, in 1947, at the historic occasion when the Caribbean was conceiving of integration, made a statement that should resonate as long as there is a Caribbean. He said: "Great causes are never won by doubtful men." The building of a Caribbean economy is the greatest cause in the history of the Caribbean.

Mr. Speaker, with regards to the movement of persons, the Caribbean was built upon people being brought here involuntarily and, throughout its whole history, has functioned by people traversing it illegally. Sir, we now have a duty and an historic opportunity to make that legal, proper and the policy of the land but it will not be done if people doubt themselves.

I fear that we are having that typical Caribbean indigenous stroke being played. The indigenous Caribbean stroke that has always been played is that anything of significance will never happen in this region or this country, if we doubt ourselves. I can only say from where I sit that it must be created. If we do not create it, the Caribbean has no future in a globalised society. The Caribbean would have no future even in this recent society.

Mr. Speaker, as I speak to you, there are Caribbean economies that are tottering on the brink of becoming failed societies. I illustrated why this Government related to Dominica in the way it has. Dominica has lost the banana market. Bananas used to account for 50 per cent of Dominica's exports but now accounts for 21 per cent but nothing has replaced bananas. The banana export earnings have dropped because of banana preferences. The rest of their economy is 80 per cent of Dominica's manufacturing sector, which is one company that produces soaps.

Dominica gets 56 000 tourists per year. They can diversify but they need an airport. The airport is 10 years away and the hotel capacity that would come after the airport is perhaps 15 years away. Therefore, the solutions to the problems in Dominica are perhaps 25 years from now.

Last year my Government, not from any sentimentality but out of pragmatism, rendered Dominica more financial assistance than the International Monetary Fund. The fact is that small countries have small quotas in the International Monetary Fund but a small country could have a large financial problem and when it does, it cannot look to the International Monetary Fund to support it.

Sir, this region has a duty to ready itself for a Single Market and Single Economy. It can only be ready for a Single Market and Single Economy, based upon the readiness of its least-ready member. There are countries in the region which are not ready for a Single Market and Single Economy because they are too overwhelmed by their domestic problems. There is need for us to press on with the creation of a Regional Stabilisation Fund because the other regions that have gone this way, have had to do the same.

European integration required Europe social cohesion funds to uplift Portugal, Ireland, Spain and parts of the rest of the community and to make the integration cohesive. When one goes to Spain, some of the

conventional facilities there were built by regional development funds and social cohesion funds. The Caribbean needs a similar exercise in regional cohesion development if we are going to press on with a Single Market and Single Economy.

Therefore, when one sees the Prime Minister of Barbados trying to get a Regional Stabilisation Fund in place, when we commit Barbados to having at least 5 per cent of our Foreign Reserves used for that purpose, it is because we want to get this region ready and to go forward.

Sir, I want to close on that point. Our Foreign Reserves are over \$1.3 billion but in the largest measure, are held in United States Treasuries for as long as we have had Foreign Reserves. Therefore, what happens is that the United States Government runs big deficits, issues Treasury Bills and Treasury Notes and countries invest in them. We are helping to stabilise the United States Government and to sustain their appetite for a large deficit by holding our Foreign Reserves in a United States Treasuries.

Sir, it cannot hurt the Caribbean if a small proportion of the Foreign Reserves of the respective Governments are invested in a Regional Stabilisation Fund but Barbados must lead. In 1991, when this country got into trouble, the countries of the Eastern Caribbean subscribed to the Treasury Bills and Treasury Notes to help pull Barbados out of the hole. That, we must never forget.

We are doing reasonably well now but let us never forget that in 1965 when we became Independent, Guyana was then regarded as a more developed country than Singapore. Let us never forget that Barbados industrial development was from Guyana and that our first turn as an industrial nation was based on Guyanese capital. Now things have changed. In 1973, when we went to CARICOM, Barbados was neither regarded as a less developed country or a more developed country but as a hybrid. Now, 30 years after, Barbados is now firmly amongst the more leading developed countries in CARICOM but countries that were then non developed countries have now fallen away.

Sir, Barbados is enjoying relative prosperity but we must not allow that relative prosperity to cause us to feel that we have a destiny that is separate from that of the rest of the Caribbean.

Sir, I feel that is a good place on which I must end. Over the course of the next year, we have given an obligation to incorporate into our law, the provision to make the CARICOM Single Market and Economy a lived, as well as a legal experience.

It will require changes in this country, some of them will be controversial, as everything in Barbados will be. Some of them will require sacrifice, many will require trade-offs but we must do it because we cannot afford to stand where we are.

Mr. Speaker, I want to close by saying that over the course of the last year, certain defensive skills have been required by this House's Minister of Finance. I have had to pilot this country's economic and financial fortunes through one of the most difficult period of turbulence in the international economy. I have had to find ways of making public sector ends meet in a situation where the Government's revenue available to the Minister of Finance was \$90 million less than projected at the start of the year but there has been a willingness on the part of the civil society of Barbados to make this country succeed.

I want, at the close of the Estimates debate of this Government in this second term, to thank all in the civil society - the private sector and the labour movement, who, by the deed of their imagination and commitment, have helped us to pull this country out of recession and to restore it to a path of growth.

I want to thank all in the private sector especially, who have resisted the urge to lay-off but have kept employment going to give economic activities in this country a human face.

I want to thank my colleagues who, in their respective Ministries, had to cut and contrive because the Ministry of Finance was never able to meet all of their needs. There was cutting and contriving but there was never a faltering of this administration. We continued to build more roads than ever; we continued to build houses; we continued with the assault on poverty; we continued with the aggressive assault to treat HIV/AIDS as a manageable disease in this country. We did not falter to transform our domestic economies. We did not falter in the grand task of both repositioning this economy and lifting it up at the same time, something that many countries cannot do.

3.50 p.m.

Monday, March 17, 2003

Rt. Hon. O.S. ARTHUR: I, therefore, urge this Government to go forward in the full knowledge that those who fight in the service of great causes can never fail.

Sir, I am obliged to you.

MR. SPEAKER: I would like to inform the House that CBC Television is recording the Estimates debates and will do so until the end of these Estimates.

This recording started after lunch and I would like Honourable Members to note that it is not a direct broadcast but that it will enable the Caribbean Broadcasting Corporation to produce extracts from the debate for their newscast. The appropriate permission was sought and obtained.

Mr. D.J.H. THOMPSON: Mr. Speaker, I rise in these Estimates debates to not only analyses the formal document which the Government has presented to this House but also to comment in general terms on the current state of the Barbados economy. Also, Sir, to respond to some comments made by the Honourable Member for St. Peter.

It is clear that the Honourable Member for St. Peter is not unmindful that this is the last Estimates before elections. If one were foolish enough to believe that the last Estimates before a general elections could only concern the fiscal year in which that debate refers, one would be totally misled by the presentation of the Honourable Member for St. Peter.

This Government got a mandate in 1999. It was the largest mandate in terms of numbers given to a Government in the history of Barbados. The mandate was given on certain pledges which form part of the Manifesto of the Government. Therefore, it is important to judge this Government and also determine the efficacy of the Estimates as presented here against the background of the Government's ability to initiate and sustain any of the projects which either form part of its Manifesto or became part of the pledges made by the Government from year to year in these Estimates debate.

Sir, our memories on this side are not short and we know that Honourable Member for St. Peter might believe that the memories of the people of Barbados are short but it would be difficult even for supporters of the Barbados Labour Party to go home, take up pencil and paper and write down what major initiatives this Government can claim relative to its pledges in its Manifesto in 1999 that have been implemented.

Sir, the Government has not been able to implement its grant pledge related to constitutional reform as it went into the dustbin. The Government has not been able to complete the many projects outstanding at the time of elections.

The Government said that the last Estimates were designed to deal with physical infrastructure so that people in Barbados would never see flooding again and that every tenantry in Barbados would have new roads and infrastructural facilities by the turn of this new century.

The Government said it was embarking on a new initiative to build capacity in this economy so that when the downturn came, as happened last year, that the capacity would be in place.

It said that human resource development would be at the centre of the Government economic, social and political agenda. Sir, these were all major pledges in the Manifesto.

The Government said that the Greenland project was supposed to solve the problem of solid waste management. Eight years ago we were promised that not one cent would be spared in ensuring that all the health institutions in Barbados would be functioning effectively. The Honourable Member for St. Peter compared it to the record of the Democratic Labour Party and said that we squandered millions on the St. Joseph Hospital and said he would demonstrate a decisive difference.

We were told that there was a bright future for sugar in the agriculture sector and that the Government would intensify the restructuring which the Democratic Labour Party had started and not back down from the situation.

Sir, if you look at the Government's record in that way, what the Honourable Member for St. Peter said today is another recitation of the same things we heard since 1997. Other than the Prime Minister's proclivity in this debate to spend a lot of time attacking the leader of one party for making what he considers to be absurd statements and then, ironically, he spent the whole afternoon clarifying nonsensical statements that he himself made. This tells you that the complete emptiness of this debate.

Sir, the Government is clearly in an election mode and has nothing to put before the people so it puts what the private sector is doing before the people.

This is an Estimates debate about Government's expenditure and Government's initiatives in Barbados but the Government is telling you what the private sector is doing. As I said, it was an exercise which demonstrates the emptiness of this Government's agenda over the past five years and the Government has to be judged on that agenda.

It was mind-boggling in one extreme as it was in the other. The Honourable Member for St. Peter said that the recession is over but that the fiscal deficit needs to be control and that in any event, despite all the debate we will have in here, if there is a war, that the whole situation will change completely.

4.00 p.m.

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Mr. D.J.H. THOMPSON: Sir, we are really engaging in a debate of imponderables. It is a debate in which people are going to get up and regale this House with prepared speeches, outlining things that bear no connection either to the past, reality or to the future. That is the problem confronted by the presentation of the Honourable Member for St. Peter.

Sir, I believe that a debate like this today should have focused on a number of important things. The first thing that this Government has a problem with is this. They do not come in here to listen. This is an Estimates debate, the Government has 26 Members, I am not calling for an audience because when I was a young Parliamentarian I understood the discipline of having to sit in the House and listen to Members of the Opposition. This is what a debate is about but if the same discourtesy is then meted to back benchers, as it is likely to be in this debate, it tells us the extent to which this will be an empty exercise because nobody is listening, nobody cares, the level of arrogance has reached such a high pitch, that the Members are indifferent to what everybody in Barbados is saying. Even their own supporters, Members of the Opposition, persons who call in on the call-in programme or anybody in this country.

Asides.

Mr. D.J.H. THOMPSON: Perhaps you will answer all the questions that I raised but that likelihood is also going to be dim.

Asides.

Mr. D.J.H. THOMPSON: I remember some years ago, the Honourable Member for Christ Church South made it very clear that if there was one big concern which he had about the way in which indicatives in here are announced, both in Budget and Estimate debates, had been the inability of Government to implement its indicatives in a timely and efficient manner. He called on the Government to set up a committee, after the Budget, to focus on the implementation of the initiatives that were outlined.

Sir, you can have a situation in this Estimates debate where Ministers would get up and regale you with stories of all of the things that been have provided for in these Estimates and six months later the Minister of Agriculture may get up and say that he is completely frustrated by the inability of officials to implement the projects that he had outlined, frustrated by the inability of private actors in the economy to respond to the indicatives that he has outlined and yet, nothing has been done to focus on how Government can better implement these initiatives in the public sector.

Sir, the Public Sector Reform was a complete joke. That is another one of those good things that we were treated to in here as a major initiative of the Government. It is only a logo on a letterhead. It means nothing else. It was just talk, empty air issuing from Members on that side. We went through all types of documents, White Paper, Green Paper and Resolution. The Government said that they were amending the General Order, they said that there were going to be customer charters in every department of Government, we were told that the reason why Government was moving away from setting up statutory corporations and going the route of things like Urban and Rural Development Commissions was to see a faster level of delivery without high overheads. Yet, this Government cannot say that it has been able in any way to speed up the process of implementation and all of the processes that are necessary to see any of these initiatives, which are outlined year after year in here, achieved either in that fiscal year or even in the foreseeable future.

Sir, I would have thought that the Honourable Member for St. Peter would have spent a little time telling us why there is such a vast gap between what he announces in these grand speeches at Estimates or Budget time and the other occasions and the implementation of them.

Mr. Speaker, let me give an example of what I mean. Every week in this Honourable House if we hear the Honourable Member for Christ Church East, followed by a chorus of people, telling us about the small business sector and how much this Government has done to advance the small business sector in Barbados. Would you believe about two months ago the Government had to convene a meeting at the Savannah Hotel and the purpose of that meeting was to hear from small business people why it was that they were so frustrated by their inability to access funding, to speed up red tape in the public service and all of the other litany of problems that they were facing.

