

THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

THE SENATE

Wednesday, 21st October, 1981.

The Senate met in the Senate Chamber, Public Buildings on Wednesday, 21st October, 1981, at 2.40 p.m.

PRESENT

His Honour Senator J. C. W. WICKHAM M.B.E., (Deputy President); Senator the Hon. O'BRIEN TROTMAN, (Minister of state in the Prime Minister's Office); Senator H. R. LINTON, LL.B.; Senator Mrs. E. M. LYNCH, B.A., G.C.M.; Senator C. A. GRIFFITH, (Parliamentary Secretary, Prime Minister's Office); Senator J. E. D. WILLIAMS; Senator D. A. C. SIMMONS, LL.M.; Senator Miss J. CLARKE; Senator M. C. C. WARD; Senator StC. E. HOWELL; Senator Mrs. M. O. REECE; Senator E. E. GREAVES, B.A., Ed.M.; Senator W. W. HALL; Senator A. W. A. McCLEAN; Senator Mrs. G. G. READER, M.B.E.; Senator C. D. SEALE; Senator the Rev. CAN. I. McK. JONES and Senator K. A. ROUSE.

Prayers were read.

Mr. DEPUTY PRESIDENT: The Senate is called to order.

PRESENTATION OF PAPERS

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, I beg to lay the following:

The Annual Report of the Welfare Department for the year April 1979 to March, 1980.

NOTICES OF BILLS

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, I beg to give notice of the following Bills:

A Bill to amend the Special Loans Act, Cap. 105.

A Bill to amend the Tenancies Freehold Purchase Act, 1980.

A Bill to provide for the exemption from payment of taxes and duties and other moneys by certain persons, businesses or undertakings.

Mr. DEPUTY PRESIDENT: Let it be recorded that these Bills have been read a first time.

PUBLIC BUSINESS

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, before starting public business, I would seek leave of the Senate to have the suspension made of Standing Order. No. 45(2) to allow us to deal in all their stages this afternoon with the three Bills of which I have just given notice.

The first Bill involves the Special Loans Act and was circulated last Wednesday to hon. members who were also given copies of the relevant Resolution, so that members were briefed on that particular one.

The Tenancies Freehold Purchase Act is in fact a companion Bill to the Legal Profession Act which is at Order No.5, and I do not think there is any particular controversy in one unless there is any other.

Mr. DEPUTY PRESIDENT: It is proposed that Standing Order No. 45(2) be suspended to enable the Bills of which the Acting Leader of the Senate gave notice earlier to be proceeded with today.

SENATOR E. E. GREAVES: Sir, while I would not want to hold up the progress of Government Business, I would just want to point out that the Bills themselves might not be of fundamental importance in terms of their provisions in as much as they might be covered already, but my reservation is that I have not seen copies of the Bills and I would hope that we would be able to get these copies so that I would know what it is I am letting myself in for.

Mr. DEPUTY PRESIDENT: Senator Greaves, these Bill are being prepared by stencil at this present moment and they will be circulated in time for the discussion. Since you have no objection in principle, I presume that you are raising no objection to the suspension of the Standing Order provided that you get the Bills to look at.

The question that Standing Order No. 45(2) be suspended for the remainder of the sitting was put to the Senate and agreed to.

RESOLUTION TO APPROVE THE USE OF \$US30 MILLION FROM THE ORION ROYAL BANK LIMITED

The first order of the day was called — to move the passing of a Resolution to approve the use of the sum of US\$30 million from Orion Royal Bank Ltd. to assist with the financing of the capital programme outlined in the capital estimates for the fiscal year 1981–82.

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, the Special Loans Act provides that special loans of up to a statutory limit may be borrowed for specific purposes provided by Parliament. The Resolution seeks to approve the loan of \$US30 million. The loan becomes necessary, Sir, because of a certain downturn in the economy of Barbados over the last few months. This has resulted mainly because of problems in the sugar industry and problems in the tourist industry. It has therefore occurred to us that Government in having certain short term cash problems have two alternatives.

- (1) To borrow enough money to tie us over the period; or
- (2) A slow down of capital work programmes which Government is presently undertaking.

At present, Sir, the Government is financing certain major capital work programmes and I will cite a few, Sir. We have the Cement Plant, the Heywoods Project, the Scotland District Project, the Oistins Development Project and the Ring Road, not to mention, as well, the Spring Garden Road. If these projects are to continue on schedule, there will be a definite need for immediate

financing from outside Barbados, if they are not to be slowed down.

One remembers, Sir, that in 1976 whereas we might argue on the percentages as to how many people were employed in Barbados or how many were not employed in terms of percentages, it is a fact, Sir, that, at the end of 1976, only 87,000 people were working in Barbados.

Barbados has undertaken major capital work programmes, programmes which not only in themselves provide work for people in Barbados with the result that to date, more than 100,000 people are at work but also, Sir, projects which are aimed at assisting Barbados in earning foreign revenue when those projects are completed.

Several questions have been raised, Sir, in terms of how much money Government has borrowed and how much money Government intends to borrow outside. To get a few specifics, Sir, in 1975 the total national debt was \$202 million. At September, 1981 it had grown to \$583.9 million. Whereas that seemed in itself, Sir, to be almost \$200 increase one at the same time has to reconcile this with the fact that in 1975 the country's total export receipts were \$455.5 million as compared with the end of 1980 when it was \$1.1 billion.

In 1975, Sir, it was costing us 1.4% of our export earnings to finance public debts. In 1980 that had grown only to 1.9%. Similarly, Sir, the total revenue of Government has risen in the interim from \$203 million to \$395 million. The point I am seeking to make is, Sir, that whereas the debt has been consistently rising, it is also true that Government's capacity to service an increasing debt has also been improving.

It is not considered that the \$60 million which we are seeking to approve this afternoon will in anyway put the country in any debt trap. It is not considered that there will be any serious problems in servicing the debt. We are quite satisfied that Barbados can afford the debt, firstly and secondly that it is necessary if capital works are to be continued and if people are to continue at their present employment rate.

I beg to move, Sir, that the Senate concur in this Resolution.

SENATOR E. GREAVES: Mr. Deputy President, Sir, I think we all recognise the very difficult situation financially in which this country finds itself. I had to refer to this a few weeks ago when we were debating the Bill to give the Government power to raise \$100 million in Treasury Bills.

At that time, I indicated that as a result of what I described as the reckless management of our financial affairs by the Government we, in this country, have found ourselves in this unfortunate position and I did predict, if my memory serves me correctly, that the time would not be long before another effort would have to be made to raise money in order to keep this country going.

Now I know, for example, some Hon. Senators would indicate that on that occasion we were raising money on the local market and I recall one Senator in an aside indicating that this was local borrowing and not foreign borrowing and therefore there is some difference, which we all recognise, but the fact of the matter is that it indicates that the Government is becoming more and more indebted in order to carry out its works.

Now we have a situation here today where we are asked to approve of a Resolution and I want to read the Resolution because I believe that Ministers of Government who are charged with the responsibility of presenting Government's Business in this Chamber or in any Chamber ought to do the Senate the common courtesy of providing Hon. Senators with the necessary information that would enable them to determine whether or not they would want to support a Resolution of the sort which we have before us.

Now, the Resolution reads as follows and if Senator Trotman did not consider that he should do us that courtesy, I will read it for a very specific reason.

"Whereas by section 2 of the Special Loans Act, Cap. 105 the Government is authorised from time to time to borrow from any bank, corporation, company or other institution sums of money not exceeding the aggregate one hundred million dollars on such terms as may be agreed upon between the Government and the lender of any such sum of money."

Now, I think that one of the first things which should have been done in the presentation of this Resolution should have been to give the Senate an undertaking about the terms on which this loan, this \$60 million or \$30 million U.S., had been borrowed from the Orion Bank.

I believe that it is generally accepted that when Governments borrow money from the private banking sector, as is being done in this particular case, that interest rate is much higher than would obtain if, for example, they received a loan from some of the international institutions from which money is received from time to time; so that I am really disappointed that Senator Trotman, in his introduction, did not see it fit to

enlighten us on this and I wonder if he expects that he would be able to get away with that.

I do not think that it is fair to Hon. members just, if he chooses, in reply, to proffer this information. This information is information which should be given at the very beginning and I think it is, in my view, the height of discourtesy. I am very strong on this because I think that this is a matter which ought to be ventilated here now so that in the future when Ministers present Resolutions or matters of this sort the Senate will be treated with the kind of respect which Hon. Senators should be treated with.

Now, I think that one ought to look at the kind of information — and dispose of that very quickly — the kind of information which was given by Senator Trotman in his introduction. He indicated that, at the end of 1976, there were 87 000 people working in Barbados and in 1981 100 000 people are working in this country. To me, that is a non point. Let me explain why. The population in Barbados in 1976 would have been at a particular point and I would imagine, that, with the normal growth of population which you would have had in any country, the population would be more than it was at a particular point in the past. So that, to argue that more people are employed in 1981 numerically than were employed in 1976, to my view does not say anything, or does not really prove anything. If I said that the population in Barbados in 1976, was 250 000 and in 1981 it is 255 000, let us say, all I am recognising is that there is growth. So that we recognise that there will be growth. The point I am making is that, unless the economy is at a total standstill, you would expect quite naturally that more people would be employed.

What he cannot, however, avoid or get away from is the fact that there is a relatively high unemployment rate in this country and I believe that we ought to be indicating ways and means to deal with that particular problem. But, let us get down to financing and to the points which have been raised by Senator Trotman, as far as this particular measure is concerned. He said that, from time to time, it becomes necessary to borrow money and that in this particular instance, it was because of a down turn in economic activity, problems in the sugar industry and the tourist industry, that Barbados finds itself in a situation where it now has to go to the Euro-dollar market to borrow money.

I think that he recognises that the Government has a cash flow problem and the alternatives would either be to borrow or slow down Capital works. There is no doubt that Capital works have already been slowed down and it is clear that Government proposes to borrow its way out of the difficulties in which it finds itself.

Now, I think that we ought to look a little more closely at the financial statistics which are produced by the Central Bank of Barbados. The Economic and Financial Statistics, and I am going to quote from the September 1981 issue, page 62, as Senator Trotman quite rightly pointed out, the total National Debt was indicated by this document in 1976 as \$258.8 million. The foreign component of that debt was \$50.2 million. In July 1981, the total debt has sky-rocketed to \$185.1 million. Now, I think that this tells a very interesting story and, indeed, a sad story.

I could very well recall the attitude which was adopted by the Barbados Labour Party in the run-up to the 1976 General Elections. Speeches were made in Parliament, on the political platforms, — you see, all of these are now coming back to haunt the Barbados Labour Party Administration because when, in 1976, there was what can be considered a modest debt because the figure for 1976 I am giving is an end of year figure — they paraded and I myself heard members of the Barbados Labour Party indicating the kind of problems which people would face in this country because of what they described as the fact that we that is, we in the Democratic Labour Party were, as it were, selling out Barbados, mortgaging Barbados out to financiers. But we now have this situation, that at the end of July, the National Debt is \$583.9 million. This does not include the \$100 million which the Government hopes to raise through the issue of Treasury Bills.

As a matter of fact, on October 14, Government, through a notice indicated to the public that it was inviting tenders for the issue of Barbados Government Treasury Bills and on that occasion, they sought to raise, I think it was \$60 million. If I were to assume that this was raised, then, we could comfortably add \$60 million to this \$583.9 million which would probably put it at \$643.9 million and then, we have to add on another \$60 million, which would take it well over the \$700 million mark. This is really what we are talking about, in very broad terms. When the additional money, the additional \$40 million of Treasury Bills have been taken up, you could see that we are talking in terms, I suspect by the end of this month or by November, the middle of November, we are talking of something like \$750 million in debt. This is the extent of debt that we are talking about. This, no doubt, must generate some concern amongst people who are concerned about the welfare of their country and the trend and the kind of development which one sees taking place here in Barbados.

Excessive borrowing has been the hallmark of the Barbados Labour Party administration. Reckless management and, particularly — you know, it is a funny thing, Mr. Deputy President, it is really funny to see what the urge to win an election can cause political parties to do — because in the mad rush, as it were, to

win the 1981 General Elections, one could almost say that one saw sense leaving the heads of the Government which formed the Barbados Labour Party administration in the period 1976-81.

The Government embarked on a Capital Works Programme which it could not sustain in any reasonable measure, and I just want to say that we are not opposed to Capital Works Programmes, the infrastructural development which is taking place or which would necessarily take place in any country, but I think that one ought always to take into consideration the capacity of the country to manage financially these programmes, and at the same time one has to take into consideration what is described as the absorptive capacity in terms of finances and also in terms of the ability to find the technicians, the artisans and all the various people, and the services and facilities to keep those works going. So that when you do that knowing full well that this was not achievable within the short period of time that the Government had set itself, housing projects started all over the place, with a few exceptions of course, all sorts of projects merely to impress the electorate. Having won the elections, then we start to hear about problems and the slow down, the layoffs — and there are going to be further layoffs, because I think that anybody would recognise that we just cannot go on borrowing and borrowing as the Barbados Labour Party seems to think — but you know, Mr. Deputy President, I have a sneaky suspicion that the economy is in such a mess that the Government must have gone to the International Monetary Fund for money. They must have. (SENATOR D. A. C. SIMMONS: Every week you are going to say so?) Mr. Deputy President, would you ask Senator Simmons not to heckle me?

Mr. DEPUTY PRESIDENT: Carry on, Senator Greaves. I did not hear him.

SENATOR E. E. GREAVES: He is disturbing me, Sir.

Mr. DEPUTY PRESIDENT: I am trying to follow the trend of what you are saying.

SENATOR E. E. GREAVES: He is a bad behaved Senator.

Mr. DEPUTY PRESIDENT: Okay, please continue.

SENATOR E. E. GREAVES: Yes, Sir. The problem is further compounded, because I think that any person who was following the trend in the economy could have seen difficulties arising, and indeed the Democratic Labour Party pointed this out as far back, as I recall, as March of 1981 when the Estimates for 1981-82 were laid. I recall distinctly the Opposition at that time making the point that with the deficit as it then was, and

with the ambitious Capital Works Programme which was included in the Estimates, we queried where would this money be coming from in order to sustain it, and we predicted that the Government could not do it.

I would like to see this country develop, and develop as rapidly as possible. In the same way I believe that there are some Hon. Senators who would want to see themselves expand, maybe like my colleague here, my fellow Senator, but the point is expansion has to do with one's capacity and ability to sustain this expansion. This is really the point I am making, otherwise you will find yourself in bankruptcy. Senator Simmons referred last week to people having champagne tastes with mauby pockets, but I think that the Government in this particular case has demonstrated a champagne taste but it only has a mauby pocket, and having excited this taste it now has to go around cap in hand and beg for money, borrow money, get loans to support what can be described as an expensive taste.