The Minister did not say that none of what they were say was true and that it was a waste of the Government's money coming to a meeting. The Minister went on television and acknowledged that all the things that those small business people said were true. He went on to say that the Government would put an action plan in place.

Sir, this is after Government set up about 25 funds and a small business unit, fully staffed it, gave the Small Business Association money and all of this 'palabra' that we heard about for the past nine years.

Asides.

Mr. D.J.H. THOMPSON: Sir, I admire the courage and honesty of the Minister for basically saying that it was a lot of 'palabra'. Nothing was happening in the sector. He needed to haul the banks and everybody else over the coals

but in here, because the radio station, television and the Opposition have been saying it, they said that it is not true. The Government then takes up a piece of paper and say that they formed 400 businesses last month and they lent out \$20 million over the past six months. Yet, when you take up an Economic Report you cannot see anything in the Economic Report that would demonstrate that all of those new businesses that the Government said have been formed or that the Government said have been formed had any measurable impact on the state of the Barbados economy. There is a vast difference between what the Government said that it is doing and all of the pledges that we are going to see in here and the reality on the ground. Sir, in that regard I am only speaking on behalf of the people because these are the kinds of issues that Barbadians feel extremely concerned about.

I have always said on this side that I would like the Government, that the people elected, to be successful in implementing its mandate. Our job as the Opposition is to ensure that there is democracy in this country that there is criticism where it is due that we can support initiatives that make sense but at the end of the day the public has choices.

4.10 p.m.

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Continuation of: Mr. D.J.H. THOMPSON:

Our job in the Opposition is to ensure that there is democracy in this country and criticism where it is due. We can support initiatives that make sense but at the end of the day, the public has choices. Our job is not to frustrate what the Government does. This Government cannot even implement things that the Opposition agrees with it on.

Asides.

Mr. D.J.H. THOMPSON: Even the things we agree on, you know they cannot get them implemented. We sit in meetings and agree on things. We come in here, the Opposition says that we have no problem with it but, you know, the Government still cannot get it implemented.

Sir, in that regard, as I say, I am extremely concerned about the ability of the Government to actually get its programmes underway, which makes this an empty exercise every year.

The Right Honourable Member for St. Peter spoke of the situation relative to the revenue in Barbados but he still will not acknowledge the crippling effect of taxation in this country. The levels of taxation in Barbados are high, despite the nonsense that is peddled on the other side. I have even heard former Ministers of Finance on the Other Side and others, talking about when you add in the number

of concessions given, that the real tax rate in Barbados is not as high as is being suggested.

Taxes are having a crippling effect on the citizens of this country and their ability, particularly in the middle classes, to survive. There are some people when they meet their basic obligations to the bank for a car loan or a house loan, send their children to school and those things, have less money than the lowest paid worker in the Government service.

Asides.

Mr. D.J.H. THOMPSON: That is a fact. Sir, people tell you that they are in the typical middle management jobs, earning \$3 000 or \$4 000 a month but when they take out their obligations, they have \$56 left. So the wife has to cook pudding and souse on weekends or the fellow has to find some other way, which is a traditional part of the culture of Barbados, except that we have also gone the route in this country of putting covenants in place that stop people from raising sheep and pigs and animals in their backyard and where people are very often unable to open 'a little one-door thing' next to their house because the covenants do not permit it. Therefore, that element of opportunity and thrift that once existed, has actually now been taken away by the attitude of developers, taking American and European or international approaches to development, which give the impression that a community is a place where you only live. You go and sleep, park your car, walk on mornings, keep some dogs but there is nothing else about the community that connects you with people.

As soon as a fellow sets up a bakery, Town planning comes in and shuts him down. A fellow who wants to raise a few rabbits, the people next door complain and say that the rabbit urine is going at them. Sir, we have to understand that once that kind of thing happens, the opportunities for people to get that level of mobility in the system are being reduced, and the middle class in Barbados are being squeezed by a combination of factors which we need to address.

Sir, if this is a budget debate, it has to look at how to enhance the disposable income of people at that level, in the Barbadian society. The people on fixed incomes and particularly those when economic times are tough, who have to take major reductions in their income, some of whom get wiped out in those kinds of scenarios.

I would have thought, Sir, that the question of easing the real burden of taxation in Barbados, would have been addressed because the Government still had some room to manoeuvre, unless we have abandoned the concept that there are creative and strategic reductions in taxation that you can make in an economy and still get higher levels of revenue. Sir, in the 1991 recession, when we put in place

the tax reforms, remove the levies and so on, we were still able to get reasonable buoyant revenue from income taxes and corporation taxes in Barbados.

The Government still has room to manoeuvre. The Honourable Member for St. Peter is, forever, lamenting the fact that a day will come when we have to reduce our tariffs and that there will be a hole in the revenue, and if we are not careful, this will pose a major challenge for the Government.

Sir, expenditure in Barbados is rising to meet the level of revenue collected and I have always made that point. The only discretion in these Estimates is really in the capital budget, or shifting expenditure from on Budget to off-Budget. This is how you all are manoeuvring to solve the problem, but you are not looking at ways and means by which you can do that kind of thing, while at the same time, reducing the impact of taxation on the citizens of this country.

One would think that if the Government was moving so much expenditure off-Budget that it would be able to ease the citizens of this country from the crippling taxation that impacts on them.

In relation to education, the Right Honourable Member for St. Peter said that this is going to be the highest area of expenditure in his Estimates. I support that and the Democratic Labour Party has always supported that and there has been no change in the position of our Party, in relation to the need for people to be trained, and for a system of education that turns out people who can be adaptable, and can survive in this economic environment.

Sir, even there, you get a sense that the Government is zealous and enthusiastic to efficiently get the programmes in place that would lead to the speedier implementation of EduTech and also, to try to offer some kind of relief lower down in the system, particularly to parents of primary school children, in relation to the purchase of text books and other items.

We all know the kinds of pressures that single parents in Barbados face, in relation to those things every year. Some people come to me with a book list and very often, these are genuine problems that people face. We do not seem to have any flexible way in our system of helping the people who face those kinds of challenges. This is at the primary level and, if you cannot solve it there, where people tend to place that kind of thing on the back burner, then the children have little chance of going much further into the system, with success.

Sir, people's attitudes to education are changing. Whereas before, it would be viewed as the priority, in terms of expenditure, people do not view it that way now

but this is something that a Government has to lead the way in getting people's focus back on that, just as the light bill and the water bill are not discretionary, those kinds of expenditures have to be given priority.

Asides.

Mr. D.J.H. THOMPSON: Oh, you want to be partisan, I can be partisan. If you took a fraction of the money that you blew in Greenland, and in the GEMS and in all of the other wasted expenditure and squandermania, you would be able to do some of these things. I have not gone down that road yet, but if you want me to go that road, I can go it.

Asides.

Mr. D.J.H. THOMPSON: I was not going there. I had no intention but the Honourable Member for the City always likes to divert my attention.

Asides.

Mr. D.J.H. THOMPSON: No, that is not the low road, that is the very high road. Sometimes, I think the Honourable Member for the City wants me to take that particular course. I want to know if that is what she wants.

My concern about education is very real. I hope that the Government takes it on board. It is pointless talking about the same things all the time, without addressing some of those important issues in education that relate to attitudes of parents and ensuring that the focus is in the household, not just in terms of school buildings and equipment that is being made available, but in terms of the attitude to education, as a whole.

4.20 p.m.

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Mr. D. J. H. THOMPSON: I am dissatisfied about the level of red tape that young people in Barbados have to go through in order to be involved in any kind of sporting or volunteer activity. That may be something that happened low down in the system but this Government has pledged to obliterate that red tape and it has to find a way to get the resources to the volunteers and sports persons in the communities throughout Barbados in a fair and balanced way, not because they support a particular Minister or a particular area.

There are communities like the one which I represent that has a premier league football team but they do not have formal sponsorship. We have to hold fish fries. I am very glad that the Honourable Member for St. Michael East patronised one the other day. They sell fish cakes and

chicken wings. They hold, not 'block holes', they use another word but the police do not like them but we have to find ways to get the resources. I am not against that but I am against the fact that a large number of those football and cricket teams receive no direct assistance from the Government at all and their every effort to get assistance ends up being frustrated.

A fellow may be working on a construction site, this is the third instance in which I am saying this, and somebody in a Government department will tell him to call them tomorrow, but where is somebody who is working as a volunteer in a community who is also working on construction site 8.00 a.m. to 4.00 p.m. is going to get a telephone from to call somebody to deal with a problem that needs to be solved and addressed. That is the kind of problem that is having a debilitating effect on the development of communities in Barbados and sports organisations. We need to find a way to free up those resources, not make them unaccountable. I am not calling for methods of appropriation that do not conform to the financial rules but a more active programme that responds to the needs of those young people because we are frustrating them and their dreams from the outset.

A fellow who may not be academically inclined but may be an outstanding sportsman and sees his dream there until such time as he can improve his skills or who may be able to use the contact as a sportsman to meet people who can propel him further because of his discipline and his outlook in life will get frustrated at a young stage and then becomes basically what the Honourable Member for the City once called a 'drone bee', she said it in the wrong context, somebody who simply goes through life without meeting their full potential. That is the fourth area of concern and the way in which resources have been allocated in these Estimates do not address those kinds of problems in Barbados. It is very selective in the way resources are spent and the way people have access to those resources. So I believe that we have to have a more balance and fair approach.

On this side we have called for an approach which allows communities to be involved in the decision-making for the expenditure of money both by the Rural Development Commission and Urban Development Commission. There must be a way in which these commissions can have the full involvement of volunteers in the community in identifying where resources should be allocated so they can then defend them. In the system that we have, Government has to accept the criticism because it has not done enough to transfer the responsibility for the actualisation of those programmes into the communities where the money is being spent, so nobody in my constituency has any say about the way community development is going to spend its money this year. Those decisions are not made in communities in Barbados.

It is the same thing at the Urban Development Commission and the Rural Development Commission. I always thought that the role of those commissions was to find a way to get resources to those volunteers collectively across party line, however you want to do it, that is fair and balance, it must be done. What we have done is simply put another super structure in place where people make decisions centrally or on the basis of what a politician writes about or if he has an affinity to a particular group and those are given priority. Now these Estimates do not address that.

If you are going to have people feeling good about the way in which taxpayers dollars are spent, they have to have access to resources. We have to do something about that in Barbados.

On the question of houses, I know what the Honourable Member for St. George North is going to say in relation to that. Housing, despite all he has said about money being guaranteed by Government through bonds, through the Barbados Mortgage Finance or through the banking system, is another one of those areas in which nothing substantial has changed. The vast majority of people who visit constituency offices in Barbados visit them about problems in relation to housing. I am talking about low-income persons who want house spots, units or whatever. Despite all the Government says, it has not been able to make the kind of dent commensurate with the resources that it says it has committed in all of the public relations and propaganda that it has touted around Barbados on that major problem on low income housing in this country. By the time the project at Gall Hill in St. John was completed there was another wave of people looking for house spots or for houses that Government builds.

Government has a policy as enunciated by the Prime Minister in this House, where it says it is going to allow private developers to develop land so as to facilitate low-income housing because the National Housing Corporation cannot do all. What you have then in St. John is a low-income housing project by the National Housing Corporation that sold lots at \$5 a square foot. The Government gave somebody next door permission to develop the land in Gall Hill which is by and large a low income area and they sold the lots at \$14 per square foot. A one acre agricultural lot was sold for \$190 000, so even that policy decision is not working. Therefore, I think something needs to be done to refocus Government's attention on the problem of low-income housing.

These Estimates do not address that issue because the National Housing Corporation is going to have to be concerned during this fiscal year with outfitting its new offices and also making arrangement for the completion of the monumental disaster at Warrens which has been sitting there for the longest time as a symbol of the extent to

which the mandate of the National Housing Corporation has been diverted from finding houses and land for people to building office complexes.

4.30 p.m.

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Mr. D. J. H. THOMPSON: Mr. Speaker, it sounds good. I heard it all in here. When that was announced as a new way to finance projects, there would have been the National Insurance and the private sector involved, this would be a new wave of development in Barbados, et cetera, a complete mess-up and we are expected to accept that twaddle in here on every Estimates from Honourable Member on that side, who, themselves, know the problems that poor people in Barbados are having in getting housing, et cetera, and the Minister is going to say \$22 million were disbursed in the space of a year by Barbados Mortgage Finance Company and they are excellent in completion, et cetera.

We know the reality is that there are still a large number of persons in this country and, at this rate, will never have access to housing. These Estimates do not tackle that problem. The National Housing Corporation mandate has been diverted to do other things that it should not be doing and as long as there are persons in this country who cannot get access to housing and land, then the National Housing Corporation need to rise to the challenge but the Government is not focused on that.