It is a very serious matter, and this is not a conservative approach that is being adopted here, but certainly what I will proceed to point out are the effects which these measures which are being introduced in order to deal with this very serious problem which is confronting this country will have on the poor and the working people in Barbados. I am saying that we have to look at this matter very very seriously.

So that you have then, further, that the Government has had to rely more and more on the Central Bank, and this is a situation which I think ought to arouse national concern, the very serious dependence and the indebtedness of this Government to the Central Bank. Now, Sir, if you turn to page 2 of the Central Bank Report, the same Report I have been referring to, September 1981.....(ASIDE).....Can you give me.....

Mr. DEPUTY PRESIDENT: Please, please carry on.

SENATOR E. E. GREAVES: It is like the same way of saying that in order to meet the debts people had to sell their sheep and their goats, but they will have to sell their sheep and their goats in order to meet the total indebtedness of the Government. (ASIDE). That was said in Crab Hill, St. Lucy in 1976.

Mr. DEPUTY PRESIDENT: Senator Greaves, I wonder if you would repeat your quotation, the reference to the document you are quoting from.

SENATOR E. E. GREAVES: Yes, Sir, the same one, Economic and Financial Statistics, September 1981, page 2, and I was talking about the indebtedness of the Government to the Central Bank which I consider to be

a very dangerous trend and one which citizens of Barbados ought to pay some attention to. At the end of August 1981 the claims on the Central Government, Advances, Treasury Bills, Debentures, amounted to \$139.1 million.

When compared with 1976, if you take the September figure on page 1, you will see that on that occasion the claim was only \$13.1 million, so that the Government over this short period has become indebted to the Central Bank by again a very high figure well in excess of \$125 million, and this continued dependence on the Central Bank will in my view and in the view of the Democratic Labour Party only worsen the situation. We can see a trend developing because I am only giving you the figure as published up to the end of August, and we have not taken into consideration the other borrowings that have taken place since then.

I am saying, Mr. Deputy President, that this is a very dangerous development, and I notice — I hope I am interpreting him correctly — that Senator McClean anticipated some of the options that were open to the Prime Minister when it was announced that he was going to bring down his Mini budget. I hope I am interpreting him correctly, because I do not have the exact reference here, but I seem to recall that he cautioned that the particular approach on the part of the Government of going the route of the Central Bank was quite easy to do, printing of money and that kind of thing, and it seems to me that there has been some measure of printing of money in this country.

Now we have to recognise that these kinds of problems which confront this country and which I repeat have been brought on by the approach of the Barbados Labour Party administration to finances in this country can lead to a devaluation in the Barbados dollar, and I have a sneaky suspicion that a devaluation of the Barbados dollar is imminent. We will wait and see. I have a very sneaky suspicion that that might very well be the next measure which will be adopted by the Barbados Labour Party administration. I want to say that the Democratic Labour Party is strongly opposed to the devaluation of the Barbados dollar because this will cause further untold hardships on the poor in the community. (Asides) You want me to explain it. Do you want me to explain why a devaluation would cause hardship? Let me give you a lecture.

Mr. DEPUTY PRESIDENT: The devaluation of the Barbados dollar is not before this House.

SENATOR E. E. GREAVES: I agree with you, but I have just indicated that when we continue to borrow recklessly in the way that the Barbados Labour Party administration is borrowing without the kind of support to prop up the borrowings, that the end result of this will

be a devaluation of the Barbados dollar and this will cause untold hardship on the people of this country, because when the dollar is devalued it means all the goods and services which we import will cost us more, we will have to put up more dollars in order to get these goods and services, and prices to the consumer will rise. That is the extent of that. I hope this is clear to Senator Griffith.

Now the Government has by the measures which it has adopted to deal with this particular problem created additional hardships in the society. Take for example the problem of credit. It has led to an almost total elimination of personal credit in Barbados. If you attempt to get a loan from the bank, I mean by that the average person, you would find it extremely difficult to get it from any of the banking institutions in Barbados, not even for housing far less to talk about a loan for personal purposes. I came across a rather interesting situation over the week-end; I must confess that if I were in such a financial position I would have helped the particular individual, but the chap has found himself in a situation where he wants to get some goods cleared from the Port. He is waiting for some money which is coming from England for him, but in the meantime he has to get these goods cleared and he does not have the money to do it. He has gone to almost every financial institution in this country in an effort to raise the money. It is not a particularly big sum, but in the kind of financial position that I am in I am not in a position to lend. I wonder if I can send him to Senator Ward or Senator Seale. But credit has almost been totally eliminated, and I am saying that it is not that I would want to promote a situation where people have unlimited access to credit, I believe that there should be some controls in the area of credit, but not the elimination as we are seeing it here today.

Then we also have seen that there has been an increase in the interest rates in Barbados, and these two measures I am submitting when added to the other measures which the Government has adopted in an attempt to get itself out of this morass that it finds itself in are creating additional and very serious hardships for people in this country. It is throwing the full burden in my view of our problems on the shoulders, for practical purposes, on the poor. I suspect that businessmen, small business men in particular, will have great difficulty in surviving in this kind of climate, unemployment as a consequence will rise, and I believe that the commercial sector will find itself coming under increasing pressure as a result of these measures.

I want to say very clearly that against this kind of background we are hearing talk from Government circles, from the Governor of the Central Bank and from the Minister of Finance and Planning to the effect that there will have to be restraint on wages and that kind of thing.

I want to say that the workers of this country, faced with the very serious problems, that they are confronted with, the almost impossible task of making ends meet in existing circumstances, cannot accept wage restraints as the approach to this particular problem. When you consider that there are other measures which are not alluded to but have been introduced which will further deplete the take home pay of the workers, you can see how empty then the plea for wage restraint would be in those circumstances.

Senator Trotman in introducing this measure sought to relate the ability of the Government to service its debt to the export receipts of Barbados. He said that in 1975 we received somewhere over \$400 million in export earnings. In 1981 those receipts jumped to \$1.1 million and as a percentage of all of this, whereas in 1975 the debt charge was 1.4% of the export earnings, in 1981 it had risen to 1.9%. According to him that is within the ability of Government to meet. I seem to recall that both Jamaica and Guyana found themselves in serious economic and financial positions as a result of this same method of relating debt servicing to export earnings and I believe this is the problem which we are finding ourselves in now.

I recall a few weeks ago when I spoke on a matter relating to the issue of Treasury Bills in this country that I asked the question whether it was not a dangerous thing to premise our entire development on a windfall situation because, to refer to the earnings of the sugar industry in 1980 as a guide, I am submitting that that was a very dangerous step which was pursued by the Government and did not take into account the fact that it was an unusual situation. So that, if we are therefore continuing, in my view, to relate our ability to service debts on the export earnings, we could find ourselves in some problems, as we are finding now, because when you have a down-turn in the earnings of exports, then you can see that this creates some difficulty. It would seem that this is a problem which is faced by other developing countries too and it might very well be significant that a completely new approach ought to be made in this particular regard.

Sir, in the Democratic Labour Party we are very concerned. Senator Trotman does not see the need for persons to become alarmed but we are very alarmed. We know that this is not the end of the borrowings. I suspect that before the end of the Financial Year, we will again be presented with a situation where the Government will be seeking the approval of both Houses of Parliament in order to borrow some more money.

I am concerned about the arrangements which have been made for this loan because even before, I believe, the matter reached the House or was disposed of in the

Lower House, and we are now here today discussing it, the Loan Agreement had been signed and I suspect that they must have started spending the money too. I believe that something probably went wrong. All is not well "in the State of Denmark." All is not well in the State of Denmark.

Is it that things are so bad that the Prime Minister had to hustle off and sign the Agreement even before Parliament has given approval? A further point will develop when we come to examine the Special Loans Act because Parliament has not at the present moment given approval to the Special Loans Act and the amount of money which the Government is authorised under that Act to borrow, has been exceeded by the Government. They have to answer that charge and this is a very serious charge. It is a pity it is not an indictable charge. Is it, Sir? It is a very serious charge and I think that Senator Trotman has to answer this.

We are now approving something which has already been done. The Financial Rules, if there are still some, must have been broken but you know, I suppose, what it is? What Julius Caesar said? It was Brutus talking about Julius Caesar? If I could refer.....(PAUSE). (ASIDES). You take it easy.

Mr. DEPUTY PRESIDENT: I hope Senator Greaves when you do find the quotation that it will be relevant.

SENATOR E. GREAVES: Yes, oh yes. I will be relevant. You see we have in this country people who set themselves up as Gods and financial wizards and all of this kind of thing and people regard them as Caesars and you know that quotation from Shakespeare is applicable "he doth bestride the narrow world like a colossus." (ASIDES). We petty men!

The thing is that this is a very serious development where, as I am saying, we are now here approving this, and, in my view, the Financial Rules have been broken. The law has been broken and nobody seems to care and I am expressing my concern about this here and I hope that Senator Trotman in his reply....

SENATOR D. SIMMONS: On a point of order, Mr. Deputy President. I think that my friend is trespassing very closely to imputing certain motives. If he could rephrase it or I would prefer if he would withdraw those imputations.

Mr. DEPUTY PRESIDENT: I invite Senator Greaves to rephrase his words.

SENATOR E. GREAVES: I am concerned, Mr. Deputy President, about this trend where the law relating to the Special Loans has not been observed.

Mr. DEPUTY PRESIDENT: Senator Greaves, I do not regard that as a substantial alteration of what you have said. Please.

SENATOR E. GREAVES: Yes, Sir. I will bring it in the next Bill. I think I realise what is happening here, Mr. Deputy President, I was alluding to another measure before us.

I recognise that it is not — the proof will be coming in the next measure. Use the next measure for proof. (ASIDES) No, it is not a question of — no, this is a very serious matter and I think that all Honourable Senators ought to be concerned about this. So that, I believe that we — as I had to say last time — we do not have, unfortunately, much of a choice in this particular measure but I am very concerned and I must confess that at the present moment, I do not know how I am going to vote on this particular Resolution. I will wait to hear what other Honourable Members have to say and, particularly, the reply from the Honourable Minister who introduced this because that will determine — if I get satisfactory answers in that reply — I will then determine whether I am going to vote for this measure or not.

Thank you, Mr. Deputy President.

Mr. DEPUTY PRESIDENT: Senator McClean.

SENATOR A. W. A. McCLEAN: Thank you, Mr. Deputy President. I would like to begin by entering a plea that the Honourable Senator Trotman, in his reply, would give us a little more information, not only pertaining to the terms of the Loan, as requested by Senator Greaves, but also, give us some type of progress report regarding the flow of Government Capital Expenditure to date and some indication of the projects on which the money has been expended and an indication of the methods of financing. I think that is the type of information that you would need really to put this Resolution in perspective. Some of the other submissions made by Honourable Senator Trotman, I respectfully suggest, amounted more to anticipating criticisms, rather than giving us something that we can reflect on to help us to make a contribution to this debate.

But, I think there is a source of information, albeit, not right up-to-date, from which Honourable Members of the Senate can glean some insight into the areas that I have just alluded to. I am referring to the Economic and Financial Statistics published by the Central Bank of Barbados to the latest issue, September, 1981. In that volume, on page 55, Table G2 entitled "CENTRAL

ADMINISTRATION — OPERATIONS AND FINANCING", you have some information on the Capital Programme up to fairly recently. I am on page 55. If you look at the table there, down the middle where you have the "Total Surplus/Deficit", you will see that the overall Deficit for the Financial Year 1981-82 up to the end of June, that is for the period April, May and June was \$50,675,000. What is particularly alarming is the information that follows. The manner in which that Deficit was financed. Here you would see (ASIDES) — It is page 55 — you would see that during the period April to June the Government finance engaged in \$55,148,000 in Domestic Financing and of that \$43,081,000 came from the Central Bank and only \$1,019,000 from commercial banks.

I am suggesting that that particular type of distribution of Domestic Financing is particularly alarming and is in need of some explanation. I mean, one can conceive of a situation where one would do that as a short-term expedient, although one would hope that Government should be in a sufficiently good position to anticipate required financing not ever to do that. The reason why it is alarming is because that type of situation, where Government is relying almost exclusively on the Central Bank to finance its deficits, will almost automatically overnight result in a corresponding depletion in the foreign exchange of the country. This is a point that I have been trying to get across to certain officials for some time and I think they are beginning to appreciate it, but, quite clearly, this evidence suggests that they have not grasped the point fully, as yet. This is where the dangers of a Barbadian economy lie. It does not lie in any down turn in tourism, in any one year, or any shortfall in sugar output in any one year. It lies in a failure to appreciate the constraints that Government must abide by, in terms of Domestic Financing of the Government Deficit. That is the secret to the collapse of the Jamaican economy. It is because the Government tried to finance its deficits through the Central Bank and it just cannot be done.

Fortunately, however, the particular run down in the reserves that would be occasioned by that type of exercise would be what we call a stock adjustment process. In other words, it will happen and it does not have anything in itself which will cause a continuing deterioration. Any continuing deterioration must come from a repetition of that practice, that is, Government financing some more deficit further down the year, by the same means. But what has happened in the past will not itself lead to any continuing erosion. The damage has already been done there. There is the slight problem, that, in trying to reverse it, you can not quite get back to where you ought to have been initially because during that three months period it means that a lot of domestic credit would have been misallocated and would have been allocated differently from the way it should have been, if

Government had sought to finance a more substantial portion of its deficit through the commercial banks and other non Central Banking domestic sources. But that, as I said, is something that the economy was sufficiently strong at the time to endure. It cannot take it a second time around. If that happens again in the next three months' period, we are in problems and it is for that reason that I am supportive of measures to turn to external sources to finance projected future deficits in the Government's Budget because of the Capital Expenditure Programme.

The Honourable Senator Trotman indicated that this borrowing was necessary to obviate the necessity for slowing down the Capital Programme or perhaps cancelling certain projects. He did not use that word. He said "slowing down". But, I introduced the idea of cancellation because I would expect that any time that you perceived that your Capital Programme is so over-ambitious as to require extraordinary borrowing, it should be slowed down. It should not be a question of either/or. You need to combine both, perhaps. There is an optimal level degree to which you should slow it down. If Government for once believe that they can disregard the constraints, in terms of the level of the economic activity in the country, the level of Government revenue and feel that they can carry through any Capital project which they conceived of, well then, they would put the country in serious problems. So, I would suggest that really, what we are looking at is a combination of financing and containment of the Expenditure of the Capital Programme.

One of the projects identified by Senator Trotman was the Heywoods Development Project. He indicated that this will have to be slowed down. I would seriously like to commend to Government that they take a second look at the Heywoods Project. I know that there are people in the World Bank who will be lobbying in the World Bank's interest, not in Barbados' interest, to ensure that that project continues to be given high priority. I am not so sure that the Heywoods Project, given the existing circumstances in Barbados, should be a high priority project. I am not so sure that it should not be slowed down. I am not so sure that it should not be scrapped. Remember, we are talking about slowing down and the rate of growth with tourism. But, even apart from that, the fact that the projected rate of growth of tourism upon which the Heywoods Project was predicated will not now materialise in the short run. Even apart from that, I am not so sure that the Heywoods Project is the type of project that Government should be involved in, in that way.

I am not a great believer in Government being involved in ownership of hotel properties. But, beyond that, I am not so sure that an economy type hotel opera-

tion is particularly appropriate to the Heywoods area. If you have a luxury hotel, you can locate it far from other things and so on. Maybe most of the people who want to go to luxury hotels want to be away from it all. But, if you have an economy operation, it should be fairly close to the centre of action. You know, that is why the North Point would never succeed. People are not going to go far away from where all the night-clubs are, all the shops are and all the activity, you know, in terms of people in the economy class. So, I am not so sure that the Heywoods Project in itself might not have been an over-ambitious undertaking, even on the most optimistic circumstances.

Now, with the recession in tourism I think that a serious second look should be taken at the project. The roads that have gone in and so on are to be desired, roads are always to be desired, but Government should reconsider whether that area could not be allocated to a more worthwhile purpose, and whether at this stage it might not be better to cut their losses, especially because of the World Bank involvement. It is my view that developing countries are better off completely ignoring or pretending that the World Bank and the IMF people exist, and this is another thing that commends itself to me in terms of this loan, that it is from a private institution.

Senator Greaves did indicate that private institutions charge higher interest rates and so on, and that you can get loans at lower interest rates from places like the World Bank and so on. That is true, but the terms of a loan do not end with an interest rate, and the question of borrowing from the World Bank as opposed to borrowing from private institutions can be likened unto a head of a household — let us say he is a man in this instance — refusing let us say, to borrow money for a mortgage at 12% and accepting one at 8% on condition that he beats his wife every night.

That is the type of operation you get from the World Bank, you know, and what is apparently sweet is bitter in the end, and it does not come entirely out of malice on the part of the World Bank and all these people, it stems from the fact that these people have no fundamental appreciation of how our economic system works, so they attempt to apply the textbook principles that they studied in the university as pertaining to a different environment all over the world. These experts come down with their reports already written just to fill in the local colour in two weeks. There is nobody in the World Bank or the IMF who understands the Barbadian economy like the people in Barbados who are involved in that area. So you can rest assured that if you are going to take direction from those people you are taking the wrong direction.

As I said, that is one of the features which I like about this loan, that it is away from the World Bank.

Looking again at some of the various features of Government's expenditure programme in recent times, the said document, Economic and Financial Statistics, September 1981, if you look at Table G.5 on page 61, Capital Expenditure, you have some indication there, albeit in general terms, of the areas of expenditure. What I find a bit unusual, if not alarming, is that for the first time perhaps since these statistics were being published, is that the heading General Public Service, that is, Capital Expenditure pertaining to the general Public Service is looming very large in the overall level of expenditure. The categories given in this Table, to play it down, are General Public Service, Defence, Education, Health, Housing and Communications, Amenities, Other Communication and Social Services, and then Economic Services, and Economic Services are classified into Agriculture, Water and other services, Roads and other Transport, Trade and Industry.

I notice here that the first category which, let us say for instance in 1981 represented overall for the year 1980-81 \$17,654,000 out of a Capital Expenditure Programme of \$138,824,000, this year is vying for nearly 50% of the thing. In February you had \$2.4 million already, in March \$6.97 million, April \$1.2 million, May \$7.5 million, June \$977,000, July \$3.1 million, and I am wondering what are these things that are classified under General Public Service that are attracting this heavy level of Capital Expenditure, and I am hoping that Senator Trotman might be able to help us in terms of that. (ASIDE). No, Defence is a separate heading, so it is not that. Defence is by itself, Education is by itself, Health is by itself, Housing, Agriculture, Water, Roads, all of these are separate, so that is something else, and I am wondering what it is.

Now, going beyond that, Senator Greaves made reference to Table I(a)(i) on page 2 and directed attention to the claims on the Central Government held by the Central Bank of Barbados as of August 1981 which stood at \$139.1 million. He made comparisons of figures going back to 1976, but I will make comparisons with figures going back just to April. In April those total claims stood at \$60.5 million, so there is an amount of about a \$78.6 million increase in those total claims in the four month period, end of April to end of August. That is partly reflected by the financial report that was just mentioned, the \$43 million of the Government financing of the debt, but it not fully explained by that. What has happened in this period also is that the commercial banks off-loaded Government securities on to the Central Bank, and again this is something which should not have happened.

The reason why it was possible is because of the particular failing on the part of the Central Bank in terms of its regulations to commercial banks. To see this you can look at Table B.21 on page 32 entitled, *Reserved Requirements and Stipulated Government Securities of the Commercial Banks*. If you look at that Table you will notice they give you in the extreme right hand column the excess holdings of stipulated Government securities by commercial banks, and you will see that the excess is almost as much as the required. Now you can find excess holdings of \$90 million. For instance, in April 1981, the excess required holdings was \$95.7 million as against required holdings of \$96.7 million.

Now, the Central Bank should never have allowed a situation like that to develop. This indicates first of all that the requirements imposed by the Central Bank on the commercial banks were not in any way binding, and the commercial banks held the amount that they found expedient to hold. Secondly, the failure of the Central Bank to move up the required holdings closer to the actual holdings created this possibility that overnight the commercial banks could have gone to the Central Bank with \$95 million in securities, Treasury Bills and other instruments and tell them cash them, and based on the Convention that exists there, the Central Bank would have to respond at least initially. What has happened is that there has been some type of response recently in terms of increasing the stipulated requirement, but that increase is still below what the commercial banks are holding, so they are still in a position to encash these things and so operate as to create a drain on the reserves of the country. I call that simply bad central banking.

Again, in terms of the regulation of the commercial banks by the Central Bank, you find that the required cash reserve again has traditionally always been substantially below what the commercial banks normally hold.

It has never really been a regulatory constraint on the commercial banks. It has been below their customary ratio. That started out at the ridiculously low level of two per cent. That is something which, if one could modify it, one would modify because it is a sad commentary on our Central Bank practices that when we first imposed cash reserves we imposed cash reserves at two per cent. If the banks had taken seriously that portion as cash reserves, you would have had all sorts of problems. It has moved up to eight per cent but again this is not in any way binding on the commercial banks because they customarily hold rather more than that. Again looking at that same table on page 31, if you look towards the middle in terms of the required reserves, in terms of cash, you will notice that the commercial banks traditionally held fairly substantial excess reserves.

Early in this year, in January it was \$5.8 million, February \$7.8 million, in April \$5.8 million, and that declined in July to \$995,000, so that partly explains the reason for the drain in the reserves, and in the period April to May the commercial banks shifted about \$25.3 million in other government securities back on to the Central Bank and about \$5 million in cash, so it is about \$30 million that shifted back to the Central Bank, and along with the \$43 million by the Government, that would explain the sudden deterioration in the foreign assets of the Central Bank.

Now as I said, all these things represent stock adjustments and so do not spell disaster, do not spell crisis, that is if you understand what is going on. If you do not understand what is going on, it is a crisis, (Asides.) I was not advancing it as a criticism of any particular Senator, indeed not of any Senator at all. My particular problem with the present state of the economy is the policy response. The damage that will come to the Barbados economy, if it comes, will come because the policy makers do the wrong things, not because the economy is not performing nor cannot perform. It will come because we put the wrong strictures on the economy, and it was in that sense that I said it is a problem if you do not understand what is going on. My idea of a crisis is a situation in which something is happening and you are at your wit's end to understand what is happening and what to do about it; but if you understand what is happening and how to handle it, it is not a crisis. It might be a challenge, but not a crisis. But if you do not know what is going on, you have a serious problem, and that I think would be the problem in Barbados.

Now Senator Greaves mentioned that the economy is in such serious trouble that he would not be surprised if Government had gone to the IMF, and then he said he had some kind of suspicion that the Barbados dollar might be devalued in the near future. I do not know if he is linking those two statements together, but again I would hope that the people who are responsible for managing the Barbadian economy as they confront the situation, would not only be able to see what is happening and to recognise that it is not so much a question of the mal-performing of sugar and tourism, but a wrong approach to the financing of Government deficit which led to a mal-distribution of credit within the country which in turn led to a decline in our reserves. If you recognised that, the situation can be checked, it can be reversed, but I also hope that they can appreciate that devaluation in the context of an economy such as ours can do no good. It can only do harm.

This is not the place for me perhaps to expand in any particular way on that submission, but all I do is to commend to you the experience of Jamaica. If deval-

uation could cure problems Jamaica would not have one, and it is as simple as that. All devaluation would do would be to compound our problem. And so I would say all in all that I am inclined to support this Resolution in terms of what I perceive it means, as an approach to the question of financing the Government capital programme, but this support up to now must be qualified since it comes almost in a vacuum because I do not have a full picture of what Government plans and what Government is projecting down the line, and I would hope that Senator Trotman can give us more information in this regard.

Mr. DEPUTY PRESIDENT: I think I caught Senator Ward's eye.

SENATOR M. C. C. WARD: Mr. Deputy President in relation to this Resolution which is before the Senate this evening giving the Government permission to use \$US 30 million, it has brought forth some interesting remarks from two Senators, but basically, Mr. Deputy President, I think that we should stop being so insular in our view of the economic conditions that exist, and realise that we are not the only country or that this Government is not the only Government that is facing economic problems.

World economic matters go in cycles, and right now the only countries in the western world that might not be going under economic problems would be the oil-producing countries, and perhaps you can say South Africa because of the tremendous wealth in gold; otherwise all of the western countries, whether it is the United States of America, Canada, Great Britain, Germany, the Scandinavian countries, Australia or New Zealand, have economic problems, and therefore it is not in our interest when Senators or members of Parliament get up and try to pin these conditions on to the Government in office at a particular time.

If you hear or read some of what is written in the press that is said by the Opposition, you would see they would like to blame the Government of Barbados for all the economic problems that exist in the world. The United States has economic problems, but they do not blame them on Reagan or on Carter. They blame all the economic problems that face Barbados on our Government. We must look at this matter in a broad perspective. We must get hold of the fact of what is happening in the world, which reflects on us because we are only a small cog in this very big wheel, and what affects the whole wheel affects us in turn.

We have also been hit by certain weather conditions in our agriculture which have had an effect on the economic conditions that exist in Barbados. The Opposition would seek to blame that on the Prime Minister as if he can control a hurricane or control the weather

or the rain when it falls or does not fall. There has been a drop in tourism. It is just simply that money is very expensive to borrow in the big countries and people who would normally want to travel cannot borrow money at 21 per cent to go on a holiday, so there has been a reduction in travel, and not only for Barbados but for everywhere else.

I would just like, Mr. Deputy President, to say a few words in relation to the remarks of the last speaker in that I think it was a very constructive presentation to the Senate, Senator McClean's presentation, and he supports the borrowing of the money, and we appreciate this. He says he would rather borrow it from the source from which it is coming than to go to the World Bank or to the International Monetary Fund, and we agree with this.

Senator McClean referred to the Heywoods Project and I would just like to put the Government's case as to the Heywoods Project.

The Government has an overall policy of developing the North of this country. The Northern parishes of this country have been neglected by the Democratic Labour Party..... the northern parishes of this country have been neglected by the Democratic Labour Party Administration for 15 years (ASIDES). He is not representing anywhere. He is like you and me.

We have developed the Heywoods Project because we want to put more opportunities for employment in that area. We have got the Cement Plant going up down there. You have the roundabout road which will encourage more industries in Speightstown and the whole idea of the Heywoods Project is to encourage development in the North so many people would not have to travel into Bridgetown for employment and would reduce this load upon the transport system.

I would just say to Senator McClean that another point is that the World Bank is only financing about approximately a third, I have not got the figures with me, of the total cost of the Heywoods Project. The Barbados Government is putting up the rest of the money. An interesting thing: you quoted that the North Point Surf Resort was not a success and that is true, but not because it was in the North. From my little experience in tourism, and I do not boast in having too much, no hotel has ever been a financial success in the North Coast and there is a reason for that, because it is so wind-blown.

The tourists like to visit it for a day and enjoy it but, to put it in a very simple way, on evenings they like to dress up and you just cannot do that on the North Coast and therefore you will find that no

hotel— they have changed hands — repeatedly — everybody has come to see if they can make one pay but none of them has ever paid. I hope that this does not affect anybody who has a stake over on the north coast, but the point remains, that is a fact on the north coast. As you know, the North Point Surf Resort is there but basically the Heywoods Project has reached the point where it is almost half completed and you could not scrap it now even if you wanted to and I am sure that Government has no intention of doing so.

Now to get back to Senator Greaves. Here is a person who is perplexed at everything that happens. He lives in a permanent state of depression. He says that we are borrowing money and we find ourselves in this unfortunate position of borrowing money. We are fortunate that we can go any part of the world and borrow money and nobody questions it. That is the fortunate position that we are in. We are not unfortunate that we have to borrow money.

There is not one of us in this room who at some-time has not had to borrow money. You mean that because a man has to go to a bank and borrow \$5,000 for the financial affairs of his house because he has a shortage of cash flow probably, that his neighbour going to shout out and say: "Man look at you. You are no good. You have to borrow money." There is nothing wrong in borrowing money. People who have money put it in the bank to collect their interest on it and the bank in turn lends it out in a small way and the money is extended in a bigger way.

You talk about a new Economic Order. In the meantime, and until this new Economic Order comes to pass, big countries put up money in the World Bank and the International Monetary Fund to assist countries which find themselves with financial problems. I am in complete agreement with Senator McClean to keep away from them as long as you can but at least that is the position. Borrowing money is no crime. Let us get that established. Borrowing money is no crime either for an individual, a large company or a country. To borrow money is no crime.

I would just refer to one thing that Senator Greaves said. He knew a person who ordered goods and when they arrived in Barbados he went from bank to bank looking for money to pay the duties. The man was an unrighteous man to start with. You do not order the goods until you know you have the money to pay for the goods before they arrive here. You do not wait until they come here. That is sentimentality. "Oh, poor man, he ordered goods and when the goods came had no money to pay the duty." If he knew he did not have the money to pay the duty for the goods why did he order the goods? Go and tell your friend that he is an unrighteous man.

All right. Sorry about that, Mr. Deputy President, I should have addressed you, Sir, the remark was not intended for you.

Now he says that the Government is borrowing money to help it out of its difficulties. Now is there anything more true than that? Anybody who has difficulties goes and borrow money to help pay their debt. Is there anything wrong with that? The Government is borrowing money to get out of difficulties. That is a fact of life. There is nothing wrong with that.

He says that we are building housing projects all over the place. That is why the Government can only put them down there now because they have a different representative in St. Lucy. We are borrowing money to build housing projects all over the place. That is true. We are building housing projects for the people. That is why we are building housing projects because the people need better housing, better clothing and occupations so when you say that we are borrowing money to build housing projects all over the place, yes, that is true and if so and we have a cash flow problem and we stopped for a time, we will start back and build more houses again. We are not ashamed of building houses.