The other area - and I thought this is something that would have been addressed in this particular debate - relates to the balance and fair distribution of resources in Barbados. I spoke of the problems of land.

Asides.

Mr. D. J. H. THOMPSON: What roads? I was very pleased to hear the Prime Minister say he saw a concrete road in St. John, the only one by the way. Therefore, when the Prime Minister speaks about the concrete road works programme moving into St. John, it has moved in, built one road and has moved out.

Asides.

Mr. D. H. J. THOMPSON: Do you want to know the number of roads that were built in St. John? Have you ever been in Cliffs, Colleton, Pool or Lemon Arbor? In fact, the oldest resident in the area, Mr. James Padmore, opened it. Sir, it is that kind of political twaddle that one has to deal with every year in this Estimates Debate. The concrete road works programme has moved in, built one road in Sergeants Street and has moved out.

I believe the person who sells red paint in cans is doing a roaring trade. Suddenly everywhere in Barbados, there are persons walking around with tape measures and spray cans, spraying the roads and saying that in a few weeks time, those roads would be done.

The other day, while returning from the gym, I passed through River Tenantry and saw a large pile of marl that could have filled all the potholes, yet the Honourable Member walks around saying that those roads would be done this year, though I do not see them in this year's Estimates.

Asides.

Mr. D. H. J. THOMPSON: I know it has started because I had a public meeting there last Saturday night and you panicked.

Asides.

Mr. D. J. H. THOMPSON: I know the meeting had more people at it than the one you had at Rock Hall in the last election, with a smut lamp, and about four persons.

Asides.

Mr. D. J. H. THOMPSON: Sir, there are still a large number of areas in Barbados which are not given a fair allocation of the resources that we vote for every year in these Estimates. I wonder why bother to vote for them.

Two years ago, these Estimates talked about a road that was going to be resurfaced from the St. John's Parish Church to the bottom of Station House Hill, St. Philip. The border of St. Philip North to the bottom of Station House Hill, were done and the rest of that road, which is a trap, especially the area in front of where Mr. Alair Shepherd lives, is a very dangerous corner. Sometimes people come around there, not realising how unsettled that road is and sometimes find themselves on the wrong side of the road.

The Government has stopped directly at the Four Cross of Massiah Street. Sir, two Estimates ago, the Minister was parading about how roads all over Barbados were going to be done and about how no parish would have been left out, then the following year, they are again put into the Estimates. I am not bothering to check this year because there is such a disconnection between what is in this Estimates and what is happening in reality in Barbados, that the people of Barbados need to reflect on the past five years since 1999 and the performance of this Government in keeping its pledges.

The Estimates do not deal with that fair and balanced allocation of infrastructure, whether it is housing, house spots, roads, street lights, et cetera. It is not happening.

Sir, there are other issues that need to be dealt with which this particular presentation should have highlighted. I heard the Honourable Member for St. Peter speaking about the Caribbean Single Market and Economy. It is a pity that he has so cast a debate as to excuse himself for nonsensical statements which he made while overseas, which some persons felt were conducive to criminal activity in Barbados. In other words, the breaking of the law in Barbados. He was not able to set up what I thought would have been a reasonable construct for how these Estimates are going to relate to the implementation of the Caribbean Single Market and Economy.

Therefore, an important area of national policy that these Estimates should reflect, is absent from the text of this Document, other than the \$200 000 given to the private sector to assist in the negotiation, as well as the CARICOM office that has been set up in Barbados. There is such a disconnection that no wonder people feel that all they are getting are simply words, a constant repetition of the same thing.

The argument always starts this way: The Democratic Labour Party signed onto the General Agreement on Trade and Tariffs in 1994 and I said nothing about it in the Budget Debate. Then he goes on to say that had the DLP Government been interested, it would have put in place initiatives to give effect to decisions to which it came. Sir, he said we signed it a month before and, at that time, the Government was engaged in a programme with the private sector to remove licences. We had removed a whole set of licences and put in place surcharges. The process of the removal of licenses began before we had even signed onto the General Agreement on Trade and Tariffs.

We were bitterly criticised by the Honourable Member for St. Peter for carrying the process of trade liberalisation too far and too fast and other Honourable Members of the Other Side should not have to wait on the General Agreement on Trade and Tariffs decision to make that decision.

Sir, every day, according to what I understand from the Member for the City who is the expert in this area, there are new issues on the agenda, so that what was signed in 1994 may bear very little relation to what is happening now in the year 2003. The Free Trade Areas of the Americas has assumed character since then. The Caribbean Single Market and Economy, which was only at that time being discussed as a desirable initiative, has assumed some form and character but it has not even assumed the form that the Government had originally expected that would be the Caribbean Single Market and Economy or the other trade grouping that have developed over time.

4.40 p.m.

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Mr. D.J.H. THOMPSON: Sir, part of the problem today in Barbados is that the Government is fatigue by the different negotiations which it has to undertake. And, it is putting out messages and images constantly which are essentially negative rather than focus on those areas of economic activity in which Barbadians can effectively compete.

It does not surprise me when the Prime Minister said that he set up a facility in research and development for the private sector and nobody took it up in the first four years.

The private sector is not being led anywhere by the Government because the Government does not have a clue about what industries have the ability to survive the full round of trade liberalisation after 2004. Sir, no member on the other side can get up and say what area of competitive advantage any particular industry or enterprise Barbados has and direct the thoughts and energies of young people in that area.

Government is now seeking out the areas of innovation that are likely to take place. Three years ago the Government was talking about the international business sector and one act by the OECD knocked it off the table. Now we are hearing about the number of registrations but not about the quality of business, like the number of people employed nor the number of businesses which have left this island.

Last week a few business companies moved their domicile to the Cayman Islands and, as a result, have closed their operations in Barbados. A large number of companies are doing this, so to focus on registration gives a false picture of the international business sector but that has been the forte of the Honourable Member for Christ Church East and the Honourable Member for St. Peter. We hear about the number of businesses that have started up but we do not hear about the number of businesses that have closed their operations in Barbados or which are not active.

Sir, these Estimates do not address these matters nor the Government's design of an economic programme for Barbados. We are constantly in a state of flux in Barbados and Government does not have any road map for the future. We hear a lot about structures like the Caribbean Court of Appeal, how important it is and what a great thing it is. We hear a lot about negotiations and where they are going but no one says anything about what needs to be done at the level of people in Barbados to cope with the impact of the global changes in the global economic environment.

Sir, as I said, we are stuck in a negative mindset in which people are telling you about the great problems they

are having in getting the Caribbean Single Market and Economy up and running and the challenges in the four theaters of negotiations and the challenges in agriculture and about the pressures in tourism. Sir, young persons who hear this and who want to compete in a sector of the economy will internalized all this negativity. Sir, the Government needs to get out of the negativity and the Estimates should reflect new initiatives that are desirable and necessary to tackle that perception of doom and gloom we have.

I read an article referring to the Ministry of Tourism which said that people should look to the tourism industry as a job and an activity of first choice and then a lady pointed out the number of people who came back to Barbados with tourism degrees and end up running laundromats.

Asides.

Mr. D.J.H. THOMPSON: What the lady is saying is true and you can ignore but you will do so at your own peril. A large number of Barbadians come back to this country, well qualified and are being sidelined and superseded despite the qualifications they have.

Asides.

MR. SPEAKER: Order please.

Mr. D.J.H. THOMPSON: Sir, Honourable Members on the other side get agitated by such a weak Opposition. They are 26 to 2 and this is the only opportunity that the Opposition has a chance to debate the economy but they get upset even though they say that the Government is performing so well. They say the Government is breaking down barriers, making heroic decisions, that it has millions of people behind it and that the whole international community is looking at Barbados but one person on the Opposition side makes a speech and Honourable Members on that side get agitated.

MR. SPEAKER: Order, Please.

Mr. D.J.H. THOMPSON: Only last week the Honourable Member for St. Michael East spoke about giving people a sense of worth by providing them with land and to help them develop their business but four weeks later things are 'brown' again and there is nobody to offer those people any further assistance along the way.

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Mr. D.J.H. THOMPSON: Sir, these Estimates do not address that. In anyway they by and large address what the

Barbados Labour Party likes. For example they use numbers like 400 new businesses being created. Sometimes they double count because a fellow may start as a body work man and a year later he switches to landscaping or hairdressing.

Asides.

Mr. D.J.H. THOMPSON: The numbers are there and they look good. However, you will hear them over the next few months peddling all of that nonsense. Eventually there will come a time when young people will find that unacceptable.

Sir, in relation to labour relations, we have talked in here about the problems of productivity and the perception of exploitation that exist in Barbados. Through all industries, it is what conduces to bad services, it is what conduces to many of the issues of management and workers in private enterprise and Government. The way workers are now rebelling against it is now evident. Despite the social partnership in this country, I cannot think of a time in the history of our country when people have felt, in pockets all over the island, so exploited by the system that they have to withhold their services.

Sir, in 1994 that kind of thing was widespread in Barbados. You can laugh of it if you wish but I have no problem with that. I know where my focus is. If you have incidents that break out in six different discrete areas of Barbados, having no correlation one to the other, different unions representing the people, there is no one union agitator, the political party in Opposition is not involved in any of the disputes.

Asides.

Mr. D.J.H. THOMPSON: A weak Opposition was able to start five or six strikes in one day in this country?

Asides.

Mr. D.J.H. THOMPSON: Sir, it is occurring in relation to people who are at work and who feel that the terms and condition of service are unacceptable; that the treatment they are receiving at the hands of the employer is unacceptable and they just break and decide that they are not accepting it.

They are those who are not at work on are on the street corners in Barbados and because of their perception of exploitation, they have set their price for a day's work already and anybody who goes below that price, they would rather do the work for free.

Sir, I had an interesting incident the other day with a friend of mine who was laid off from a construction site

and I ask him to come and do something for me. He asked me what does the guy who normally works for you gets during the week and I told him. He said that he was not leaving home for that kind of money.

Asides.

Mr. D.J.H. THOMPSON: Sir, the price was above the minimum wage.

Aside

Mr. D.J.H. THOMPSON: The fellow said that he would rather come and do the work for me free.

Asides.

Mr. D.J.H. THOMPSON: Sir, if you all do not think that those attitudes of exploitation do not exist in Barbados, you are wrong. They are people on the street corner of Barbados who have set their price and they are not going to let anybody in this country exploit them. Even if the price that they have set is accepted, that is what they have set as the standard below which they will not fall. A lot of it comes from perception in Barbados that people in the work place are being exploited.

Sir, this thing is wide spread and endemic. The Government cannot get new labour legislation passed in this country in any area. We cannot get occupation, health and safety legislation passed. We cannot get Employments Rights legislation or Trade Union recognition legislation passed in this country and we are acting as though it is not an issue. We believe that people are indisciplined, they set their price too high, they do not want work or a lot of other nonsense that we hear.

Asides.

Mr. D.J.H. THOMPSON: Well do not tackle it, leave it and when the attitude in the tourism, agriculture and service sectors persist and when this country is overtaken by the idea that a Government that we have elected has been helpless in addressing the issues of exploitation, so they rather not work or go to work and do nothing, then other countries in the Caribbean surpass us because people do not feel that level of exploitation, either because of the state of their economy or the fact that they do not have expectations that Barbadians have.

Asides.

Mr. D.J.H. THOMPSON: Sir, they are some people who do not have that expectation.

Sir, it is something that needs to be addressed. It is a labour issue. It is wider than that but in a sense it is

something that our planners in the labour sector in Barbados need to be looking at because people feel very strongly about it. There are many people in this country who are dissatisfied with the conditions of service under which they have to work.

Sir, there is another element of exploitation where we are breaking down barriers in Barbados to facilitate other entry into our economic system. I have no problem with that. I have never had a problem with that. Do you know what is hurtful? We are not trying to break down barriers for Barbadians who live in Barbados so that small independent businessmen, whether it is in the water sport sector or vendors, find themselves boxed in completely by rules and regulations, while our Government is out agreeing with everybody that rules and regulations should be removed internationally but they cannot remove our domestic barriers.

Asides.

Mr. D.J.H. THOMPSON: Sir, I am not calling for indiscipline. I believe that there are ways that we can effectively regulate a society but we cannot have it both ways. We cannot be on television every night saying that we agree with trade reform, trade liberation, we are going to break down the barriers to trade and opportunity, yet, Barbadians who live in Barbados are being criminalised by activities which they want to engage in this country but which has significant barriers applying to them.

Sir, a lot of this happens on the west coast. A lot of the operators have problems because of the beach access which we need to address. The Minister said that she is going to address this situation and she even raised it before she was Minister. I have every confidence that it will be addressed.

Mr. Speaker, when I look at the environment at Paynes Bay, near Bombas Restaurant, and see the environment under which independent contractors in the water sports industry have to function under to ply their trade, who they are dependent on to get tourists to come there, they are almost totally excluded from the industry.

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Continuation of: Mr. D.J.H. THOMPSON:

They do not get to access the tour buses. A few taxi operators may bring people to them. It is tough for them. They feel that there are barriers around them and everybody else's barriers are breaking down, except the barriers that they have.

In this Estimates debate, I hope that the Minister of Foreign Trade would plant her feet firmly on Barbadian soil and tell us what she conceives to be the barrier to trade in Barbados, which she is going to lift in the City, her constituency, also, what are the barriers which are going to be lifted to ensure opportunities for Barbadians to access the market more effectively, and what are the other barriers right down the west and the south coasts in this country that will be lifted to facilitate opportunities for Barbadians.

Sir, I thought these were some of the key points, not only based on what has been happening in here over the past few months, but in response to the challenges that Barbados faces. None of those issues have come to the fore in this Estimates debate. Instead of that, as I said, we have been treated to a list of all of the private sector projects that are taking place in Barbados, some of them the Government has no say in except the granting of planning permission, some have been in the pipeline for decades and may remain there for all we know. The point is they are listed every year in here.

Asides.

Mr. D.J.H. THOMPSON: Every year, we heard of the Pierhead project for the past five years. Last year we hear about Cracrabank and there is a long list that is repeated year after year. Anybody coming in here for the first time would believe that all of those projects are underway.

Mr. Speaker, do you know what we do not ever get? We never get a statement of the projects that have been completed. We only hear about the ones that are going to start. You do not ever hear how long it is likely to take, when it will be completed or what contribution the enterprise is making to national development in Barbados.

Look at Pelican Village that is a Government project. It is finished that is true. It is occupied but tell me about the persons who operate in Pelican Village and the extent to which the Village is being utilised and whether they are able to survive in the environment. The Government needs to respond to those kinds of issues. Nothing is ever said, it is just a recitation, year after year, of project upon project.

Sir, the Prime Minister of Barbados and the Minister of Finance should be the last person, in any debate, to talk about the prudent management of resources. This Government has wasted millions of dollars. It has had, first of all, more than any other Government in the history of Barbados, in terms of surplus and excess revenue.

Asides.

Mr. D.J.H. THOMPSON: Sir, what has it done? Thrown millions of dollars into the GEMS project and it is still telling this nonsense about the rate of return in more money. Sir, this time now, it is from the money that was borrowed for a rainy day.

Aside.

Mr. D.J.H. THOMPSON: It is ploughing that money into the GEMS project, a badly executed project.

Sir, if nobody wants to listen to me, almost every international investment institution that comments on Barbados talks about the GEMS project as a national scandal that the Government will have to deal with, but do you know how they are dealing with it, Sir, by wasting more money. We are at \$113 million now and by next year, you will hear that we are at \$125 million and people will be wine and dine and entertained in Barbados, as prospective purchases and the taxpayers will still be saddled with that project.

Sir, they licked down the Hilton about five years ago. Everything was on stream.

Asides.

Mr. D.J.H. THOMPSON: I am glad to see it going up now but look how many seasons the Hilton project has missed. You cannot tell me that is not incompetence.

Asides.

Mr. D.J.H. THOMPSON: That was under what? You all came in here and said nothing was under it and that it did not require the kind of environmental clean up that at one time they thought was necessary. I did not say that.

Asides.

Mr. D.J.H. THOMPSON: Sir, the point is that the project did not meet the original time line that was suggested by the Government. After they licked it down they said that within two years it would be back up again.

Aside.

Mr. D.J.H. THOMPSON: But you cannot tell me it is true. I know it is true. I do not need any confirmation of anything I am saying that in this debate. That was the Hilton. Also, to this day Dover is still rubble.

Aside.

Mr. D.J.H. THOMPSON: The Dover Convention Centre, which was fully operational, being used by the Calypso Tents and all kinds of activities, is now rubble. I

bet you the Government is renting somewhere for the offices that were in the Dover Convention Centre.

Aside.

Mr. D.J.H. THOMPSON: I would not be surprised.

You said that Sherbourne was a white elephant and it has more than 70 per cent occupancy, so you are attacking the person who built Dover. I think the Honourable Member for Christ Church South should get up and respond because the Honourable Member for the City is launching an attack on the building at Sherbourne because it only has 70 per cent occupancy.

They said Sherbourne was a white elephant and it has more than 70 per cent occupancy.

Aside.

Mr. D.J.H. THOMPSON: It does not matter what it was built as. You were living in the past when you were leader of something. You are living your past leadership ambitions. Stick to current issues and not on what Sherbourne was supposed to be, that issue is dead. The Democratic Labour Party lost the Government.

Aside.

Mr. D.J.H. THOMPSON: With no help from you but other people had to do it.

Asides.

Mr. SPEAKER: Order please.

Mr. D.J.H. THOMPSON: They do not like to hear about the millions that were borrowed.

The Government says that the little rain that we had was a sprinkle. The recession was not a deep recession but a little sprinkling for a year, but you know they spent almost all of the rainy day money in those twelve months.

Aside.

Mr. D.J.H. THOMPSON: You know, this Government has almost spent all of that money that it borrowed for a rainy day during the sprinkle. Suppose we had a real down pour.

Aside.

Mr. D.J.H. THOMPSON: But the GEMS was \$113 million which is one quarter of it. The South Coast Sewerage project was finished out of those funds. The Honourable Member for St. Peter said he was going to use

the resources that he had borrowed to complete projects that were supposed to be funded by international institutions because they were giving problems and Barbados' sovereignty was at stake, so he took it up and blew it during a sprinkle.

As I said, suppose we really had a down pour last year. Sir, all this thing about a reserve build-up, and that money which was available was blown in one sprinkle. We would have been in trouble, if the recession had been deeper or had been much longer than what the Honourable Member for St. Peter anticipated.

5.10 p.m.

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Mr. D. J. H. THOMPSON: What has happened is that Government has raked in more money than was anticipated and it then went on a wild spending spree. This Government also got, do not ever forget this, Sir, millions of dollars from privatisation. They came and found \$34 million in the Public Enterprise Investment Fund from the sale of the Arawak Cement Plant, Heywoods Hotel and the Pine Hill Dairy. They sold assets and put the money in the Private Enterprise Investment Fund and they blew that too. That is why they need to sell these shares in the Barbados National Bank now to top it back up because the Fund is going down rapidly because they blew the money from the sale of those different assets. They blew the VAT money and they blew the foreign borrowing and then people are coming in here talking about we have to watch our debt ratio and expenditures. Meanwhile, the public servants who did not get any enormous increase despite the sacrifice they made in 1991, are still scruntung.

They are other people in Barbados who should have benefited coming out of that economic recession. There are other strategic investments that we could have made in Barbados but those did not happen. This is between 1999 and today and we are now to feel sympathetic for the Honourable Member for St. Peter who has all of these challenges. Last year was a tough year for him. How could a Prime Minister that had so much money from borrowing, from the VAT and from selling assets could come and tell Barbadians that he had a tough year? He should have sailed through last year.

Asides.

Mr. D. J. H. THOMPSON: If the Honourable Member thinks that he sailed through last year, I hope he tells all of the people that were laid off last year and this year that they were sailing too. They are the ones he needs to tell that he was sailing. I hope he tells the public servants who were told that they could not even afford a slight

further adjustment because things were tight that they were sailing too.

Asides.

Mr. D. J. H. THOMPSON: There is poor public expenditure management, allegations of corruptions, misplaced priorities and crippling taxation. Sir, I notice that you shifted slightly but I did not make that allegation. The Prime Minister said about two years ago that it would be well-nigh impossible to have a Government with all of those civil servants and not find that there is some corruption. I did not say that. The Honourable Member for St. Peter was responding to an advertisement in the Sunday Sun. He held it up and said that he was stamping out corruption and said that there was nowhere in the world where you would find a Government with so many people in it, not just Members of Parliament, he meant public servants, where you would not find some corruption. So he made the allegation that you would find some corruption. I am only repeating it and confirming that he made it.

There are many Barbadians who are able to tell horror stories about what has been happening in Barbados in relation to the expenditure of public money, that is on-budget expenditure, that is governed by the Financial Administration and Audit Act.

Can you imagine, Sir, what has been happening in terms of expenditure in all of those companies formed by Government that are not audited by the Auditor-General that have not provided reports since they were formed and Parliament has no scrutiny over them at all? In fact, nobody has any scrutiny over them because we have reached the stage in Barbados where you have to defend the Minister of Tourism because he did not know that a board under his responsibility was about to make certain decisions. Do not forget we just made it into a private company and invested assets into it and they are about to make a decision that the Minister said he knew nothing about. Can you imagine what other decisions a lot of those boards are making? Even when Ministers know, they seem to get fuzzy when questions are asked.

When the questions were asked about the GEMS Project, the Minister went on radio and said he could not remember and all kinds of things, but thank goodness the Honourable Member for Christ Church South is good. I am going to test him on this one because the Prime Minister on two occasions made allegations in here relative to the waiver of property transfer tax in relation to some Trinidadian company. I know the Honourable Member for Christ Church South can stand by his integrity.

When I was Minister of Finance, a lawyer working for a Trinidadian company wrote to me and said they were making certain strategic investments in Barbados in

relation to sugar estates in St. John, lands at Hastings where they wanted to develop for supermarkets and other activities and they went through the list. The lawyer called me and said that Barbados signed a Memorandum of Understanding with Trinidad and Tobago when 'Tom' Adams was Prime Minister and that there is a Barbadian insurance company operating in Trinidad and he wanted me to check to see whether they had to pay transfer tax, and if they did not, based on that Memorandum of Understanding, I will have to give the Trinidadian company equal treatment.

As I was too young to know about the signature of that agreement, I took up the telephone and called the Honourable Member for Christ Church South who told me that he did not know a lot about it himself but he will put me on to somebody who would know. He told me to call the former Director of Finance, Sir Stephen Emtage who would outline to me what was in that Memorandum of Understanding.

I did not say anything in the Budget because I am not getting into the gutter with anybody in this Chamber. I have children who I would like to look up to me. I will say whatever I have to say in here and outside of here too so nobody would believe that I asked for Parliament's privilege. I do not want it, because my time will come.

I called Sir Stephen Emtage. He said these are the elements of the agreement. I sent the officers to search for it, I do not even know if they found it but what I then did was to look to see the conditions under which Barbados Mutual was set up in Trinidad. Even though they had to apply for some kind of licence, I think the application might have been waived through some Alien Landholding legislation or something like that, which Trinidad has, they did not had to pay transfer tax. I said to him, well fair enough. If a Barbadian company operating in Trinidad and Tobago did not have to meet those obligations, then I was going to waive the obligation in Barbados.

In addition to that, even if there were no Memorandum of Understanding, our sugar industry was almost in the ground and contrary to what was said, no application was then pending for the cutting up of any agricultural land in St. John by the potential purchaser. We needed new investment on the south coast and there were other strategic reasons for which I would have made exactly the same decisions in the absence of a Memorandum of Understanding but I did what I did based on a Memorandum of Understanding which was not signed by the Democratic Labour Party, which is the amazing thing. The Honourable Member for St. Peter has his moments. They are not senior moments, they are junior moments because they regress. When he suffers from amnesia, he sees only certain things on a file.

Mr. SPEAKER: Honourable Member please, the Right Honourable Member for St. Peter is not now in his seat. I am suggesting that you would have ample opportunity...

Mr. D. J. H. THOMPSON: Oh no, no, no, Sir.

Mr. SPEAKER: Please, listen to me, please. Let us proceed according to our rules.

Mr. D. J. H. THOMPSON: Which rule, Sir?

Mr. SPEAKER: Rule 28, which says you must not impute to the character of any person...

Mr. D. J. H. THOMPSON: Well, that is a different rule. If that is so, Sir, I withdraw the statement.

Asides.

5.20 p.m.

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Mr. D. J. H. THOMPSON: Mr. Speaker, If you believe that I am imputing, then I withdraw the statement but nobody in here can tell me that I cannot speak about someone because that person is not in attendance. When I am not in here people talk and nobody ever intervenes to tell them not to speak about me. I have sat in my office downstairs and heard persons hauled me over the coal, in my absence, and nobody ever told them not to. I did not get any protection, neither from the police force nor anybody else.

Asides.

Mr. D. J. H. THOMPSON: I did not send out the Prime Minister. I only said he is suffering from amnesia.