Now, Mr. Deputy President, he uses certain remarks. I think the Hon. Senator is gifted in one thing, using words which when they go into the Press, create what one of his bosses said, "Truth does not matter. It is impressions that count" and the same Hon. Member in the Other Place, styling as an economist, said that it is the impressions that count, not the truth so he, his disciple, the Hon. Senator, uses words that catch the eyes, the ears and attention of the public.

Listen to the words he uses here at different times. He says he believes that Government has been to the International Monetary Fund. Now, when that goes into the Press, some simple person will believe that he is talking from knowledge. There is not one single word of truth in the statement that the Barbados Government has been to the International Monetary Fund, but he is creating that idea in people's minds.

He then uses the word bankruptcy. Let me deal with this word "bankruptcy" for a while. No Government can ever be bankrupt. No country can ever be bankrupt. You cannot put a country up for auction. No country has ever been bankrupt. The wealth of Barbados runs into billions and billions of dollars. The real estate value of the Government of Barbados far exceeds all of the loans that they have so what bankruptcy are you and your apostle preaching in this country?

You will not hear Senator McClean referring to bankruptcy in relation to Government financing. You will

never hear your Leader, Mr. Barrow, referring to bankruptcy with regard to Government financing. You will only find people who have the interest of subverting people's minds into believing that such a thing as bankruptcy exists in Government. Bankruptcy of a Government does not exist. That is one word he uses.

The next words he used were "printing money". Somebody would believe that we have a press, a printing machine over there printing money with \$100 bills coming out. There is no question of the Barbados Government printing money.

The next thing he talked about is devaluation. There is no consideration in Barbados of devaluing money. There was actually a case of devaluing money in Jamaica for the simple reason that the money was overvalued to start with. As a matter of fact there is a case in Trinidad to revalue their money so that can occur. A country can reach a point when it has to devalue but we are not at that point so why use those words? The Press picks them up and they go and put them in the papers and people believe them and say "That Senator knows what he is talking about." He is just using mischievous words. (ASIDES). I did not say that you are mischievous. If you want me to say that to withdraw it I will say it.
4.20 p.m.

He says, "Devaluation, printing money and give in to the International Monetary Fund....."

SENATOR E. E. GREAVES: Mr. Deputy President.....

Mr. DEPUTY PRESIDENT: Senator Greaves. I beg your pardon.

SENATOR E. E. GREAVES: I am on a point of order.

Mr. DEPUTY PRESIDENT: A point of order.

SENATOR E. E. GREAVES: I think that the Hon. Member in referring to my using mischievous words, I think that this imputed improper motives and I am asking him to withdraw it.

Mr. DEPUTY PRESIDENT: I am inclined to agree with that Senator Ward. I do not think you can say, "using mischievous words" without imputing mischief.

SENATOR M. C. C. WARD: I hasten to withdraw the word, Sir. You see, Sir, I could not find another word to express what was in his mind, but I used the word most appropriate, but unparliamentary. So, I remove it. I hasten to remove it.

Now, when it comes to this matter of the media, I would like to say something, Mr. Deputy President. The media can be dangerous. The media can be for good and it can be dangerous. As a matter of fact, I would like to refer to a public relations programme going on on CBC television at the present time which is very misleading. The Barbados Board of Tourism has a public relations campaign and in it they say, that tourist expenditure in Barbados has reached \$500 million which is a half billion dollars. This is totally untrue and it is an error to tell this to the people of this country when, in fact, it is not true. Tourist expenditure in Barbados has never reached \$300 million, it has never reached \$300 million and, therefore, for the Board of Tourism to say it is \$500 million, is an error. It is misleading and giving the public the wrong impression. As a matter of fact, it is a terrible thing to think that, Mr. Deputy President, they are only out \$200 million. They are only off target \$200 million. This is to be regretted, but I hope that they will see the light and have that corrected because in no year, in the history of Barbados, have we gone to \$300 million. So, saying it is \$500 million is most damaging to the people of this country and will give them the wrong impression. It is truth that matters.

Mr. Deputy President, I support the borrowing of this money and I would like to refer to the last comment that Senator McClean made. He said, "It is not the problems that will sink the country, it is the manner and approach of going about putting them right." We, on this Side have full confidence in our Hon. Minister of Finance that he will know the right and proper way to meet any problem that comes up in this country in an economic manner. We could afford to borrow money.

Another thing is this. He says that the Rt. Hon. Prime Minister had signed the matter before it was made law.

Mr. DEPUTY PRESIDENT: Excuse me, to whom are you referring?

SENATOR M. C. C. WARD: Senator Greaves. He said that the Rt. Hon. Prime Minister had been and signed something when it had not passed Parliament. Mr. Deputy President, everything takes stages. The negotiations had to take place months ago. The fact that it has passed the Lower House and is now here for endorsement, does not mean that the Rt. Hon. Prime Minister could not have signed it in London. Do you think that the Rt. Hon. Prime Minister went up there and walked in, like you go into a bank here and say, "I want to see the manager, I want \$500?" It takes months of negotiations to get attractive interest rates, how you are going to repay it and what have you.

So, I only would like to let Senator McClean know that we, on this Side, are very satisfied with the

way our Right Hon. Minister of Finance handles the economic affairs of this country and, although we are going through a difficult period at this time, we again will rise and be as strong as we ever were before.

Mr. DEPUTY PRESIDENT: Senator Jones.

SENATOR THE REV. CAN. I McK. JONES: Mr. Deputy President, having listened to Senator McClean and his technical knowledge of economics — which I know nothing about — I must say, I still gleaned quite a bit from what he said. But, I want to talk in another way this afternoon.

I will begin by saying that, in the 1981 Budget, I remember the Rt. Hon. Prime Minister saying that the Barbados economy had recorded its fifth successive year of growth. That was considered by everyone a very solid achievement. He went on to say that the output in manufacturing had expanded by 6.1 per cent, I think it was, in 1980 as against 3.8 per cent in 1979 and that exports, I think exports had increased by some 35 per cent. I think those were the figures.

Now, in my view, Sir, it is reasonable, or let me put it this way, it is not unreasonable for anyone to ask, "How is it, that if things were going so well in March 1981, what happened to cause this dramatic decline of the economy about three months later?" I really do not understand what has happened myself, but I do feel that the Rt. Hon. Prime Minister and Minister of Finance and all the finance experts owe it to the Barbados public to spell out in clear, honest, unequivocal and unambiguous terms exactly what has happened to cause that sharp decline in our economy. For, if everyone understands exactly what has been happening, well then, we can all pool together to try to extricate ourselves from our economic predicament.

Now, I know that there are many people waiting in the wings to unleash their malevolent diatribes on the economic situation, on our unfavourable economic situation. We have already had a plethora of verbal accusations and verbal attacks levelled against the Government. Now, I feel, Sir, that kind of approach does not one good thing at all for this country. If it is true to say that there are people in Barbados who believe that they have the expertise to tell us the solution to the problems that now confront us, well, I think if they are Barbadians, it is their duty to come forward and give us those solutions not just stay off and criticise, always denouncing and always saying, "Oh, this Government has run the country bad, they are reckless and so on and so forth. That does us no good. If you have the answers, bring them.

We have been told that the downturn in the economy has been the result of \$43 million or there-

abouts lost in sugar and that our tourism has also declined. Now, one has to ask, "Why is it that we lost \$43 million in sugar?" One of the reasons certainly is that the crop which should have started in January did not start until March. That is for sure. I am saying that had the crop started in January, as it ought to have started, instead of March, we would have missed most of those rains and we would have been able to get most of our canes reaped. What is more: Why is it that it did not start before March? Because, there was too much haggling and arguments going on between the Sugar Producers' Association, the Barbados Workers' Union and the Government and so on.

My view is, Sir, that there should be a cut-off date. You should have all this talk before and there should be a cut-off date at which the crop should start. After that, we are not talking (APPLAUSE) because in my view, this is not a party matter. It is a national matter. Why must we stand idly by and allow any set of unions or whoever they are to tell us when we can start the crop and everybody in the country suffers. I think we must do something about that. I am going to say this, Sir. I believe why we dropped \$43 million? Because of a lot of cane fires as well — I believe Sir, that if a joint communique were published by the Rt. Hon. Prime Minister of Barbados, the Rt. Hon. Leader of the Opposition and the General Secretary of the Barbados Workers' Union beseeching people not to burn the canes, I think it would go a long way towards lessening the burning of the canes. I personally feel so.

I am yet to hear the General Secretary of the Barbados Workers' Union appeal to people not to burn canes, or any voice from the Barbados Workers' Union. They may have appealed, but, I was not fortunate enough to hear them. But, I do feel that if something like that happens, it would lessen the burning of the canes.

Then, we talk about tourism. There is a decline in tourism.

I have been told that there are some hotels here — I do not know if they are luxury hotels or what hotels they are — but I have been told that there are some hotels here that if you go and spend one night, the least you can pay is about \$105 or \$109 a night, and that does not include one cup of tea or coffee when you wake up in the morning. I have been told this. I am saying, Sir, that I think that kind of price is unconscionable. I do not care who charged it or where it is charged. What bed in the world can be worth \$100 a night just to sleep in it? And this U.S. \$100. I happen to know that there is a hotel in this country that gives you three meals, and three good, solid meals, per day for less than \$50 West Indian, and the doors are still open. For less than \$50 West Indian you get a good breakfast, a heavy lunch and a heavy dinner, and the doors are still open. (ASIDE) I am not calling any names, I know where it is.

What I am trying to suggest, Mr. Deputy President, is simply this. We are always trying to pass the buck and blaming people for our own mistakes. We are always saying the tourist product is dropping because the aeroplane fares are too steep, we are saying that people do not like the kind of crime that is going on in the country and all this kind of thing. That is part of it, but the other part, as I see it, is that we are pricing ourselves out of the market. I also feel that what has happened to our country is not all economic, I think attitudinally, we have brought this country to where it is now. Our attitudes need to be changed. There are a lot of things we could do that we do not do. I mean, for example, if you are driving down the road one day and you see a cane fire starting, how many of us ever think of stopping somewhere short at the nearest telephone and ringing the Fire Department to tell them where the fire is and asking them to come? No, we say it is no business of ours, it is not my canefield, and we just go along about our business. I think a lot of these things we could do to help our own economy.

Then we talk about the rise in bus fares and people are making all the hue and cry about the rise in bus fares. Now, I do not think that kilometre per kilometre you can ride in any transport in any part of the western world for less than you can ride here in Barbados. I do not think so, so I do not know what is the cry about this increase of 15 cents in bus fare, but on the other hand I cannot agree with the Government for raising the fee for the children as it has been raised, if my figures are right. I am told that whereas it was a dollar per child recently it has now gone up to \$4.00. and in the case of transfer of tickets where it was \$1.50 it has now gone to \$6. That is what I have been told. Now, if those figures are right I really could never agree to that. To me that seems exorbitant and excessive, because we have to look at it this way. A child can only have two parents, even the politicians cannot change that, but a parent can have four or six children or more, and he may have four or six children at school, and just imagine a person having to pay for four children, two going to Lodge, two going to College, Combermere or wherever and having to pay all this money on a salary. I really think that is unconscionable.

I have not got much more to add at this stage, Mr. Deputy President, but I would like to say that in view of what we have been asked to vote on this afternoon, this loan of money from the Orion Royal Bank, I personally feel that that is in order, for this simple reason. It is not to say that the Government of Barbados cannot service that debt. We are not bankrupt, we have not yet reached any crisis stage, although people are going around pushing panic buttons and making people in Barbados believe that Barbados is one of the worst run Governments and we are in a bad financial state and so on. In my view I believe there are some people in

Barbados who do not love this country, I must feel this. All over the world there are financial problems, but I do not think we have reached what can be called a crisis stage in Barbados, and I am confident that if everybody understands why it is we have reached this economic situation, that we can all pull together and extricate ourselves from it. I thank you.

SENATOR C. D. SEALE: Mr. Deputy President, I rise to support this Resolution and I also rise to congratulate Senator Wendell McClean on a very clear and concise speech on the economy.

A lot has been said about the economy of Barbados in the past couple of weeks, and I for one do not subscribe to any view that we are in any crisis. The Government has a cash flow problem and everybody knows that. We also know that we have lost considerable revenue from sugar and I do not think I have to go over that, but I think there is a point that has been missing.

In the first week of April this year we were dealt a bitter blow by our friends in Trinidad when they made it illegal for Trinidadians to spend their dollars here in Barbados. I estimate that we are losing more than \$3 million a month because of this measure, and if we take the seven months that have already gone and we multiply that by three, we get 21, and if we take the \$43 million we can see where we have lost foreign exchange of over \$60 million already, and I can only hope and pray that when the new Government is elected in Trinidad, whether it is the old administration or whether it is a new administration, that they would look on the Barbadian again as their great friend....(ASIDE).....The whole Caribbean, I agree with Senator Ward, and look on them and again allow the Trinidadians to spend their money, Sir. I do not believe that Hon. Senators realise what would happen to the economies of St. Vincent, St. Lucia or Dominica if we in Barbados made it illegal to spend Barbados dollars in any of these countries. I was in St. Lucia a couple of weeks ago and I was amazed at the amount of money being changed by St. Lucians, Barbados money, and we are keeping the economies of these small islands alive. Trinidad was keeping our economy alive and I think that we have to beg them, and I would like to send out a word through the Press, to beg Trinidad to lay off Barbados a little. We are great friends.

Sir, there is another consideration which I think the Government should look at, and that is selling off some of its assets. In 1966 the former administration set up the Hilton Hotel. I think it has played its part, Sir, it has put Barbados' tourism on the map, and I believe there is a lot of money there now that we could gain from the sale of this hotel to some financial institution. I feel that same money, for instance could be put now to help agriculture.

We have been hearing a lot about agriculture. We need to help agriculture, and I am very sorry to have read the decision of the Government to ban for now the new BMC complex. I think that agriculture needs every encouragement, and I would ask the Hon. Minister if he would beg Government to reconsider that decision. I think that we could find funds from within our own country to finance the new BMC complex which I am absolutely certain is needed, Sir.

Senator Greaves alluded to small business and the problems of small business. Sir, small business had no father between 1961 and 1976, no father whatsoever. It took this Government and this administration to bring small business alive, and I would just like to inform him that the Barbados Development Bank in the last four week period made some 44 loans to small business. I think it took three years for the previous administration to make 44 loans.

I would say that if we had one vibrant sector alive in Barbados now, it is the small business sector. The Government is playing its part there. I realise that the rise in interest rates may affect them somewhat, but business is good in their area and they can ride it out.

SENATOR W. W. HALL: Mr. Deputy President, after the exposition from the erudite Senator McClean, it seems that we are now back to earth, so I would put in my little contribution. Sir, it seems to me that people in this country have become rather complacent simply because they are confused. When the newspapers are printed tomorrow, there will be more confusion because all along I thought, and I really believed it, that the shortfall in tourism and in sugar was really the primary reason for our rather unfortunate position. If I am right, Sir; in listening to Senator McClean he alluded to the fact that that is not particularly so. I may be subject to correction. Perhaps I did not hear him very well, but Sir, I seem to think that he said that this was not necessarily the case, it was purely a case of management. Sir, that is why people will be confused.

I, having listened to him, cannot be jocular as Senator Ward was. I shall not even try to delve into any semantics. I shall just clearly say what I consider to be the truth in Barbados, in fact what I consider the small man or the small people out there are thinking, and what is going to happen, will happen. I will tell you why. Too many politicians do not seem to understand that the average man in the street does not understand this economic jargon about Gross National Product and GDP and all that. The small man only understands that when he goes into the supermarket and he cannot buy this week the things that he bought quite easily last week, that something is wrong. If he cannot get the credit this week that he got last week, he assumes that something is wrong, and it is as simple as that; so day after day,

month after month in This Place and in the Other Place people allude to these economic terminologies, and the truth is that most of us do not really understand them. As Senator McClean said, if you understand it, you will know it is quite easy but the truth is that most of us really do not understand it.

I am of the belief, Sir, that there is a national delusion that we can go on spending what we do not have, and when the stark reality of it hits us, we must bawl. It is inevitable. Sir, all Governments have their ups and downs. The truth about it is that the whole art is to have your ups at the time of election and your downs between elections.

Now the Barbados Labour Party aided by a super public relations campaign, a gimmick if you like, earlier this year was able to convince the populace of this country that we never had it so good, so much so that I believe the inhabitants of this land believe that the Prime Minister and the Barbados Labour Party were the greatest things since life spread. If I use an American term, Senator Linton has not been to America, so he would not know. Sir, we will all be suffering from encephalitis, that is not American. If we do not understand the ramifications that come out of a recession because only in 1973, and I am sure all of us were around, and if we were not here we were in very developed countries, and it was even more rampant there, but all of us would understand that when you have a recession or when there is economic stress, it is a time for us all to come together on it.

I have often said, Sir, and I really mean this, that when our political persuasions do not allow us to come together on a national issue, you find that what happens in here nearly every time will happen *ad infinitum*, that the Government's spokesman who introduces Resolutions in this Hon. House will give very little information at the outset, cleverly waits for the Opposition to barge in and then come at the end in the homestretch like a clever jockey and give the information that should have been given, and will give the Independent Senators an opportunity to weigh the pros and cons. (A VOICE: Wicked.) I cannot say that, Sir. That was an aside. Senator Greaves cannot lead me because I am coming to you now.

I feel, Sir, that the contribution made by Senator McClean is the contribution that must be answered this evening. Give Senator Greaves a pass today, you are always at him. I would like to hear your reply to the erudite Senator. That is my submission, Sir.

Mr. DEPUTY PRESIDENT: Senator Hall, I hope you do not expect me to reply to Senator McClean.

SENATOR W. W. HALL: I do not know if you are going to reply, but I said Senator Trotman, Sir. Sir, the significance of this loan is simply this: in my humble view there is an attempt for the Government to get through all of 1981 and most of 1982 by being able to borrow this \$60 million (Barbados) for your capital works programme. Sir, I believe that even though this would suffice for the time being, I believe that you will still need more money because this is only to give us breathing space, it is quite obvious, and it would only bridge the foreign exchange gap which in my humble opinion, in fact to my belief, has been occasioned by the short fall in sugar and tourism, and I feel that whatever is collected now will go into current expenditure. In other words, all monies collected as of now would obviously go to current expenditure.

I alluded to the fact, Sir, that most people are confused. There will be many who will say that there have been statements made, some congratulatory and others in a fashion that is not praising the Government, but I believe, Sir, that there have been some conflicting views, even among the hierarchy in Government circles, because the Hon. Leader in the Other Place has said that we are borrowing this money to tide the economy over the rough years. This is a fact, Sir. He has said so.

The former Attorney General has said that we have borrowed the money to get through rough economic conditions. The Rt. Hon. Prime Minister has said — in fact, while pleading to the populace for their cooperation and restraint — “to chart our way through rough water successfully”. That is what the Prime Minister said, Sir.

It is surprising, therefore, to hear the Minister of Agriculture, an academic, Sir, a member of the Cabinet, Sir, say that we are not in a danger zone and as a matter of fact, Sir, the indicators of a danger zone would be if we started issuing Treasury Bills. It was ironic, Sir, that same night, Sir, at the eleventh hour, in the Other Place, a Resolution for \$100 million in Treasury Bills was passed and it was subsequently brought in here, in my opinion, with indecent haste, so much so that the Minister did not even have the files and it was only due to the alert fashion in which it was handled by my illustrious colleague, that we were able to have it postponed until later in the day and even when it was debated and Senator Greaves alluded to the fact that he would vote for it simply because, as a good Barbadian, he felt that the Civil Servants should be paid, there was a great human cry, Sir. It was said that he was looking for headlines. That has been said everytime, Sir. It is like a recurring decimal, Sir. It need not be said because everybody knows that it is going to be said and it has not only been said in here, Sir. In the Other Place, the Shadow Minister for Finance was told that he, too, was looking for headlines when he alluded to bankruptcy.

Now, Sir, I feel that these contradictions do little or nothing to allay the fears that may be in the public's minds and I feel, Sir, that a massive public relations effort is needed to educate the public on all things pertaining to our economy. It is done in other fields. There are programmes that this can easily be pushed into so that the average man in the street would understand quite clearly, Sir, when politicians begin to talk, what the true picture is because I honestly believe that many people do not understand the true picture. (ASIDES)

I treat that “Asides” with the contempt it deserves, Sir, because Senator Linton does not allow people to talk in here, Sir. He feels that he is depository of all knowledge that is political and, Sir, I do not subscribe to that view. I believe, Sir, that Senators should be given the opportunity to express their views and I think the heckling and all of those sorts of things that go on when they themselves have nothing tangible to put forth is, to my mind, Sir, a waste of the public's business and time, Sir, so I should dismiss that with all alacrity.

Sir, the results of it is that the small man inevitably has to pay. The man at the bottom must have some hope, Sir. He must have this massive dream which, to him, must become a reality. He is the man, in my opinion, who at this stage in time cannot get loans. He is the man that fridges and stoves are out of his reach and, Sir, cars are only an elusive dream, not to mention houses, Sir. So you see, Sir, that man who is asked most times to tighten his belt for a take-off, that is what he is asked to do, Sir. He is asked to tighten his seatbelt for a take-off and I am of the opinion that these type of people are unwilling to believe that there is a future in giving what they have not got and I believe, Sir, that we have got to look very carefully at the situation that we are now in because I believe that coming into Parliament and making all sorts of statements and criticising is not going to help us in this particular issue. I believe that the Government must come clean. Let us know exactly what the position is and, having done so, all and sundry will be in a position to see what the true picture is.

Mr. Deputy President, Sir, I do not believe that one has to be an economic wizard to see or to understand that things are not what they should be. I have heard it said in here today that there is no crisis, fair enough. If Hon. Senators feel that there is no crisis, well, they will probably have more information than most of the people in Barbados and if they think that a crystal ball is needed to prove their point, so be it.

My personal opinion is, Sir, that when the Acting Prime Minister tells me that the low in Government finances was due to salary increases in the public service last year and that the Government revenue during the first five months of this year increased at a rate of 2.5 per cent to 3 per cent whereas the current account expendi-

ture increased by 16 per cent — 17 per cent, I feel that he has recognised that there is a problem.

He has also said that there is no international lending agency to go to and that the Orion Bank, acting as a co-ordinator for eight other banks, has given Barbados the loan at favourable terms and that the Government had seen it fit to go for this loan to finance Capital programmes because the alternatives are grave. The alternatives would be the discontinuation of these programmes and all the ramifications arising out of it, Sir.

I think that by listening to that type of argument, by reading about it, one gets more by doing some research than actually coming into the Hon. Senate and expecting that the dark corners of your mind will ever be illuminated. I think that has been the situation. It is no wonder, therefore, Sir that the Rt. Hon. Prime Minister has seen it fit to go to Britain with the promotion campaign because I think that he recognises — in fact, he said yesterday in London, that tourism would offset the severe drop in the export earnings from a disappointing sugar harvest. He obviously recognises, then, that tourism is the key. I suppose it can be argued, in fact it is debatable, people may well say that the Rt. Hon. Prime Minister could have found some erudite, knowledgeable, charismatic individual to sort of handle that job. But I personally feel that we in Barbados have become so accustomed at least in the last 20 years, were to be Prime Minister of Barbados is actually synonymous with the Ministry of Finance that it is taboo to some people. I personally feel, Sir, that wherever the need arises and the expertise of the Prime Minister is required in that direction, it should be given.

We must never forget, that in a place like Jamaica, the Rt. Hon. Prime Minister, Edward Seaga is the Minister of Culture, not of Finance, Sir, and so, Sir, (ASIDES: And Finance) — Of Culture. Alright, I say Culture, Sir. When the Hon. Senators want to make their contributions, Sir, they can heartily elucidate. I have nothing against that, Sir. If they want to enlighten me, let them do so. Sir, it is quite obvious then, that tourism is the key.

What is significant however, though, Sir, is that in Barbados — and I am subject to correction, I suppose Senator Ward would let us know, since he is a hotelier — but, it is my view, that about 50 per cent or so of the people that come to Barbados live in hotels, the tourists. In looking through the catalogue for next year's summer, it was obvious that some work is done in this direction, that is getting British tourists here because, in fact, it is conspicuous that Barbadian resorts are now listed there where they were never listed before. The massive programmes that have been going on for the last year or so in England are added testimony that there is some escalation from that region in the tourist trade. It is also

evidenced, Sir, by the — I cannot call it a Jumbo jet — but it is quite a massive jet, Sir, that comes every Tuesday night from Manchester. That is why, Sir, when I alluded to the fact the other day, that the British people are coming here in greater numbers and that we should look after them and Senator Linton brushed it aside in his own inimitable style... (ASIDE: Senator Linton: What is he talking about?) I am talking about the time when I alluded to the fact that since we are trying to woo the British tourists to Barbados — the Rt. Hon. Prime Minister had not gone then, so perhaps you might not have known — but it was quite obvious, even then Sir, that we would have to put our sights on Britain. I said I was alluding to the fact that we need to keep these people happy and, while discussing that aspect, it was a prime aspect Sir, Senator Linton unceremoniously brushed it aside. But it is very heartening to see that the Rt. Hon. Prime Minister, in his interview in London this week, picked up the question and said that there is some special attention to the crime aspect, as far as the British people are concerned because they are worried, Sir. That is a fact.

So, you see, Sir, my task this afternoon is merely to give a few observations on how I see the situation, Sir. I see it as one, where some of the projects that we are talking about now, I make special reference today, Sir, to Heywoods and indeed, the Cement Plant — they are Democratic Labour Party projects, Sir — if they have been proceeded with any celerity, they might have been functioning by now. (ASIDES)

Mr. DEPUTY PRESIDENT: Please, please.

SENATOR W. W. HALL: As far as I am concerned, Sir, those are the few remarks I would like to make and I would like to say, Sir, that the people of this country are very much looking forward to a statement on the state of affairs because of the confused state of mind that they have been in for the last four or five months. The question that must be answered, Sir, is how long will it take for us to see the light, Sir, and how long will prejudice blind the views of some politicians.

SUSPENSION

Mr. DEPUTY PRESIDENT: Senator Howell, you had caught my eye before, but I was proposing to have a short suspension for 15 minutes, (PAUSE) This Sitting is suspended for 15 minutes.

On Resumption:-

Mr. DEPUTY PRESIDENT: The sitting is resumed.

SENATOR StC. HOWELL: Mr. Deputy President, I, like each and every one of the Senators who have spoken on this Resolution this evening, rise in support

of the Resolution, and therefore I do not propose to be very long. I must, like those Senators who have paid tribute to Senator McClean, also thank him for his very lucid contribution to this debate. Unlike Senator Hall I did not understand Senator McClean to say that the economy of this country was mismanaged or that the recession has had anything to do with shortfalls in the sugar industry or in the tourist industry.

Mr. Deputy President, it is clear that for some time, certainly within recent months and for almost the whole of this year, there has been a prolonged recession in the developed countries, and we in Barbados are obviously feeling the effects of this recession. I do not think this can be ignored. Recently in Great Britain there have been reports of massive closures of companies and large corporations. One example is British Airways which in one swipe has laid off something like over 9,000 people, and there were other similar circumstances. Also in that country, Sir, there are something like over three million people unemployed and I am sure that some of those people would have liked to have come to Barbados. That is therefore a shortfall in our tourist industry.

I could go on further, but I will skip from there and go over to the United States of America where you have a similar pattern where, again if the record is correct, there is something like 12 per cent of the working population of the United States of America being faced with unemployment. We have similarly the counterpart in the airline industry, to name only one, in the Pan American Airways where the shut downs, the laying offs are even more significant than in the British Airways industry in Great Britain. We therefore have 12 per cent unemployment of the working population of the United States of America. You have the selling of properties not only in those two countries but even here in the Caribbean trying to fight off the economic international world recession, and these are factors, Sir, that cannot simply be ignored.

Mr. Deputy President, simply to write off the shortfall of \$43 million or \$42 million in our sugar industry in this country is to my mind being unrealistic, to put it mildly. Forty three million dollars earned in the sugar industry in this country — unlike say \$43 million earned in exports where a large percentage of what goes into the finished product will have to be imported into Barbados, therefore your profits would be a certain percentage less, because you have to pay for importing those materials into this country — \$43 million earned in the sugar industry is \$43 million that remains in Barbados, and therefore any time in the sugar industry or in agriculture as a whole there is a shortfall of \$43 million, it really hits the economy of this country very hard. It must. Obviously this would

lead to less money to spend, less jobs. As I understand it, all the developing countries are suffering as a result of this international recession, and we are not any different.

We in Barbados cannot consider ourselves to be living completely in isolation, we must be affected by the international recession. Therefore, Mr. Deputy President, I would say that I would agree, and I am thankful to Senator McClean when he said that there is really no recession as such in Barbados, there is no panic station, there is a change in the state of affairs and we on this Side have observed it and have taken positive steps to cure it. The very borrowing of this \$30 million in order to facilitate the Capital Works programme obviously shows the tendency of this Government to maintain employment in this country, and that is why notwithstanding the criticism of the so-called management of the economy — the two Opposition Senators nevertheless had no difficulty in supporting this measure. It is a responsible act on their part, and I commend them to that extent.

Before I close, Mr. Deputy President, I would just like to echo one word of praise for the now young manufacturing industry of this country. It has been said, if I understood Senator Trotman correctly, that the industry was responsible for bringing in some \$1 billion in 1980 in foreign earnings, and to that extent I would urge the Government to encourage and to promote further joint ventures between the Export Promotion Corporation and the Barbados Manufacturers' Association so that in future when we have circumstances such as what is facing this country at present they will answer our call and continue to earn foreign reserves for this country. I would urge my Government to continue every support to the joint ventures of the Export Promotion Board and the Manufacturers' Association.