The Honourable Member is being very selective in what he sees on file. He is selective in his memory because even as Leader of the Barbados Labour Party, he did not remember that his predecessor as Leader, had signed a Memorandum of Understanding.

Do you know what was worse? There were persons in here who knew. I am not accusing the Honourable Member for Christ Church South who has spoken. He and I have spoken and I know why it would not be necessary for him to respond. I know there are persons who knew that I know they knew but sat in silence and allowed that to happen. It is those types of persons who will not stand up and be counted.

Aside.

Mr. D. J. H. THOMPSON: There were former Cabinet Ministers and other persons who would have known about the Memorandum of Understanding. I was a little child then, so were you but there were persons who were in here a long time before me, and I am the third longest serving Member. Those Members never said anything but yet were the persons who were heralding the agreement as a breakthrough for Barbados. They talked about Doctor Eric Williams and Mr. Tom Adams signing a Memorandum of Understanding to facilitate business between the two and I acted on that basis and the same persons who were heralding it when I was being pilloried in here for doing what was a Barbados Labour Party's initiative, never got up and said that was enough, that there was a basis for these decisions.

Sir, it tells us something and it had told me something then but it is fair to repeat it again as an act which the Democratic Labour Party Minister of Finance did, as if I would not do it again, and I would.

Secondly, that I did it on some whim, as was said in Oistins at a meeting held in 1994 called "The Great Giveaway". The Barbados Labour Party called everybody down to Oistins to hear how the Democratic Labour Party was giving everything to the Trinidadians.

Sir, the same Member for St. Peter who is now asking us to be sympathetic to Trinidad and to understand and not go overboard in our criticisms, was in Oistins with his Colleagues, parading on the Democratic Labour Party and saying that we were giving away everything to the Trinidadian manufacturers and furthermore, that we had received a substantial party donation from the manufacturers in Trinidad and were about to sell the whole country out to the Trinidad manufacturing sector.

Asides.

Mr. D. J. H. THOMPSON: None of it was true but, Sir, time is longer than twine. The Honourable Member for St. Peter did not remember that today and, therefore, I thought I should remind him that the negativity about Trinidad was played upon by the Barbados Labour Party in the same way that people play upon race at election time in this country.

The impression was given that we were about to surrender the whole country and a form of xenophobia started in relation to Trinidad and the Labour Party presented themselves as the saviours of Barbados for not selling out the whole country to Trinidad.

Sir, we made a strategic investment. Apparently the Honourable Member for St. Peter seems to think that the strategic investment in Trinidad only started last week. Therefore, he is now in here to tell us how great the

thinking of Barbados should be elevated by what he has done, in deciding to sell the Barbados National Bank shares to a Trinidadian company. We sold the Arawak Cement Plant shares to a Trinidadian company. People paraded in my office every day, telling me that the Trinidadian's planned to come here, closed the Arawak Cement Plant down so that they could dominate the cement market.

Quite to the contrary, I believe the Member for St. Lucy can tell you what is happening in St. Lucy since that company got 100 per cent ownership and then divested some of those shares to its workers. It signed the first workers' union agreement for that year. Within days of buying it, they signed an agreement relative to workers remuneration in that calendar year and we know the story of Arawak since then.

Sir, the sale of the Arawak Cement Company did not have anything to do with a general election and nobody has made that allegation as far as I know. Nobody is talking about the sales to Trinidad. I believe another issue has been raised and it is that the Prime Minister is free to comment on. He is the political Leader of a party and is entitled to defend his honour when another political leader challenges it.

Asides.

Mr. D. J. H. THOMPSON: I am not a political leader of a party and, therefore, I will support my political leader in that regard.

Asides.

Mr. D. J. H. THOMPSON: That is your business. When you join back, you will know who it is.

Sir, you know what they say about when elephants are fighting, only the grass gets trampled. And now I am in the grass with my constituents. I believe my political leader said what was his concern and the Prime Minister answered it. Now there are two contending views and the public of Barbados will make their determination.

Sir, let me declare an interest in that regard. When the Barbados National Bank sold shares, as a patriotic Barbadian, I bought for myself and my daughters. My wife bought too. It was a good investment.

Asides.

Mr. D. J. H. THOMPSON: I have no problem with it but I was critical that it was put on the market at the wrong time. For me, it was a bad time but I felt it was the kind of investment that I should make.

I agreed with the privatisation of the Barbados National Bank. I would agree if the Caribbean Broadcasting Corporation were to be privatised now, even in the state that it is, that as a statement of good faith, I would invest it in.

I remember when Roger Cave came to me and said he was forming Fortress, one of the second mutual funds in this country. When I was Minister of Finance, he came to me and I told him that I would have given whatever assistance possible. When next he came to me, I was not Minister of Finance but I thanked him for letting me know. I told him that I could not have helped him, except I was going to take a small investment in his enterprise, as a statement of good faith. And it has paid off because it is the third highest yield in mutual funds in this hemisphere. The Honourable Member for Christ Church West should know that.

I believe Barbadians who are interested in the symbols of nationalism, one of which is the indigenous bank in this country, should make investments in them as long as the investments are sound.

Mr. Speaker, this Government now wants to be regaled as the most forward-thinking and outstanding for its initiatives in selling the Barbados National Bank shares to the Republic Bank. Sir, when we were selling shares during a recession, the Barbados Labour Party was calling it a fire sale.

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Mr. D.J.H. THOMPSON: We took the money, put it in any account and, whether foolishly or otherwise, all the money we realised from privatisation was still in the account when the Barbados Labour Party took office. Based on the construction of these Estimates it is likely that the proceeds of the sale of the Barbados National Bank shares to Republic Bank will be blown in this coming fiscal year.

Asides.

Mr. D.J.H. THOMPSON: It will not be spent wisely. It will be spent on a whole set of projects like the money from the Public Enterprise Investment Fund. Some of that money was spent on an airline that went 'busted', on Southern Meats which went 'busted' twice and on the Caribbean Broadcasting Corporation for "Morning Barbados". Sir, all kind of monies were blown out the Public Enterprise Investment Fund and this money will be blown too.

Asides.

Mr. D.J.H. THOMPSON: Sir, the Honourable Member for St. George North is asking me how I know the money will be blown. Mr. Speaker, Sir, will you advise the Honourable Member for St. George North to read the Estimates.

The Honourable Member for St. Peter said that in 1994 we sold the assets, the money was fretted away and that it was the worst way to spend the proceeds received from privatisation. He said that the proceeds of privatisation should be put in a sanitised account and it should be used for strategic investment in the economy and, Sir, we set up an account and did that exactly. We then saw the Government take the money out the Public Enterprise Investment Fund and spent it on initiatives that should come from Central Government.

For example, why did the Government take up the money from the Public Enterprise Investment Fund and blow it in the Gems project? There is no guarantee that this money will not be very quickly blown because Government now has a concept of public/private sector projects in which it puts up millions of dollars with the private sector and on top of that also gives a guarantee. We heard that the Pierhead project was to be financed by the private sector and then the Government came to Parliament for a guarantee for a loan from CDB. We will hear next that Government had to put money into the project to jump-start it.

Government wants to take up money now to buy Paradise Hotel and we are not hearing that it will be a joint private/public initiative. Sir, the Government has directed the board of directors of a private company owned by Government to buy Paradise Beach Hotel and the last offer on the table for it was US\$25 million.

Sir, I take no responsibility for an anti-Trinidadian mentality. If this mentality exists in Barbados, the Barbados Labour Party contributed to it by their actions and omissions. Therefore, in this regard it is the small-mindedness of the Government that has ended up creating the problem in relation to perceptions of the people of this country in regard to the sale of those assets.

I have dealt with the overall issues raised by the Honourable Member for St. Peter. The Honourable Member said that the Government's capital programme is not as ambitious as last year. Sir, by and large, an Estimates debate should be constructed substantially on Government's capital programme because that is where new projects come from. If the capital programmes are curtailed and substantial resources are used to finish unfinished projects and shift expenditure off-budget, it means that the Estimates debates, in the context of a capital works programme, will become useless because the vast majority of those projects are off-budget. If the Prime

Minister wanted to deal effectively with what is happening in the Barbados economy he would take each of the companies Government formed...

Asides.

Mr. D.J.H. THOMPSON: Yes, if he knows all of the companies because I have a Parliamentary Question asking the Government to tell us the number of companies formed, the dates of corporation and their directors and the Honourable Member for St. Peter has not answered the question yet.

If the Prime Minister can find out how many companies the Government has formed since 1994 he should take each of those companies and, as Minister of Finance, the guardian of the public treasury, come in here and identify exactly what the companies are doing and what are the burdens that could be imposed on the taxpayers of Barbados should those initiatives failed.

Sir, we do not get that kind of information. We hear about what Barbados Tourism Investment Inc. is doing in broad terms but we do not hear what the rate of return is or if the investment will start to make money in fifteen or twenty years.

Sir, Parliament is entitled to know these things because when the Valley project was done Honourable Members had a chance to speak about it in Parliament but private companies owned by Government are undertaking projects more significant than the Valley project but there is opportunity to scrutinise those projects in this Parliament. A lot of Government's strategy for expenditure is off-budget so what is left of the capital programme for discussion in these Estimates is not significant.

Mr. Speaker, if the Government wants to take the public into its confidence the Estimates debates and these documents should outline what those private companies, fully owned by Government, are doing in relation to expenditure and the financing requirement so that we can have a serious debate.

Asides.

Mr. D.J.H. THOMPSON: If all of Government's strategic investments are being undertaken by private companies then Government puts itself in a bad light because all we will talk about in this debate is two community technology sectors, lighting on three hard courts and a few roads somewhere because the brunt of the discussion about the way forward in relation to investment in Barbados is not coming across the desks of parliamentarians.

5.40 p.m.

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Mr. D.J.H. THOMPSON: Sir, they have more information than the people in this Honourable House who are the guardians of public expenditure and who at the end of the day are the people that are accountable. If any of those investments collapse, do you think that the Opposition going to say 'Cud dear', it was a private company? It is owned by Government and the Minister is responsible.

Sir, in the United Kingdom when that happens, the minister must resign. Do you know that ministers in the United Kingdom had to resign for Government assets to private companies when they ran them into the ground. The ministers were not responsible, they sold them to a private company, not owned by Government, the private company did foolishness and the minister had to take responsibility for the actions of the private companies.

Asides.

Mr. D.J.H. THOMPSON: Sir, to avoid that, we need to make all the information available about Government's commitment, expenditure, strategic partners et cetera and then we can have a useful debate. Sir, the Prime Minister did not say too many things about the airport because he is not in charge of the airport. That is a private company. The investment rights that are going to be undertaken by Barbados Tourism Investment Inc. and he could not talk a lot about that because he does not control that company. That is a private company. Even though it is Government asset, it is a private company. Those strategic decisions which are being made with Parliament do not have any say in relation to the impact of them.

Sir, in each of these Ministries you are going to find that initiatives would have been announced before. For example, look at the Barbados Tourism Association (BTA). Every year I say to the Minister of Tourism that he allows the Prime Minister to give the Barbados Tourism Association more money when he, as Minister, said that the Barbados Tourism Association needs to be restructured but he has not restructured it. All that the Minister is doing is piling money on top of a structure that he said does not work.

Mr. Speaker, we are in Parliament talking every year and the Prime Minister is boasting that he has given the tourism sector more money but he is giving the same people that the Minister said cannot do the job. We did not say that on this side. The Minister said that he needs to restructure the Barbados Tourism Association in order to deliver and it is not delivering but nothing has been done. It does not surprise that we do not get results.

Sir, we have seen creeping back into the tourism system the problem that caused Barbados to decline before. The Barbados Tourism Association runs the tourism industry, not the Ministry of Tourism. Despite all the maneuvers of the Minister and all the talk, the Minister makes brilliant speeches and statements, at the end of the day he is driven and is going to be driven by what is happening at the Barbados Tourism Association.

The Ministry through the years has been deluded and to my mind it is no longer planning tourism policy as it should. The reason why people are being left out of the industry is because the people that are marketing tourism do not have the obligation to ensure that every Barbadian is involved in the industry; that is a policy decision. Product development is a policy decision but is going to get mixed up in the Barbados Tourism Association. Mr. Speaker, mark my words, as does everything else in the tourism industry.

Despite all the restructuring through the years and the changes of Ministers, you can have no confidence that any Minister of Tourism in Barbados, under the current structure, can deliver. Do you know what grieves us? We can go to other countries in the Caribbean and see how they operate.

For example, I am taking a group of people from my constituency to a Caribbean island. I went to that country to plan a cricket match and some other things.

Asides.

Mr. D.J.H. THOMPSON: I spoke to the people at the ministry and I told them the challenges that we faced such as transportation, budget et cetera. Sir, before I left the building, somebody was able to tell me what they would provide for us because they see it as important to their initiative in relation to Caribbean tourism.

Sir, they are people who fly into Barbados, go to the Ministry and the Barbados Tourism Association, spend a whole week here and make no headway at all with what they are planning. When they leave Barbados they have to wait for somebody to write them, then they have to contact somebody somewhere else and nobody knows what is happening. About three weeks before the event they suddenly hear from Barbados saying that they have approved their request. Sir, in the meanwhile the people went ahead and planned their arrangement without reference to us and a lot of that is happening in tourism.

The only way that we are going to restore attitudes to service in the tourism sector, is by focusing on the culture of employment in Barbados, particularly in the tourism sector or the culture of service, which is a

Ministry of Tourism issue, not a Barbados Tourism Association issue, because it requires a national effort and change and resources must be made available to undertake it.

In relation to agriculture, the Minister said that the Government has made substantial loans to small farmers in Barbados, a lot of which is not being reflected in the national statistics. The Minister is an economist and he should tell us why it is not being reflected in the national statistics. If the amount of work that the Minister said has been done in agriculture, there should be a revolution in agriculture in the past year.

Mr. Speaker, I would support the revolution in agriculture, so do not believe that I am saying this make fun of you because a large part of my constituency is only suited to agriculture. When agriculture is down and not doing well, it sacrifices hundreds of families in St. John and even areas around where I live in St. Philip. If agriculture is not performing, it does not make me feel good. I do not go to the people and say things about the Government but if the Government says that we have done all of these things and we do not see the results on the ground, then we have a problem.

Sir, it is my considered opinion that we are not seeing the results commensurate with what the Government said that it has invested in agriculture.

Mr. Speaker, there was a time when we used to give a concession for vehicles and if everybody who got a concession for vehicles from the Ministry of Finance was in agriculture, we would not be importing anything. We would be exporting food.

Asides.

Mr. D.J.H. THOMPSON: Sir, if what the people wrote in letters to the Ministry saying that they are farming acres of land were true, then we would be producing a lot of food.

Asides.

Mr. D.J.H. THOMPSON: Mr. Speaker, it is more critical because of the economic environment into which we are going and the young people of Barbados have a sense of what is happening.

Recently, I dropped two young people to Eagle Hall on Saturday and that is the point that they were making. They said that they would like the opportunity to survive. They can see things happening internationally that threaten their survival. They do not see trade liberalisation or globalisation, they see the threat of war, a war with which they do not agree. They are thinking about what they can

do during this time. It is a very important time for planners to ensure that people do not lose confidence in the system and to use that interest to advance their enterprises.

I hope that the Minister of Agriculture is able to do that during this year because we have had a lot of pledges and statements which were made in relation to agriculture but those things do not always translate into things happening on the ground for people.

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Continuation of: Mr. D.J.H. THOMPSON:

Sir, find a road map, identify the industries that the Government is willing to support and say why. You know, we talk about the new global environment. There are some new things to it but the one thing that is not new about it...The Honourable Member for Christ Church South always says that there is nothing new under the sun, he has seen all of that before - and in a sense, you have seen all of this before. Not with the technology that is employed now, or the pace at which it is occurring, but people have been able to innovate out of all kinds of situations.

In that regard, the Government needs to be serious, not only about promoting the innovation, but holding people's hands through the process and identify those areas of economic activity which, it thinks, are going to be successful.

The Prime Minister said that we have the funds which will replace subsidies and these are legal mechanisms for helping these enterprises but there is another step that you have to go, because those funds can be whisked away very quickly in the enterprise culture that we have in Barbados.

Everybody wants to look that part of the business they are in, and there is nothing wrong with that, but there are some basic ways in which the Government can put the resources in place to assist them to make the business successful.

Asides.

Mr. D.J.H. THOMPSON: The Asian economy used that a long time ago. They identify people whom they think can build successful manufacturing enterprises. Of course, they have a system which is called benevolent dictatorship by and large. They say, well look, if X is going to be able to create employment and get into exports and can identify a project, what we are going to do, is support his cash flow by giving him the licenses to import items for the hospital, or whatever the project.

They do not allow that now and they are not going to allow it as part of the World Trade Organisation arrangements.

Asides.

Mr. D.J.H. THOMPSON: Of course, the American did it. Patronage in that way is endemic to the way in which those economies had been built. The real problem though, is that under the WTO, you are going to have problems because of the element of transparency, and they are going to attack Government procurement shortly and they are going to tie you down to areas of restrictions or rather what they call opening up the system. It is really restriction because it is restricting your own operatives in your country which are going to make a lot of that creative stuff impossible. So you have to have a more hands-on approach and you have to provide the expertise and the assistance directly to those enterprises, resources and not just money but something more substantial.

This is where all of the people who have come back here with the tourism degrees who cannot find jobs need to be deployed. This is where the engineers and the people who have the MBAs and so on need to be deployed in the system but many of them, through frustration and through not being able to deploy their skills effectively, go into other enterprises and are unable to transfer those skills in the way in which Barbados can best benefit.

These Estimates should address those issues because we have talked enough about it and the way in which we have been functioning does not address the reality of building that enterprise culture in this country. There is the idea of giving somebody money because they put something on paper before you, but 90 per cent of the people who do that got somebody else to write it.

Aside.

Mr. D.J.H. THOMPSON: Sir, 90 per cent of those people had somebody else to write that project proposal. It is prepared for them because it is geared at accessing finance but that should not be your only concern. Responding to a project proposal by way of finance is not enough. There are other things that need to be done and the structures need to be put in place to deliver at that level.

Sir, this is one of the best ways in which the Government, at this time, can intervene to help businesses. Just as I say, it could happen in communities. All of the desk bound operatives in the Government and in the investment agencies who are sitting down writing reports and pushing paper but who have the expertise and the ability, need to be freed up, if they want to be, because that culture of sitting behind a desk and opening files and writing on them all day and not getting out there into the

community is so strong in our system that you can go in a department with people like extension officers and others, and everybody is at a desk sitting.

Aside.

Mr. D.J.H. THOMPSON: There is no meeting but everybody is sitting. Community development officers are sitting at their desk. I was visiting the department and saw somebody writing reports with the phone off the hook. Sir, writing reports is more important than responding to the needs of people in that way.

Sir, that culture permeates the Government and the Government owned and controlled enterprises. We need to free up people to go out there and lend that active assistance which is necessary.

I was hoping, Sir, that these Estimates would have addressed the new piece of legislation that is needed in the labour sector but, you know, there are no resources for implementing that now, so even if you pass them, how are you going to implement the Employment Rights Bill which requires the establishment of tribunals and so on to give effect to the provisions of the Bill.

Now, how are you going to implement an effective occupational health and safety programme, unless you will be able to find resources to complement the new initiatives which a new Bill should bring into being.

Sir, I spoke about public sector reform and I think that is extremely important.

Sir, in relation to public works and transport, you know we are going to have a discussion in here about roads because everybody is going to want to talk about the roads that are being done in their constituency.

I set out this morning at 8.15 a.m. from Mapps, St. Philip to get to a meeting in town at 9.00 a.m. I met the first road block in Marchfield and traffic was backed up to the roundabout. Some people turned around and went on other routes and not only that, they were vexed and frustrated and they had not even reached Bridgetown. Then when I reached Brereton, there was a minibus involved in an accident at that dangerous corner, so I had to go through the back of Carrington and found my way onto the Highway. Then, when I got near to Bridgetown which took a long time because of the traffic build-up but, when I reached Tweedside Road, MTW, during the rush hour was doing repairs by that junction where the buses turn, so the people coming out of that junction could not get out. Nobody has up a sign or anything high up in the road, diverting the traffic through Carrington Village or anything, so there was a total deadlock.

Sir, you can talk about fixing as many roads as you want, if the Ministry of Public works cannot get a grip on the situation, in relation to traffic in Barbados, it is going to start to affect tourism. The people who come here and want to be taken out or go on island tours or whatever or want to come into town, will find it almost impossible to enjoy the sights in this country.

This is affecting productivity because I am certain that the vast majority of those people who were on the road were late. Sir, I was late. It is also having a serious effect on safety because the Government of Barbados places no restrictions on the types of vehicles that are on the roads in our country.

If you have a country that has Suzuki vans, along with those massive 18 wheeler trucks, then it means that you have a problem where the person in the Suzuki van is under threat. The Government is either going to control the bigger vehicles on our roads or alternatively they are going to have to advise Barbadians that for their safety, they have to change the kinds of cars that they buy.

I remember seeing a fellow working for the Telephone Company driving a Suzuki van, slammed into a bus in front of Sherbourne one morning and he was killed. We had accidents like that with those massive sugar trucks in St. Philip. They drive up and down the roads and you have to pull aside.

Sir, we hear a lot of platitudes from the Minister, for example, we are looking at it, we are working on it, we have a master plan but something has to be done about it, because it will start to have serious effects on everybody's health in this country and we need to find some way of addressing the problem and also, safeguarding the citizens of Barbados.

6.00 p.m.

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Mr. D. J. H. THOMPSON: In relation to social transformation, I have said to the Minister of Social Transformation already - he may not take me on because the last time he got criticised, he said that the only reason why he is running for election again is because the Opposition criticised him, so even if I criticize him today there is nothing he can do because he is already running - that there is a perception in Barbados, not only by middle class Barbadians because there is always this view that it is the middle class people who are criticising and talking about mendicancy and so on, that many of the programmes in relation to the so-called social transformation are not delivering in relation to empowering people in this country and that they are basically applying band aid. It is like

having a deep wound and then you put a band aid on it and then it festers and gets worse.

I know of many people who, as I said, have been to the agencies of social transformation in this country, who got some temporary small relief but then four weeks later they found themselves in a worse position than they were before they went to those agencies. A lot of people who have benefited from the social investment loan, the bodywork people, the hairdressers and so on, invest in those enterprises at home or found somewhere to rent and then months later they were out of business.

To me the Ministry of Social Transformation has not done enough to keep Parliament up to date on whether any of those programmes are having any effect in Barbados at all. There are valid reasons why people see the Ministry of Social Transformation as a hand-out Ministry. The Minister said that he is upset that people see it that way but the fact is they do and they have evidence to suggest that it is.

I heard the Prime Minister talking about a welfare-to-work programme, that is an American concept, that is not a Bajan concept. What the Ministry of Social Transformation did was to take people off the welfare roll. They even took the disabled people of St. John off the welfare roll. Those people are not working and they are worse off now. They just took them off the welfare roll and now I am hearing about a welfare-to-work programme. Something has to be done about that because there are far too many people in Barbados, who have complained to me that previously they were receiving welfare assistance and that unilaterally without any assessment and without any discussions with the Welfare Department or whatever, they have been removed from the welfare roll.

If you are going to remove somebody from the welfare roll, an officer should be sent out to do an assessment, look at the conditions the people are in and see what assistance they might need and even pursue a welfare-to-work programme, but do not just take them off the welfare roll which has been happening in Barbados.

There are other Members of Parliament who can attest to the fact that people have been taken off the welfare roll without any attempts being made to analyse what they did. So the idea that they are now working and that the Government has initiated a programme to get them from welfare to work does not square with me. That is not what is happening. If somebody is receiving welfare assistance who should not be receiving it, well yes, take them off the welfare roll. It is true that there are people in Barbados in that condition but there are also a lot of people who do not deserve to be unilaterally taken off the roll because their families are suffering as well.

I was hoping that these Estimates would have focussed a lot more on the Queen Elizabeth Hospital and that the Honourable Member for St. Peter, although it a controversial subject, would have spoken to it. There seems to be no end in sight to the budget increases that are taking place at the Queen Elizabeth Hospital despite the fact that people in here say that it is the most wonderful hospital in the eastern Caribbean and we should be grateful and we are almost a developed country and everything is free and all of that. I heard all of that nonsense inside of here.

There are people who have legitimate complaints about challenges they have faced at the Queen Elizabeth Hospital. I do not know that putting a board in place would change any of that. The Government seems bent on spending political capital, as the Honourable Member for St. Peter calls it, to put a board in place at the hospital which the people at the hospital do not want rather than to implement some sensible decisions relative to the operations of the Queen Elizabeth Hospital that have the cooperation and support of the persons who work in the hospital. So the hospital is in a state. The Drug Service has had major problems despite all we have heard about the Drug Service being restructured and revolutionised. We are back to square one in relation to the Drug Service and the same is true about many of the polyclinics in Barbados.