Mr. Deputy President, I beg to support the Resolution.

SENATOR Miss J. CLARKE: Mr. Deputy President, I would like to add my few words of support to this Resolution and in so doing I will try to be brief. I will try to speak particularly to the Resolution and not to wander far and wide.

I do not think that any member of this Hon. Chamber can seriously believe that the Government can avoid foreign borrowing, particularly for its Capital Works projects. Similarly I do not believe that any member of this Chamber would like to see Government's Capital projects grind to a halt. I am convinced that we are all concerned citizens and that we all accept the implications of Capital Works programmes. I believe that the social and economic impact of these projects

must be weighed and that we have to be realistic even while calling on Government for belt tightening measures. The Government has already taken measures which indicate that it is conscious of its responsibility and that it has in fact decided to postpone or delay some of its projects. You cannot on the one hand call on the Government to do more than this while not being yourselves prepared to operate in a situation where, as Senator Jones said, we need as a people to join hands in weathering this particular situation.

The impact of unemployment is one of which we have to be constantly aware. We must also recognise that if Government postpones all or the majority of its Capital projects, it is only postponing the inevitable, and in the process it is going to incur additional cost. One of the problems we have to face is that even as materials rise in price so too does labour, and to my mind a Resolution calling for \$30 million U.S. is not the kind of Resolution which warrants undue debate.

I believe that much has been said which need not have been said, and while I do not for a moment suggest that the Government should not be expected to face criticism of one sort or another, I think we must be realistic, Mr. Deputy President. We have to accept that Capital Works projects must go on; that they cannot grind to a halt, and therefore we cannot abandon foreign borrowing. I therefore support the Resolution and join with all those who do so, and as others have said, I would also like to compliment Senator McClean for the contribution he has made.

SENATOR D. A. C. SIMMONS: Mr. Deputy President, unlike the last Senator, I do not believe that a Resolution for US\$30 million borrowed from a private banking institution to assist the whole of Barbados should not provoke long debate. I understand the point made by Senator Canon Jones that at one time of the year the Government to which I belong had been saying how good things were, and all of a sudden as it were, those words seemed to have no meaning.

There has been a change in the economic fortunes of Barbados and that change requires explanation by those in control of the management of the economy. All Barbadians are entitled to that explanation. From the various contributions made this afternoon, it is clear that there is no single and total explanation for the present economic circumstances, and while I would wish to concentrate particularly on the specific Resolution before us, we cannot deal effectively or efficiently with the Resolution unless some brief perspective is taken of the Barbados economy in relation to the need for this particular loan at this particular time.

The Prime Minister did in the Budget Speech of this year and indeed in previous budgets, even when

the country was achieving growth rates of 5 per cent and in 1979 a rate of 7.9 per cent, even at those times the Prime Minister, conscious I believe of the nature and type of economy which he had to manage and its susceptibility to the vagaries of international recession and in some cases problems of weather, warned that even though it appeared that we were doing reasonably well, he was prepared to see the future with cautious optimism. I believe I quote his words precisely. When the Estimates were debated in March this year, if my memory is correct, there was at the time a projection of a surplus on current account of the order of \$14 million. That is subject to correction but I think it is in that vicinity of \$14 million. It was explained then that the policy of the Government was to use this \$14 million towards the partial financing of its Capital Works programmes. It now appears that with the decline in tourism receipts, with the diminution or loss of revenue from sugar that there will not be a current account surplus of that order, if at all. Indeed growth rate for the economy may not even achieve 2 per cent.

Recognising that there are these stark problems facing the Government, what the Government has done is to take steps early to prevent further slippage of the economy into a state of economic ruin from which it could not be pulled back, and like all Hon. Senators, I am particularly grateful for the contribution of Senator McClean, because what Senator McClean in essence was saying is that in 1981, I have not got the financial statistics before me as published by the Central Bank, but according to the September issue, for a period of about three months I believe this year there has been a situation of what I call slippage from which the Government could pull back if they used the correct policies and do not allow the situation to recur. But if the Government does not see the error of somebody's ways, I am not saying the error of the Government's ways at this stage, and they continue to repeat the experience of the middle of this year, next year and so on, we will end up like Jamaica. I understand that to be the burden of Senator McClean's contribution on the question of policy management.

I also understand him to be saying something that no one has yet picked up until he said it, I do not believe even in the Lower House, and that is that some of the problems have been caused by the relationship between the Central Bank and the commercial banks in Bridgetown, and indeed he sought to challenge the efficacy of that relationship.

Now for a long time I have not been able to understand in the context of a Central Bank and vis-a-vis the other commercial banks what is meant by this nebulous phrase that you see in the Central Bank publications "moral suasion". You talk about moral suasion to hard-headed businessmen who are out there to make a profit.

Either the Central Bank is going to behave as the super bank regulating the operations of the other banks with some degree of sanction or you will rely on moral suasion, and when they refuse to be persuaded, then you may find yourself in problems, and I think that Government has to look, or the Central Bank has to look, at its relationship in relation to the other banks. I am told it is an international phrase. That makes it worse. But again I said last week that we will copy these kinds of things.

I have changed my suit today. I am dressed like Senator Ward. I must apologise to the Lady Senators. I lost a button which shows how old this one is. So my middle may show from time to time. I mean no disrespect to the dignity of this Chamber.

It is clear from what Senator McClean has been able to extract from the Central Bank's publication that demands of the commercial banks suddenly and without warning on the Central Bank. I think on two occasions this year, did create a crisis or problems. I do not want to use the word "crisis", in terms of Government revenues, the state of the economy and reserves and so on. Now if the policy makers in Government also share Senator McClean's reading of those statistics, and if provision can be made for the non-recurrence of that situation, then I think that what all the Ministers have been saying in the Other Place, Sir, perhaps could be true, that we are not in a state of crisis. If an error had been made or a mistake had been made or the relationship with the Central Bank and the other banks were too lax, it is something that can be corrected and once they recognise that and have the political will to do something about it, then there is no reason for the country to be alarmed.

Now the Opposition will have us believe that we are in a state of crisis, not that the Government is trying to avert a crisis but that we are already embodied in a crisis. I hope that if we can get out of what the Opposition calls a crisis, that they themselves will be sufficiently magnanimous to come in here and congratulate the Government on its ability — you say yes now? — to extricate the country from what they have deemed as a crisis. I am only throwing that out now, Sir, because a year or two down the road we will hear something else.

Sir, as I understand it, the present problems confronting Government have been largely in the area of some balance of payments problems, not the economy, but a question of Government finances, a fiscal issue.

It has been customary for there to be a fall-off, even a depletion of Government revenue between July and September, Sir. That has been more or less traditional and Government revenues then pick up again towards the end of September. I am not thinking only in terms of sugar

receipts but they pick up towards the end of September/October when Corporation Taxes come in.

Now, I am sure that Government is looking towards the receipt of perhaps in the vicinity of \$20 million in Corporation Taxes by the end of October but I wish to caution, as the only area I find myself in any support with Senator Greaves, and it relates to the area of bank credit and over-draft facilities.

The situation as I understand it, in the banks in Bridgetown, is that there is no money being lent for overdrafts. Now this is a serious consequence of the present measures that have been taken in terms of the effect on business people in this country. Business people at this time of the year are ordering with a view to selling at Christmas and, if they cannot get bank overdrafts at this time, there can be no expansion of their business and the Corporation Tax that the Government is looking for may not be achievable.

I throw that out to the Government and I trust that they have given it some thought but the present measures are having an adverse effect on businesses at this time of the year, Sir, and if there is anyway in which the facilities for bank overdrafts in respect of businesses and so on can be relaxed, I think Government should look at it. It has to be looked at carefully because again if you relax it too much, there may be a drain on your foreign reserves.

Now, Government has therefore taken certain measures to prop up the balance of payments in particular two, as I have been able to identify them, Sir. There may be others. They have attempted to restrain Government's Current Account Expenditure and secondly they have tried to delay some of the capital projects of Government.

The Government projects that I have been able to identify seem to be the Cement Plant, Heywoods Complex, the Scotland District Project and the Oistins Re-Development Scheme. I think Senator Clarke made this point. If Government were to shut down these projects in effect what would happen is you will have problems of increased unemployment. You would also interfere, in an adverse way, with the income generating capability of these projects and the foreign exchange earning of the projects. Government cannot, in my submission, close down those four projects because they are part of the long term developmental strategy of Government and they will have to continue for the reasons which I have mentioned.

Now, the loan from the Orion Bank is being sought specifically to finance Government's capital projects, including the four that I mentioned, Sir, and I think it is accepted on all sides that Government, if it had of

necessity to borrow did the right thing in borrowing from the Orion Bank rather than going cap in hand to the World Bank or the International Monetary Fund, but we cannot get to the International Monetary Fund yet even though the Opposition would have the country believe that we are in what one writer popularly called a debt trap. We are not because, at the end of December, 1980, the service of the country's external public debt accounted for about 5.7 percent of public revenues and the debt receipt ratio in respect of Barbados is quite reasonable and manageable at the moment.

The Government has been indulging in borrowing. All Governments have done it. The previous Democratic Labour Party Government borrowed within the limits of the country's ability when they were in power. Senator Ward has explained the philosophy of borrowing in his very earthy style, Sir, which I think we all understand so I do not want to go into that.

I believe some writer or commentator in the newspaper recently suggested that perhaps we should not go to the Orion Bank. We should try and borrow from Trinidad use Trinidad as the milch cow, but I do not think that anybody would seriously advise the Barbados Government at this time — when I say at this time, even two months ago — to approach Prime Minister Chambers in Trinidad for a loan of \$30 million, when they have Elections coming up and all of that and there is a long queue of other borrowers waiting from the Caribbean.

So, I do not think that Trinidad — I am not saying that Trinidad would have been unwilling to make the loan. What I am saying is that the timing to approach Trinidad, I do not believe was correct, or would have been correct, if the step had been taken.

In respect of the contributions made by various Hon. Senators, Senator Greaves did tell us that, I quote, "We ought to be dealing with ways of reducing unemployment" and, in his usual style, did not suggest one way in which we could attack the problem of unemployment, over which we are all concerned. The question of devaluation, Sir, has been referred to by other Hon. Senators. I would just like to say this for the record that when this Party, the Barbados Labour Party, assumed the reins of Government in 1976, the economy, I would say, was in a similar state, as it is today. Perhaps, worse. There were certain calls then to devalue the Barbados dollar and the Rt. Hon. Prime Minister made it clear that he did not then have the intention to devalue and he could not see himself doing it, unless the situation was catastrophic. So, I do not believe that, even though the attempt would have been made to get the headline — I could see the headline, "Greaves says Barbados dollar to be devalued" typical, Sir. Senator Hall knows that I would deal with this all the time Sir, because I see how they come. Even though that may have been the purport of what he said,

Sir, I think the country can be well assured that, historically, it has not been the policy of the Government, the Barbados Labour Party Government, to engage in a devaluation, and they need not expect one at this time. We are not a big, exporting country. Devaluation can have certain beneficial effects if you are a big, exporting country. We are not in that league. We do not belong to that league.

Senator Hall, Sir, made his plea on behalf of the small man. I have a little difficulty sometimes in knowing who is this "small man" that all of us politicians speak of. (ASIDES) He is saying, "all of St. Philip people are small people". That is true. Rural, agricultural, agro-proletarian, very poor people, very poor people. But, Sir, he says the man in the street does not understand today's economic jargon and he made a plea for greater public relations in this area. There cannot be enough public education on economic jargon. But, surely, we will all concede upon a little examination, that the public's knowledge of foreign reserves, balance of payments, all of these technical terms, the public's knowledge has been improved in the last five years of the Barbados Labour Party Administration. Prior to that, you never heard about it. You never heard about those things.

If Hon. Members of the Senate had attended a meeting in 1978 at Britton's Hill, during the then By-Election, a very basic, and simple definition was given of balance of payments by the Rt. Hon. Prime Minister. It was a meeting in support of Mr. Hinds' candidature. He explained to them about foreign reserves. The Rt. Hon. Prime Minister has done it on television and in a phone-in programme. So that, at the highest political level, there has not only been an awareness of the public's, perhaps inability, in certain cases to comprehend some of this jargon, but there has been a deliberate attempt to explain and to cease the befuddling, if there was any. But if more can be done, Sir, sure. But, let it never be said that the Barbados Labour Party failed to educate the public as to the importance of these economic terms.

If politicians today dwell at some length on matters economic, Sir, it is only as the Rt. Hon. Prime Minister himself said in an interview Monday night because we have won all the political battles. No more political battles to fight, in terms of constitutional development and what have you, of any great matter. You may have to amend here and there, but nothing fundamental. The world now, of which Barbados is a microcosm, the world now is confronted with economic problems and the politicians have to find the solutions for those economic problems. Be it in America, in England, in West Germany, even Japan or Barbados. So that, the public must now be conditioned to understand, that given the current international, economic situation, it is going to hear a lot of economic jargon, and it is in the public's interest to try and understand. It is also the Government's duty to assist in the dissemination of information, so that they can better understand.

I do not believe it is true to say that people cannot get fridges, stoves, cars and so on. Things have been made a little tighter to prevent an unnecessary drain in foreign reserves, but where I would complement the Government and why I would support this Resolution and the measures taken by the Government, is that this Government, unlike the DLP of 1976 has the courage to tell the country, "things are rough" — Senator Hall had all the quotations, "we are going through turbulent, economic waters", or "rough, economic waters" or whatever, all those things. We are going through rough economic waters. We tell you, in the pursuance of our policy of open Government, and we tell you, we are going to take certain measures. It will be a little tight at first, but they will not deny people their basic rights. We have not denied anybody the right to a fridge, a stove or whatever. But, we have said, that, in the national interest, certain measures have to be taken and we have to make it a little bit more difficult. But the right to own has not been denied.

In July, 1976, in the Budget of the same year, Sir, the now Rt. Hon. Leader of the Opposition, when he was Rt. Hon. Prime Minister was unable — things were so bad — to give any handouts at all, to offer the country any tax relief, to do anything, by way of a concession to the population. He warned in July, 1976 — Mr. Barrow did — that his Government was giving close thought to the amendment of the Hire Purchase Credit Restrictions Order, Sir. I say, Sir, that if the DLP had got back in, in 1976, September 2nd, they would have amended the Hire Purchase Order, just as the Labour Party had the courage to do when it got into power. But, to Mr. Barrow's credit, he had given a large hint that all was not right with the economy and he was prepared, if necessary, to take certain action. It is a pity that he did not take the action a year before.

What is happening in the world, Sir, is that you are finding these economies in a state of stop-go, and we can only hope that at some day in the not too distant future we will get out of it. Perhaps if the problems of oil had not confronted and wreak such havoc on the economies of all countries that are non oil producing, then we would not be in this state today, because the crux of this whole international recession in my belief, rests with the problems of oil and the high prices that all countries have to pay for oil.