I will deal with the St. John's Polyclinic now because Honourable Members will be shocked to know that that polyclinic does not even have a dentist chair to serve the primary school children and so on for in excess of two years. To say that the people of St. John must go to the Six Roads Polyclinic does not solve anything because Six Roads Polyclinic has its catchment. The answer to St. John's Polyclinic is a dentist chair. I am told that the people of St. John like the Glebe Polyclinic and the St. Philip Polyclinic, that is the answer that is given in here, but if there is no dentist chair at the St. John's Polyclinic, the people are bound to go to the other polyclinics, that makes obvious sense to me, not because they like it but because they have no choice.

If you want to discuss a private problem with a medical doctor at the St. John's Polyclinic, you have to go right down into the back to the storeroom because there is nowhere there where you can do so without people on the outside hearing what they are saying.

Asides.

Mr. D. J. H. THOMPSON: Well, if that would be the solution, pursue that option. A previous candidate said it would not be a polyclinic, it is going to be a primary school, so it would mean the policy has changed in recent times. My previous opponent said that it does not suit a polyclinic, it should be a primary school, although there is

one next door. It should be another primary school next door to the existing primary school.

The final point I want to make because this debate, I assume, is going to take place against a background of reality, is that you have to judge this Government not on what you see in this year's Estimates but on all of the things it said it would do in 1999, not only the short-term things. This Government was faced with what the Honourable Member for St. Peter said were a multiplicity of challenges but very few of them have been solved in the past five years.

6.10 p.m.

Monday, March 17, 2003

Mr. D. J. H. THOMPSON: The morale and the problems in the police force are almost the same. The problem among nurses are almost the same. There was supposed to be a major regrading exercise that was to have taken place in the public service in Barbados. We have not heard anything about that regrading exercise in the past two or three years, since the consultants were hired to undertake some aspect of the regrading.

Likewise, one can point to a whole list of pledges. Take any of the pledges that a minister has made in Parliament and track it from 1997 to 2003 and see what it leads to, whether it was the Greenland Landfill; the Queen Elizabeth Hospital; the South Coast Sewerage Project, any one could go through the long list of projects and see the way in which Government has managed its expenditure. People can see the broken promises that have been made to Barbadians and the fact that many of the pledges made in and outside of these Estimates, at the end of the day, will have very little impact on the people of Barbados. That is why, since this is the last Estimates, which the Honourable Member for St. Peter has said will take place before the next election, I urge Barbadians to open their eyes.

Asides.

Mr. D. J. H. THOMPSON: Not just in support of the Barbados Labour Party. I hope all of us would abide by the decision of the people because we have heard that before.

Sir, politics can do strange things but, at the end of the day, what one cannot take away is that there are ways in which the performance of a Government can be measured and this Government has failed to perform. It has had more resources made available to it by way of taxation, sale of assets and foreign borrowing, than any other Government in the history of this country. The Government should have been able to complete all of its major initiatives because they said they had an orderly programme and judicious public expenditure for

implementing all of the pledges that were made in the Manifesto and that were identified in every Estimates Debate since 1999. Yet when the Government pledges are checked against its performance, it has fallen far short of the mark.

Sir, that is why I said at the outset that in a sense this debate assumes a character of emptiness because there is very little here that has any basis in reality. There is very little here that will impact on people. There is very little here that will ever get implemented. This is, as usual, public relations and the largest portion of Government's Expenditure in relation to new project is not even in this debate. It is being undertaken by private companies in this country.

Sir, on that basis, the Government stands indicted for talking without action, for wasting money and for squandermania. It is those things I believe the people of Barbados will have their full say over, whenever the bell is rung in this country.

I am obliged to you, Sir.

Mr. SPEAKER left the Chair and Mr. DEPUTY SPEAKER assumed the Chair.

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

Hon. Miss M. A. MOTTLEY: Mr. Deputy Speaker, I rise to support the Estimates of Expenditure and Revenue as laid by the Right Honourable Prime Minister which has been spoken to in this debate of the Second Reading of the Appropriation Bill, 2003. Sir, I wish to say that these Estimates of Expenditure and Revenue, not only reflect a constitutional requirement but contrary to the statements of the last Speaker, the Honourable Leader of the Opposition, that they do not portend a development programme for this Government, they, in fact, reflect an abundance of programmes and projects in a continuum that have been pursued by this Government in the repositioning of the economy and, indeed, the social structures of this society. The Leader of the Opposition perhaps thought that he was talking about his St. John Development Plan when he reflected on how empty were these Estimates.

I can assure him that contrary to his relationship to the St. John Development Plan, this Government, in fact, has a record to show. Our confidence in this record is exhibited every time the Barbados Labour Party has held the Government of this Office in modern times and it has produced a document called, "Promises and Performance".

Sir, contrary to the Democratic Labour Party's assertion that a Manifesto is not a social contract, this Party believes that it is bound by those things which we present

to the public of Barbados, in the effort to seek a mandate to carry them out.

Mr. Speaker, the fact that a party might not have completed every possible thing that is set out in a Manifesto is nothing unusual, that is so with every government in every part of the world. The difference is that those promises which have been put before the public of Barbados, first in 1994 and now in 1999, have been adhered to.

Mr. Speaker, the evidence is not in the recitation, as he would want us to call it but in the fact that there are almost 30 000 more people who are working today than in 1994. It is in the fact that we have seen an expansion in our fortunes in almost every one of our sectors with the exception of agriculture and manufacture in recent times because of the pressure of trade liberalisation, the course upon which the Leader of the Opposition sent us, when he signed the commitment in April, 1994, to the World Trade Organisation.

We have also seen an improvement in services, particularly in our commitment to the reduction of poverty in this country. We have seen the transfer of title being subsidised by the Government of Barbados in tenancies across urban Barbados.

Mr. Speaker, I do not have to spend any more time in responding to what was clearly an empty political speech on the part of the Leader of the Opposition, who carries the title of Leader in Parliament but must refer to a political leader in order to validate his performance for the rest of his time until the polls are called.

I have never seen such absurdity in all of my life but it is not for me as the chief legal advisor to the Crown, to interpret the Constitution of the Democratic Labour Party which has caused them to be in a perpetual state of the breach of their constitution. Sir, one wonders if they are prepared to breach their own constitution, how would they treat the Constitution of this country if given the opportunity to be a Government.

Mr. Deputy Speaker, the Prime Minister has set the context of these Estimates in the best way he could have possibly done. He gave a speech today which was seminal by all judgments. He set it in the context that we simply do not know what the next day or the next week portends for us, economically, politically or otherwise because we live in a world that is characterised more by change and turbulence than by any other single factor.

I must confess to you, Mr. Deputy Speaker, earlier this evening I went to my Office in this Building and happened to see the clip with the resignation of my counterpart in the British Parliament, Mr. Robin Cook, who

has, in fact, resigned from the Cabinet of the Tony Blair Government.

I also happened to see the Secretary of State in the United States Government referred to the fact that diplomacy is coming to an end and that the President has issued an ultimatum to Saddam Hussein to leave Iraq and that the Iraqis have responded and said they are not leaving, that the only way a war can be averted is if President Bush steps down. 6.20 p.m.

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Hon. Miss M.A. MOTTLEY: Mr. Deputy Speaker, an uneasy and eerie feeling came over me. I say this because my generation does not know what it is to witness war in a real sense. Like many other thousands of Barbadians I come from a generation that has been insulated from the worst excesses of oppression even in this country because by the time I was born the process of development, placing Barbadians first and at the centre of development had already taken root irrespective of which political party was in office. Mr. Speaker, I come from a generation that simply does not truly understand what deprivation and suffering is all about.

This evening, an uneasy and eerie feeling came over me that the USA led by a man whose majority is no more than 500 votes, has set the entire world to suffer the consequences of a possible escalation of violence that may well be catastrophic for the majority of this world.

Mr. Speaker, we talk about the importance of a vote but had 500 more people voted we may well not have been facing this event tomorrow. I speak in these terms because we live at a time in human development where the importance of the individual standing up, being accountable and expressing his/her views and not sitting on the sidelines watching when evil is taking place is more importance now than at any other time in our independence.

Mr. Speaker, we see the stripping of civil liberties in the name of the fight against terrorism and thousands of people daily are humiliated and denied access to basic rights.

Mr. Speaker, I speak in these terms because if there is one precept that this country must forever hold sacred it is the precept that guarantees the rule of law whether domestically or internationally. It is the only guarantee that a poor person has in this country for fairness and that will ensure they have a right to self-determination and it is the only guarantee that a small country such as ours has to self-determination in this world.

The danger of what we are seeing today is that the multilateral processes that we have come to know, respect and belong to in the context of the United Nations system and other regional ones that may exist are fundamentally under threat when they can be so easily ignored by those who believe that they can substitute the rule of law by reason of the might and sight of their forces.

Mr. Speaker, this a dangerous time for us to be living in because you cannot seek to turn back the clock and replace the rule of law by any other precept that guarantees the narrow superiority of an individual or an individual country. Mr. Speaker, the CARICOM Heads of Government meeting in Trinidad last month took a principle position that we believe the multilateral process must prevail.

Sir, it has not been unknown to history for countries who have might to justify their action by the development of new principles, precepts and dogmas and, the doctrine of pre-emption is but another example. Mr. Speaker, forgive me if I have taken five minutes to deal with this issue because this is what is going on in the world in which we live and these Estimates ultimately will come to be judged or implemented by reason of what happens in the next few days or weeks. While we understand the challenges we face in respect to this small open economy and the productive sector, while we understand the need to reposition our economy and our productive sector and to foster a new enterprise culture, however good and strong our efforts are, may well be constrained by decisions that are now being taken in capitals outside of our jurisdiction.

There must be an understanding on the part of each and every Barbadian that in the same way that Government must now establish and show a level of fiscal discipline and behave in a way that reflects prudence and care, that individual citizens of this country will do well to follow suit.

Sir, this is not the time for persons to be reckless. This is not the time for rash decisions to be made. It may well be that we may have to dig deep into our individual selves and our national psyche to be able to withstand whatever may come our way.

I am proud to be a member of this Government and this has to do with the fact that even in these time of uncertainty and the imminence of declining revenue as faced by this Government, we have remained committed to the philosophies that caused us to be the Government in the first place and that informed our predecessors as far back to the inception of the Barbados Labour Party.

6.30 p.m.

Monday, March 17, 2003

Hon. Miss M.A. MOTTLEY: Sir, what am I saying? I am talking about those policies that put people at the center of our development programming. This Government has declined in revenue but we have expanded our investment in education in a year of declining revenue. Mr. Speaker, we know, unlike what has been represented by the person who masquerades as the President of the Democratic Labour Party, that education continues to be the ladder on which persons can climb from poverty and out of which the society can climb from being a society whose development may be marginal to one whose development will be assured.

Mr. Speaker, therefore, I can never quarrel with the Prime Minister when he indicates that the first claim on any increased revenue will be on EduTech, so as to ensure that we can continue apace with the plan and programme that were originally established.

In a year of declining revenue, this Government has held its commitment to eliminate poverty. Spending on poverty reduction remains critical because at times like this when the going gets tough and if you remove the safety net from people, you are asking for social dislocation in a form that the society would find difficult to deal with, while dealing with the turbulence and uncertainty presented by the outside world.

Mr. Speaker, this Government has remained firm in its commitment to maintaining spending on health. While we understand the challenges that face us in terms of the pace of growth health expenditure, we recognise a fundamental responsibility to deal with it but not at the expense of those who must benefit from the health services of this country. There must be and will have to be policy discussion as to how we will deal with some of these issues.

Sir, unlike those who would like us believe that Government life is fast food, fast money or all of the other fast things that are around us today. There is a time and process to things.

We heard the Honourable Leader of the Opposition castigate the Honourable Minister of Economic Development for the regime that this Government has put in place for small businesses. What is he castigating him about? The Democratic Labour Party presided over the destruction of small businesses and shops under the form their Minister in the 1970s. What is the record of this Government, Mr. Speaker? This Government has passed a Small Business Act. This Government has put Venture Capital at the disposal of the Small Business Association. This Government said that not only do we recognise that you need financial assistance or that you should have a lower tax rate but we recognise that they must have technical assistance. We do so mindful of the fact that at the end of

the day small businesses produce greater levels of employment.

There is no doubt that our size prohibits us from having an effective cost structure that can be competitive in manufacturing. However, we have taken a conscious decision that there must be some level of domestic manufacturing for imports substitution because of the levels of employment that it generates. To abandon it, would be to abandon access to that level of employment for that percentage of the population.

Mr. Speaker, I am very clear that in spite of our inability to predict the unknown, the variables in the international environment, that this Government has done its best to maintain its core programme; even in the context of declining revenue, making sure, as we have seen over the last 18 months of the recession, that we have not placed the burden on Barbadian families by way of job losses, as happened in 1991, to carry the burden of this economic recession and dislocation.