I did not understand Senator Hall to be denying a statement made by the Deputy Prime Minister that one of the reasons for the weakness in Government's finances was in fact that this year we are feeling the effects of the Civil Service salary increases last year. I do not think he was denying that, he was making it as a point of fact, Sir. I think that was foreseen by the Government. I do not believe that whatever has turned out to be the final cost of CARIFESTA was

foreseen by the Government, but undoubtedly there has been a lot of unforeseen expenditure in the CARIFESTA exercise. I do not think anyone, even though there has been this expenditure would deny that we should have held it or that it was a good and useful exhibition for Barbadians to witness. Certain sport was made at it last week, Sir, I do not associate myself with that view at all, but that is one area where there has been a drain on the Government's revenue, the CARIFESTA exercise.

I would like to predict, Sir, that unless something catastrophic again happens like the same situation with sugar next year and a further decline in tourism and so on, I wish to reiterate my confidence in the ability of Government to rideout this period of difficulty. I am confident, Sir, because I believe that the Government itself has been receptive to ideas and I am sure that Senator McClean's comments and suggestions will not fall on deaf ears. He has made a positive contribution. Those that have spoken only negatively will be committed to the waste paper basket. Senator McClean's contribution will be, I am sure, acknowledged.

I am obliged to you, Mr. Deputy President.

SENATOR J. E. D. WILLIAMS: Mr. Deputy President, I shall not be long on this Resolution. Senator Greaves has already spoken on the Resolution and therefore is not in a position to respond to certain comments made by Senator Ivor Jones, and I think it would be remiss of me and I would be failing in my duty if I did not correct what I regard as a misrepresentation, while at the same time agreeing with much of the contribution which Senator Jones has made.

I have been on a number of Barbados Workers Union courses, I have been following for a long time the publications of the Union under the heading "The Union Speaks" and the position of the Union has always been that agriculture is indeed an important part of our economy and therefore it has at all times coerced people at not to burn canes. And for me not to reply to that comment I think it would be a misrepresentation of the position of the Union.

I take it to mean, when he referred to the late starting of the crop, that the commencement of Union negotiations is indeed a very crucial thing, and while not going into all that has been said about the Union being the cause of Government losing over \$42 million in foreign exchange, I however would like to see that both Government and Union and the Sugar Producers' Association wherever possible try to convene negotiations as early as possible to avoid the difficulties that we faced this year. It makes no sense trying to lay the blame at the door of the Union or to say the Sugar Producers were at fault or that Government was recalcitrant in its

position. I think in the future we will have to sit down at the earliest opportunity and try to reach a compromise and at the same time give the Sugar Producers enough time to reap the canes. It is to my mind the timing that is important, crucial, but to say that we should fix a date after which we will say the crop will start irrespective of the position of the negotiations, to my mind is impinging on industrial relations, and I could not honestly agree or entertain such a thought. Industrial relations must follow their course and should in no way be pre-empted.

There are about two other points I would like to make, Mr. Deputy President, and one has to do with the remarks of Senator Greaves in relation to the devaluation of the Barbados dollar. It is all very easy to get up and play towards the Gallery with the expectation that next morning you see your picture and a headline, but I would indeed implore fellow Senators on the Other Side to really look at the detriment that is caused from time to time with those kinds of remarks. I wonder how a foreign investor, would view Barbados if he was of the view or the belief that there was any truth in such comments that there was indeed a likelihood of Barbados' dollar being devalued. It is very fundamental, it is very important, and I think it is something we should not overlook. It is all well and good to capture the headlines, but one has to look at the ramifications and the implications of such remarks.

When a country moves in a direction to devalue its currency, it obviously hopes that because of the capacity to produce more, it presupposes a capacity that output will increase, and that the net result would be a gain in terms of revenue.

We all appreciate, like Senator McClean said, the difficulties caused by devaluation, and I would hope that the day will not come when Government will have to move in such a direction. It is for this reason that I do see the wisdom and do support the Resolution because we are talking about borrowing from private sources rather than going via the IMF. Jamaica is there to haunt the majority of the Caribbean. We all realise and have accepted what has happened in Jamaica, and I trust and hope that we will never have to put our economy in the hands of the IMF because they make very heavy demands, and when you get into the hands of the IMF, I have always regarded it like quick sand, the more you go in and wiggle, the deeper you sink, and therefore I see the logic and the wisdom in moving towards private borrowing rather than having to go to the IMF.

Mr. President, it is always more costly to stop programmes than to recommence them. The Government is borrowing this money to finance capital works, and I am sure that Senator Greaves appreciate it, but probably

would not be prepared to say it, but it is cheaper for Government now to borrow and continue capital works programmes than to stop them and have to start all over again. Therefore, Mr. President, I have no other alternative than to support this Resolution.

SENATOR H. R. LINTON: Mr. Deputy President, I am prompted to make very few brief remarks in this debate by a statement which was sort of thrown away by Senator Greaves, not by Senator Ward whom I see disappearing fast, I believe during the absence of my colleague, Senator Trotman, and while I am not seeking to quote Senator Greaves verbatim, I think the gist of what he said was that Senators should be provided with adequate information to enable them to determine whether or not they should support the Resolution.

I regarded that at the time, Sir, as a request by Senator Greaves for what in my profession would be called 'further and better particulars of the statement of claim', and I asked to have a look at Erskine May's Parliamentary Procedure to see if indeed Senator Trotman was under a duty to say more than he said in introducing the Resolution, and literally before I could find the relevant paragraph in May's Senator McClean rose to his feet and demonstrated in quite an admirable fashion that if Senators would simply do their homework they would not have to come in here and quarrel about not having enough information which would enable them to support the Resolution.

I was amazed to find that having made that accusation against Senator Trotman, I believe in his absence, though that might not have been deliberate, I noticed that Senator Greaves quoted from the most recent edition of the Central Bank Report, the September issue, and I was flabbergasted to find that the Report was the same issue from which Senator McClean quoted when he made his contribution in the Chamber this afternoon.

SENATOR E. E. GREAVES: Mr. Deputy President, on a point of order, I believe that the Hon. Senator has misunderstood completely what I referred to when I talked about lack of information. I said that Senator Trotman when he was introducing the Resolution did not provide the Senate with the kind of information for example, the rate and terms which may be agreed upon. I enquired about the interest rates and the various terms. Those were the terms in which I was talking.

Mr. DEPUTY PRESIDENT: That was a point of elucidation.

SENATOR H. R. LINTON: What I am saying, Mr. Deputy President, is that it is clear from Senator McClean's contribution that enough information was available in this country to enable Senators or anyone else in the country to decide whether or not it was

necessary in fact for the Barbados Government at this present time to borrow funds from overseas. Senator McClean's contribution has demonstrated that there was enough information available, because every Senator who has spoken since Senator McClean has congratulated him on the excellent manner in which he illustrated on the whole concept of the Barbadian economy quoting as he did from the September issue of the Central Bank Report. Indeed, Sir, it is my fervent belief, with great respect to my colleagues on This Side who spoke and perhaps to Senator Jones, that this debate should have begun with Senator McClean's contribution and most positively should have ended with his contribution as well. In that way we would have avoided any possible confusion alluded to by Senator Hall in that Senator McClean's speech would have been carried by all the newspapers and the media tomorrow, and that alone is enough to make the economic situation as it now stands in this country clear to all and sundry.

Senator Hall is lamenting the fact that tomorrow when we wake up and when the newspapers are printed that everybody is going to be in a state of confusion. I am not surprised. If the debate had stopped at Senator McClean's contribution, then there would have been no state of confusion, but after he spoke I realised from what he said that everybody was going to be confused tomorrow. Certainly we were confused when he was speaking.

Carrying on, Sir, from Senator Greaves' remarks that there was not enough information, it is quite naturally expected that if a Government introduces a measure of this sort, the Government will set out to defend it (a) politically, (b) economically and (c) socially. Now if this Resolution needed any economic justification at all, Mr. Deputy President, it is my submission that such justification was provided by the speech of Senator McClean. So far as the political justification is concerned, Mr. Deputy President, it is a simple fact of life whether you are borrowing \$1.00 \$6.00 \$600 or \$60 million that if you cannot afford to repay, nobody is going to lend you, and if you can afford to repay, you can afford to borrow anyway. That is the political justification if any was needed. In fact I go further. I would say it may have been politically inexpedient to borrow this money about a year ago, but I see no reason at all why the Government could not have borrowed this money a year ago. It would have clashed with a certain important event as we now know, but that is politically inexpedient. It may have been more expedient economically had we borrowed this money a year ago. Indeed we may have got it at more favourable terms. I am not in saying that condemning the Government for not having borrowed this money a year or so ago.

All I am saying is that, if we are looking for some political justification for borrowing the money, we have it

here. So far as the social justification is concerned, Sir, it lies in the fact that the capital projects provide large areas of employment for large numbers of our people.

Although I tend, at first glance anyway, Sir, to support Senator McClean's idea that the Heywoods Project can be usefully stopped and Government can cut its losses, I have not examined it to its logical conclusion but it looks like an attractive idea but what we would have to look at, Sir, is the social dislocation it may cause in terms of the number of people who will flow on the unemployment market. That is what we have to look at seriously.

What we will have to do, Mr. Deputy President, is to measure the value of the social dislocation against the value of continuing the project. That is what I was hoping Senator McClean would do. Of course he only alluded to it but he did not go into it in any detail but I would like to see something. I would like to see if we can redeploy the people who are now employed at the capital projects that are likely to be discontinued or what would be the cost to have them redeployed as against what would be the cost to stop those projects altogether. That is what I would like to see, because the last thing I would want to see in this country would be, Sir, large numbers of people being thrown on to the streets because capital projects have to be brought to an end prematurely or by its slowing down considerably. I would hate to see such a situation arise.

Therefore it is my view, it is my feeling, Sir, that the social justification alone is enough to merit the support of Hon. Senators for this Resolution this afternoon and in so far as we have provided, as the Government has provided the political justification, the economic justification and the social justification, for bringing this Resolution before the Senate this afternoon, Sir, I would like to hope that Senators would find no difficulty in supporting it.

Just one last point, Sir. Senator Jones quite rightly in my view suggested that it would be right and reasonable for right thinking members of the society to ask the question relating to the dangers in which the economy has now found itself as compared to a couple of months ago when the Budget was delivered by the Hon. Prime Minister.

In his contribution Senator McClean pinpointed the difficulties in the economy as relating to the method of domestic financing. He felt that the down-turn in the tourist industry and the short-fall in sugar revenues were certainly not a crisis and it therefore did not present any difficulties in the economy as suggested by Senator Greaves. I would have enjoyed it if he had gone into the entire situation more thoroughly in treating Senator Jones'

point and seeking to relate the one to the other because I believe, from my limited knowledge of Economics, that the down-turn in the economy, coupled with a short-fall in the revenues from sugar, I believe that those two factors have given rise to the urgency with which this Resolution was brought before Parliament. In other words, I feel that is what brought about the short-term difficulties that we are now experiencing and they have given rise to the urgency with which the Resolution has been brought.

The problem of domestic financing referred to by Senator McClean is a problem of a more long-term nature which itself would no doubt have merited a Resolution of this sort or indeed of greater magnitude but would not have come with this urgency. It would have been delayed for probably a year or two and I would have liked an exposition of the correlation of the two factors which have given rise to this Resolution by Senator McClean because his contribution is one which has really clinched the entire matter. But I do not believe that Senator Greaves or Senator Hall believes that what they said made any sense at all. I trust that in the next Resolution which is due to come up before us that Senator McClean will take the opportunity perhaps to expand on that situation.

I just want to make a further comment on a point made by Senator Greaves where he stated that excessive borrowing has been the hallmark of the Barbados Labour Party and to say, Sir, to corroborate the remarks of Senator Ward when he said that there is nothing at all wrong with borrowing. The problem occurs if you cannot pay back. That is where the problem arises. There is nothing at all wrong with borrowing. There is nothing wrong with excessive borrowing. There is something wrong if you cannot pay back. With that, Sir, I will sit down. Thank you.

SENATOR C. GRIFFITH: Mr. Deputy President, I believe that in every institutional situation, be it a household, a small business, or a public organisation, there is some type of budgetary practice which is encouraged and usually when an entity undertakes to provide budgetary projections, there is a certain degree of uncertainty because, when you start to budget for any given period of time, in many cases a year is considered an adequate time, what must be taken into consideration are the factors over which you have no control. Governments all over the world, no matter how big, how small, how industrialised or how underdeveloped find themselves in a situation where they have to borrow.

Now, only recently the great giant in the western hemisphere, the United States of America, found itself having to seek legislation to raise its debt ceiling to a trillion U.S. dollars and I do not know if all of us in here can imagine what a trillion U.S. dollars looks like. The United States, of course, is considered the leading

industrial country in the world so what other country like Barbados which is very, very scarce in natural resources and where we have found ourselves being classified for all intents and purposes as a middle income country can exist without borrowing.

If we go back into the period of the sixties, Mr. Deputy President, we would find that in Barbados, under the Democratic Labour Party administration, things were going well, as they said. There were all kinds of slogans during the campaigns in the sixties and early seventies purporting that things were going well and everybody agreed because after the first term in 1961, the Democratic Labour Party administration was returned to power, 1966-71, under these slogans. But, we must also look at what was going on in the world, at that time. In the 1960s, there was no talk of international recessions, the severity of which pertains today.

One other factor which has not been taken into consideration in Barbados — and which I daresay has caused people to believe in the economic genius of the former Rt. Hon. Prime Minister of this country — one factor that was not taken into consideration was the contribution made to the improved standard of living of Barbadians who were living in England, the United States and Canada. In the sixties, those Barbadians who were living in England were able to repatriate substantial remittances, both in cash and in kind to their relatives in Barbados which helped them along. In the United States of America, the same thing happened because there was prosperity in those days. In Canada, the same thing has happened.

Then, we found that in 1973, when the first oil crisis struck the leader of this country threw up his arms and ran away to recharge his batteries to some school, in some remote part of Florida, where, of course, you can buy a degree for \$30. That is when we found, at a time of crisis, at a time when we needed management in this country and we needed to have somebody at the helm that the then Rt. Hon. Leader found himself running away. Indeed, in 1976, in his own analysis of the change of fortunes of the Democratic Labour Party, he himself admitted that he was at a loss as to how to deal with the problem.

But, then you come to 1976 and subsequently. What we have found is that the Barbados Labour Party Government has been managing this country, in a situation where international factors have played a significant role in what is happening in this country and what has happened in the neighbouring Caribbean countries. In 1976, when the Barbados Labour Party came to power, we had to institute the controls that were necessary at the time and which were talked about in 1973 and which the leaders at the time did not have the moral courage

to impose. We imposed the controls because we thought they were right. What we said, in effect, was that if things are bad in this country, we are prepared to take the steps necessary to make them right, so that, when things got good, we were prepared to share the largesse with the population. We have found that that medicine worked.