Mr. Speaker, I do not know if the international financial institutions have the same commitment to not seeing human suffering as this Government has had, we would see far less riots in relation to the policy changes that they have effected throughout Latin America, Asia and the Caribbean.

We have put jobs and people and the center because we understand that the dislocation of people with respect to jobs, mean suffering to families. There are no two ways about it. I have a difficulty with those companies who would wish, in the pursuit of what they call restructuring and mergers, to move from a position of a 20 per cent return on their investment to a 30 per cent return on their investment and to justify those excess profits that they want to make, would send home 200 or 300 people.

Mr. Speaker, there is a document that informed the United States of America for the last 30 or 40 years and that was the maximisation of shareholder returns. The reality is, those kinds of documents can work in large countries but in a country our size, you have difficulty in sending home 300 or 400 people in a society that is living on a land space that is 14x21 miles. Where are they going to run to? When the suffering starts in those households, the impact on their families and their communities, as we saw between 1991-1993 which still remains the highest period of criminal activity ever in the history of this country, the consequences are disastrous.

Mr. Speaker, companies make decisions based on strategic objectives. I want to suggest that the strategic objective which must inform companies in Barbados must not be the maximisation of shareholder value. It must be the effective performance of the company in the context of

the national economy and society within which they function. It is only in the establishment of the common goals, as we have tried to do through the Protocols, that you can have an objective that will not dislocate or sideline people in a negative way.

I keep maintaining that a country that is 166 square miles must put people first and I am not going to veer from that. Therefore, I want to appeal to the members of the private sector to reflect on their corporate strategies.

Mr. Speaker, I also want to speak to the issue of the financial sector and I have done so on almost every occasion that I have spoken in this Honourable House. We have reached a stage of our development where it is very hard to believe that people who want to participate in productive enterprises cannot raise capital in this country from the private commercial banking sector.

Yes, I know that we need to expand and we need to have merchant banks and other banks that would have a greater potential to taking risk but the reality is, there are small businesses and small people who have good ideas, who want access to capital, who have come from generations of poverty, who do not have the money put down in a bank or who have land and who, in this country, ought to be given a chance to be able to pursue those legitimate objectives in circumstances where there are limited options available.

Mr. Speaker, the Government has tried to respond through the commission but that must not and should not cause the banks to feel that they have no responsibility to the small man in this country whose deposits they continue to take but who cannot find it possible to lend 10 cents to without asking them for their mother and grandmother's birth certificate if they cannot get the title deeds.

Asides.

6.40 p.m.

Monday, March 17, 2003

Continuation of: Hon. Miss M.A. MOTTLEY:

Mr. Deputy Speaker, I am saying to you that I only know of two legitimate ways to get out of poverty. You either are educated out, or you work your way out. Working your way out, if you do not have an education, invariably or a skill, you are at the minimum wage so that the only way that a man with limited skills could get out of poverty legitimately, is through a business idea or self-employment.

Mr. Deputy Speaker, we have a financial sector that needs to come into the Twenty-first Century, because there

are elements of our capital market development that must continue to improve. For example, Sir, you have people who want a \$5 000 overdraft and you tell them to deposit \$5 000 to get the \$5 000 overdraft. Mr. Deputy Speaker, if they had the \$5 000 in the first place, they would not be asking you for the \$5 000 overdraft.

I say to you, Mr. Deputy Speaker, these are the hurtful things that would cause an observer to believe that sometimes the behaviour of the private financial community is one of the greatest constraints on our economic development and the movement of people out of poverty and the creation of wealth in this country.

Mr. Deputy Speaker, we face challenging times, there is no doubt, and my ministry, Sir, has the responsibility to be able to put in place and to maintain those elements of our framework for the delivery of services and the rule of law that relate, essentially to the character of a society and of governance. For example, the police, the prisons, post office, fire service, Government industrial school and CBC as a monopoly, hopefully, we would move from that over a period of time.

Essentially, the Ministry of Home Affairs represents what I call the unsexy aspects of Government, those things that are necessary to keep the society working well, but if you do not need them, you do not think about them. You do not think about the Fire Department until you have a fire. You do not think about the Immigration, until you need to go for a passport or you have somebody coming in. You do not think about the prison, unless you have to go up there to carry something for somebody or go yourself.

Sir, what has happened is that in many instances, the processes and procedures that have governed the institutions in the Ministry of Home Affairs have not changed for decades. The remainder of Barbados has changed. We have therefore embarked on a series of reforms from the Post Office to the Immigration Department to the Prison and to the Government Industrial School, which requires a complete change in philosophy for how we treat to the issue of juvenile detention and punishment.

I hope that during the course of these Estimates I would get an opportunity to speak in detail to the process of reforms which are embarked upon in the Ministry of Home Affairs and within the Royal Barbados Police Force and the Court system, which fall under the Office of the Attorney-General.

Mr. Deputy Speaker, this is an election year, so to speak. We are counting Calendar months, as it must come within 12 months of now. This Government, in my view, has reflected a level of maturity, considering the turbulent times within which we are living, has reflected a

commitment to the sustainable development of this country, by presenting to this Parliament, in an election year, Estimates which reflect fiscal prudence, Estimates which reflect a cut in its capital programme by almost \$70 million, Estimates, Mr. Deputy Speaker, which put the sustainable development of the people of Barbados over the fortunes of the Barbados Labour Party, as a political institution.

Mr. Deputy Speaker, I am proud to be associated with a Government that recognises its commitment to the people of this country, and one that is not prepared to play fast and loose, at this extraordinary time of human development.

I want to say, Mr. Deputy Speaker, that I have the fullest confidence in the Prime Minister, in his ability to continue to balance those very difficult considerations of how to rekindle the economy, while maintaining our commitment to keep people at the centre of our development, of how to maintain fiscal stability, while building new productive capacity in this country;

of how to look at the issue of the productive sectors, while we continue to have a tax on our economic sovereignty from outside, whether it is through the OECD, or through the attacks by the American Government, in relation to the corporate inversions, or whether it is through the process of the regimes that try to restrict your maneuverability for policy, whether it is in the form of trade liberalisation, money laundering or all other forms of international agreements, now that will seek to continue to restrict the policy autonomy of sovereign nations.

Mr. Deputy Speaker, these have been challenging times but I believe that not only do we have the capacity but we have now the experience. We have, most important of all, the commitment to the people of this country to do the right thing.

Mr. Deputy Speaker, God willing, we will have the time as well, to speak to the individual records in our constituencies, even if not during this time but I know that the time will come.

Mr. DEPUTY SPEAKER: Your time has expired. Please wind up.

Hon. Miss M.A. MOTTLEY: ...that time will come. The fullness of it, will reflect that our commitment and record has not only been at the level of a Government, but as individual representatives of the people of this country.

Mr. Deputy Speaker, I am proud to be part of this Government but I am seized also, at this time, with the extraordinary burden placed on us as individuals and as a Government, to do the right thing in these most difficult of

times, not of our own making, but nevertheless, times within which we must seek to guide this country safely, so that we can rely on the words of the Psalm that has said that we have come safe thus far.

Mr. Deputy Speaker, I am obliged to you.

SUSPENSION

Hon. Miss M.A. MOTTLEY: Mr. Speaker, Sir, I beg to move that this House be now suspended until 10.00 a.m. tomorrow morning.

Hon. R.N. GREENIDGE: I beg to second that, Sir.

The question that the House be now suspended until 10.00 a.m. was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER suspended the House accordingly.

6.50 p.m.

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SPEAKERS IN THIS ISSUE

ARTHUR, Rt. Hon. O.S.
GREENIDGE, Hon. R. N.
MOTTLEY, Hon. Miss M. A.
THOMPSON, Mr. D.J.H.

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EDITORIAL NOTES — NOT PART OF THE REPORT

Prepared with the transcript; for checking against the recording and the Minutes.

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. Masthead. The session is not stated in the source, so no session line is printed.

Q2. Order No. 7, Take-slip 6.40 p.m.. The opening sentence of the Attorney-General's paragraph ('I only know of two legitimate ways to get out of poverty...') appears twice, once before the 6.40 p.m. take-slip and again, in fuller form, after 'Continuation of: Hon. Miss M.A. MOTTLEY'. The shorter first copy (about 20 words) has been left out. Please confirm.

Q3. Minutes. The Speaker announces the Minutes of Tuesday, 11th March, 2003, but the motion to take them as read refers to 'Tuesday, March 11th, 2002'. Printed as in the source.

Q4. Minutes. The Speaker's words 'If there are no corrections or observations, then let these Minutes stand confirmed' are run into the seconder's speech by the Rt. Hon. O. S. Arthur in the source. Printed as in the source.

Q5. Orders of the Day. The motion lists Standing Orders '6, 16, 18, 20, 42(5), 43, 44 and 20', naming Standing Order 20 twice. Printed as in the source.

Q6. Order No. 7, revenue for 2002-2003. The Prime Minister gives approved revenue as \$1.795 billion and then says 'rather than realising revenue of \$1.791 billion' the outturn is likely to be \$1.701 billion, '\$94 million less than the projected amount'. Printed as in the source.

Q7. Order No. 7, capital expenditure. Capital spending for the year ending March 2003 is given as '\$326.8 million' and '\$326 million' in two places but as '\$376 million' in another; the provision for the next year is given as '\$270 million' and later as '\$276 million', with the reduction stated as '\$50 million' and '\$56 million'. Printed as in the source.

Q8. Order No. 7, the Estimates as numbers. The Prime Minister refers to 'This financial year ending March 2002' where the context is the year ending March 2003. Printed as in the source.

Q9. Order No. 7, speech labels. Two speeches by the Leader of the Opposition carry the label 'Mr. D. H. J. THOMPSON'; elsewhere he is 'Mr. D. J. H. THOMPSON'. Some of the Prime Minister's speeches are

labelled 'Hon. O.S. ARTHUR' rather than 'Rt. Hon.'. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met on Monday, 17th March, 2003 at 11.20 a.m., with Mr. Speaker, His Honour I. A. Roett, in the Chair; prayers were taken by Canon Father Ivan Harewood. The Minutes of Tuesday, 11th March were confirmed. The Prime Minister, Rt. Hon. O. S. Arthur, laid the University of the West Indies Guarantee of Bonds Order, 2003, and the Attorney-General, Hon. Miss M. A. Mottley, laid the Report of the Judicial Council, 2002. Standing Orders were suspended for the Sitting.

Under Order No. 7, the Prime Minister presented the Budget for the fiscal year 2003 to 2004 on the Appropriation Bill, 2003, in compliance with sections 108 and 109 of the Constitution. He set it against a drift in the international economy and the threat of war, and said the economy had been brought out of a 12-month recession: tourism had fallen 10 per cent in the first half of 2002 but rebounded, manufacturing had grown by 3.1 per cent, net international reserves had fallen by only \$49.1 million and inflation was 0.1 per cent. The counter-cyclical deficit had reached 5.6 per cent of GDP, and the Government intended to bring it down over time to 2.5 per cent without raising taxes, with a limit of 4.7 per cent in 2004. Revenue was projected at \$1 780 million and current expenditure at \$2 074 million, while capital spending would be cut to about \$270 million and debt servicing would rise from \$519 million to \$622 million.

The Prime Minister described allocations of about \$50 million for the Barbados Tourism Authority, which could also raise a bond of up to \$15 million, and \$30 million for EduTech; a cap of \$110 million on the Queen Elizabeth Hospital subvention; and off-budget projects such as the \$139 million Grantley International Airport expansion. He announced that Republic Bank of Trinidad and Tobago was to be offered 57 per cent of the Government's shares in the Barbados National Bank at \$3.45 a share, and spoke at length on the CARICOM Single Market and Economy and the Free Trade Area of the Americas. The Sitting was suspended for lunch during his speech and resumed at 2.00 p.m.

The Leader of the Opposition, Mr. D. J. H. Thompson, replied that this was the last Estimates before an election and that the Government should be judged against its 1999 manifesto. He spoke of middle-income families with \$56 left after their obligations, of red tape

facing young people and small businesses, and of the GEMS project, which he called badly executed, the delayed Hilton project and the demolished Dover Convention Centre. When he spoke of the Member for St. Peter, Mr. Speaker invoked the rule against imputing to the character of a member, and Mr. Thompson withdrew the statement. He charged the Government with 'squandermania'.

Mr. Speaker left the Chair and Mr. Deputy Speaker took it. The Attorney-General supported the Estimates,

citing almost 30 000 more people in work than in 1994 and the subsidised transfer of title in tenancies, and spoke of the impending war in Iraq, of education and work as the two legitimate ways out of poverty, of the conduct of financial institutions towards small borrowers and of reforms in the Ministry of Home Affairs. On her motion, seconded by Hon. R. N. Greenidge, the House was suspended until 10.00 a.m. the next day.