After we introduced a new Hire Purchase Act and took certain other measures in the economy, we were able in the subsequent years in 1979 and so on to bring in tax reform measures, which were beneficial, across the entire economy. What we, in effect did, Sir, was to move from a system of heavy direct taxation to indirect taxation. When I hear talk about ignoring the problems of the small man — in 1976 people who were working for \$25 a week were paying income tax in this country. Two years ago, with one stroke of the pen, people who were working for a minimum of \$90 a week were exempted from income tax. I believe, Sir, to this day that people who start at \$115 a week do not have to pay income tax. When you take that situation, the tax reform measures combined with the generous wage increases in the public sector had the effect of throwing more money in the hands of the people in the street. What it did, in effect, was create a greater demand for consumer goods in this country and that is understandable. But, what it did not do, at the time, Sir, was to deal with the problem of export earnings to satisfy the demand for consumer goods that we were bringing into this country. Not only were the consumer goods coming in through legitimate sources like through the commercial houses and institutions designed to bring them in, but we found that there was a greater activity of Barbadians who were travelling, particularly to the North American markets on holidays and shopping. There were more Barbadians who were shopping by telephone in the last five years to the United States of America than any one could ever think of and that was because people in this country had more money in their hand. The reason they had more money in their hand to spend is because of the policies of the present Government.

So, I do not understand this talk — the kind of attacks that have taken place against the Government in its administration of the economy. Everybody seems to forget the impact of what is happening in the big countries and how, what happens in the big countries will impinge on the activity of Barbados. Now, we have been this way before. We are accustomed to managing the economy when there are bad times. We have done it successfully in the past and there is no doubt in my mind, Sir, that in the future and at the present time, we are capable of doing it, because unlike the Other Side, the Opposition, we have had the experience and we have come through with flying colours. So much so, that we have gained the respect of international institutions.

When I hear talk about this year, things were so good and all of a sudden, they became so bad and, somehow, some people cannot seem to understand why they suddenly became bad. The stories were not made up by us that we were doing well in this country. The World Bank's reports were saying that we were doing very well. Every international institution was saying that Barbados was doing very well. We earned the respect of international organisations and international institutions because Barbados was doing well. Mark you, we did not have the kind of natural resources to pay for the improved standard of living that we have been able to provide for the people of Barbados.

Now, because we were doing so well, Mr. Deputy President, it has created a problem for us. We, in Barbados, who are part of the political directorate can lay claim to that fact that we have made a significant contribution to the improvement of the standard of living of the people. But, what has it done to us? For instance, look at the latest World Bank Report which says that, in 1980, the per capita income of Barbados was something like US\$2 440, which is something like BD\$4 800. In the Latin American and Caribbean region, as the World Bank Report suggests — (ASIDES) Mr. Deputy President, I would like to have — excuse me, if you can — as the report suggest, Sir, Barbados ran fifth behind countries like Trinidad and Tobago, the Bahamas, Argentina and some other country. I think Bermuda is the fourth country. But, what that kind of accolade has done for us is that it has made it very difficult for us, Mr. Deputy President to get the kind of concessionary, multilateral loan that other countries can get.

I have done some detailed work which I would like to draw to your attention, Sir, and let you see what the GNP per capita criteria have done to us. For instance, in the Latin American region alone, Barbados is ahead of countries like Bolivia which has minerals. It is ahead of Jamaica, it is ahead of Guyana. These are only a few countries that I have talked about. In the South Eastern Asia region, it is ahead of India, Pakistan, Sri Lanka and Burma. When you talk about India that is a country with 600 million people which has now qualified for an IMF loan of something like US\$5.6 billion in Balance of Payments support, a country which is under arms and which has nuclear power; in the North African region, Algeria, an OPEC country — Barbados is considered a middle income country, a country which has a better GNP per capita ratio than Algeria — China, Indonesia, another country which is another exporter of oil.

In West Africa, every country including Nigeria, one of the world's largest oil producers; in East Africa, every country, including Zaire, and what is so ridiculous about this, Mr. Deputy President, is that all of these countries which I have just talked about would qualify

before Barbados in the World Bank for soft loans. What makes it worse is that most of these countries, for instance, a country like Zaire which has the agricultural land to feed the entire nation of Africa would qualify for soft loan support through the IDA and the World Bank before Barbados.

Only recently at a meeting that I had with World Bank officials in Washington, it was intimated to us that we should be looking at the private financial markets to get loans if we want loans, and the World Bank and the IMF were both reacting to the pressures of the Reagan administration which has come out with a very wrong-headed policy about what is needed for development in the smaller countries, and the policies of which country — and I am talking now of the United States of America, Sir — have created and will be creating greater problems for us.

As an example I must cite what has just happened with the question of sugar, and we cannot discount the contribution of sugar to the national economy of this country. It has been said over and over again to the point where everybody must understand the importance of sugar to the development of this country, and that is why I believe that the cane blade speech was an unfortunate speech, I would like to think that it was just a slip of the tongue. But we have seen what has happened with the decision makers in the United States of America where the growing trend of protectionism has now made it difficult for Barbados to sell its sugar to the United States at a competitive price. We were looking carefully at this thing some four months ago when the United States administration was making its behind the scenes negotiations with Senators for their support for the fiscal measures that President Reagan wanted to bring in, what in effect Reagan had to do was to make trade-offs to Senators, and of course the sugar belt had their day in this matter.

I have no doubt that with the growing feeling of protectionism in the United States of America that it will become law in the United States of America, despite the behind the scenes lobbying which is designed to change the trend of things. But that, Sir, is only one aspect of the kind of international situation which impinges on the development of countries like Barbados and other Caribbean countries. For instance, when we talk about the multilateral support that is needed in this region for development, when we go to institutions like the Inter-American Development Bank or even to get bilateral support for projects, there are certain conditions imposed on these small countries, conditions which for example are procurement, where if a country lends you money, or if a country puts money into a multilateral institution like the Caribbean Development Bank, that country will insist that equipment for whatever project

is needed must be bought from either the same country that is the lending source or some other country that is friendly to it.

We have seen an example here in the Caribbean only a few months ago when Barbados had to take a stand against a loan made by the United States to the Caribbean Development Bank, where they stipulated that Grenada was not to benefit by the loan, and we quite rightly took the position that we cannot accept those kinds of positions. There are all these kinds of policies. If we remember correctly, when we look back at the negotiations with IADB for the sewerage treatment plant, what happened? The Inter-American Bank insisted on conditions, and the conditions were that the water rates in this country must go up as a way of paying back the loan, and the then Government refused to admit that they had to sign an agreement on these conditions. We were able to find out that it is true, and to this day every time the water rates go up we can trace it back to the contractual arrangements that were made with the then Government and the Inter-American Development Bank.

But that is the kind of problem that a country like Barbados will find itself in, because as I said, we must borrow money. Every country borrows money.

Now, there was a suggestion from Senator Greaves that we should try the International Monetary Fund, you know, and of course the grape vine that functions as part of the economic advisory group to the Democratic Labour Party did pass the information that Barbados had to go to the International Monetary Fund.

Now, Mr. Deputy President, I will make my observations about situations regarding the IMF. I know for a fact that the IMF is an institution which has a very bad image internationally.

SENATOR E. E. GREAVES: Mr. Deputy President, just on a point of elucidation. Am I correct in understanding that Senator Griffith is saying I was suggesting the Government should go to the IMF? I certainly did not say anything like that.

SENATOR C. A. GRIFFITH: Mr. Deputy President, I insist that there was a suggestion by Senator Greaves that we should have gone to the IMF. (ASIDE).

Mr. DEPUTY PRESIDENT: Senator Greaves, you were making a comment. You said that you were asking for the record?

SENATOR E. E. GREAVES: Yes, I said so.

Mr. DEPUTY PRESIDENT: Mr. Clerk, is it possible to confirm Senator Greaves' comment on this matter? I do not recall in fact any specific mention that we should go to the IMF.

Mr. DEPUTY CLERK: It would be impossible to get the whole speech now. That is what it will amount to.

SENATOR C. A. GRIFFITH: Mr. Deputy President, I will have to withdraw it, but I will still talk about the IMF, because there have been suggestions in the Other Place, and there have been suggestions in private conversations from the Other Side that the IMF has been involved with Barbados during these difficult times. The IMF has a very bad image internationally, and I know there is some concern on the part of the IMF to try to improve that image. Because of the harsh terms of conditionality that are imposed by the IMF when countries go to borrow, in effect when countries have let their economies run to the point where bitter medicine has to be given, and the conditionalities to my mind are unrealistic, too harsh and counterproductive, and I have said so many times.

The IMF has a very bad image throughout the world, and I dare say that in a country like Barbados, because the political directorate of this country realises that kind of image that the IMF has, people are reluctant to admit whether the IMF is here or not, and even if an IMF official passes through Adams airport tomorrow the Opposition will pick it up and say the IMF came to Barbados for consultation on budgetary measures, or they came to apply bitter medicine to the Barbadian economy. It is the kind of statement which will provoke negative reaction towards the Government, people do not understand the functions of the International Monetary Fund.

Now, if we went to the IMF, what we can get from the IMF under the compensatory financing facility is something like 7.5 million SDR's.

The SDR, Mr. President, is a basket of the major countries of the world, the five hard currencies that are dealt with: the US dollar, the French franc, the Japanese yen, the British pound and the German mark, and because of the fluctuation of these hard currencies against the United States dollar to which Barbados' currency is pegged, you find that in today's market that if we went to the IMF what we would get from the IMF would be something like 2.1 million SDRs which would not satisfy the kind of situation that we are attempting to deal with. This is the kind of situation that you are talking about Mr. Deputy President, when we talk about the problems that we have to deal with, Barbados is not unique, and even the IMF recognises that there are serious problems affecting world economies particularly brought on by the greed of the OPEC countries.

There are serious problems and what the IMF has been attempting to do quite recently — indeed in its 1981 report it has pointed out that attempts have been made to try to adjust these problems — one of the first things the IMF decided to do was to review the quotas of each country. As of November 30, 1980, Barbados' quota was increased from 17 million SDRs to 25 million SDRs. Other countries like Saudi Arabia were given special increases because their economy can bear it. What the IMF wanted to do with this increase in assets was to make provision not only for the usual 150 per cent of the quota which countries can borrow, but they have given another 450 per cent of borrowings over three years, and that was in recognition of the problem that developing countries are faced with, a problem which of course everybody recognises is caused by the raid on the foreign reserves of countries which have to import oil.

When I hear talk about the IMF I know where it has come from — it has come from consultations that the Barbados delegation had in Washington prior to the IMF meeting, and in that delegation was somebody who is adviser to the Opposition Shadow Minister of Finance. That is where it has come from, and the person did not seem to understand what we were talking about, so they just came back here and said we are going to the IMF; and the same person was in fact sitting in the Prime Minister's office discussing the international monetary situation. That is where the talk about the IMF comes from. Of course, it is okay for politicians who are seeking cheap headlines to bring this kind of stuff in the public domain, because one would think that Barbados has reached such a low point in the situation that we have to depend on the harsh conditions imposed by the International Monetary Fund.

Now, Mr. Deputy President, there has been talk about the outstanding debt that Barbados has been engaged in. We have heard that Barbados, because of the reckless management of the economy, needs to borrow and we are going to borrow ourselves out of existence. We have heard all kinds of criticisms on what I consider a situation that is not really alarmist, and I will tell you why, Mr. Deputy President.

Now the World Bank again in its report for 1981 has said that in the Latin American and Caribbean countries the total national debt of the grouping is BDS \$324 billion. That is the total national debt of the Latin American and Caribbean countries. I myself cannot imagine that amount of money, and of that total of \$324 billion, Barbados' national debt is \$593 million as of September, 1981; so you take \$593 million as a fraction of \$324 billion and you will see what is Barbados total national debt in comparison with other Latin American countries. It works out to 0.0002 of 1 per cent, so this talk that we are borrowing ourselves into bankruptcy

is only alarmist talk because I have not heard any specific figures from the people who criticise about what must be done.

In 1975 money was borrowed in this country to pay Current Debt. We are borrowing money to provide funding for capital projects, and I do not know of anybody who will say that more is unsound in terms of public financing. If you are borrowing money to finance capital projects which in turn can generate some kind of foreign income for the country, there is nothing unsound about that. Something is unsound if you are going to borrow millions of dollars to pay Current Debt which is what the Democratic Labour Party had done before.

And when we talk about mismanagement, I have to get this in, Mr. Deputy President, the mismanagement which took place, I know for a fact that in Canada under the Democratic Labour Party there was a man who was sent to prison, a man called Jerry Bull. The Democratic Labour Party bought a house in Canada when they already had a house for the High Commissioner, a house which cost the Barbados taxpayers something like Can. \$225,000. We did not know how much the house was worth because Jerry Bull bought it, and Jerry Bull is a convict. He was sent to prison for selling rocket shells to South Africa to kill black people, and the Democratic Labour Party bought the house for the High Commission in Canada through Jerry Bull. (Asides) I can get rough if you want to get rough. These are facts that you cannot refute. The then Prime Minister of Barbados threatened the Civil Servant who was the Accounting Officer with the loss of his job because he said this was not the correct way to handle Government finances. This is a fact, and when he asked the then Prime Minister how he could do something like this, he said Jerry Bull was an important scientist.

I know for a fact that in New York when the then Government purchased a house for the then Consul General that the house otherwise worth \$US92,000 on the market, the then Barbados Government paid \$US20,000 more than it was worth simply because the incumbent at the time said he liked the house, and the house was already sold, so we had to pay \$US20,000 to the real estate agent on record to get the house. So that when we took a position in this Government to sell the house because it was not a house suitable for a Consul General as far as its size was concerned, it was too grand and so on, we could not recoup the money that we paid for it because at the time every real estate agent in the area knew what the house was really worth and we had difficulties with that.

Mr. DEPUTY PRESIDENT: Could we get back to the Resolution?

SENATOR C. A. GRIFFITH: That has something to do with Capital Expenditure, Mr. Deputy President.

Mr. Deputy President when we compare for instance, in 1973 the ratio of export earnings per debt was 2.3 per cent when we compare the service payments on the external public debt, when we use a percentage on goods and services it was 2.3 per cent in 1973. Trinidad was the same thing, around 2.3 per cent.

In 1979 Barbados was 2.6 per cent or 2.1 per cent or something like that. Trinidad was the same thing. As of September this year it is 1.9 per cent. You compare it with other countries in the Caricom for argument sake. Let us compare it with Jamaica, 15.9 per cent in Jamaica and these are 1979 figures that I am using; in Guyana, 29.7 per cent in Bolivia, 29.6 per cent in Brazil 34.6 per cent and in Barbados 1.9 per cent yet we can hear criticisms. If we look at the export earnings of the country even though they are in a depressed state at this time, you find that the export earnings in the country in the years between 1975 and 1980 have practically tripled yet we hear criticisms of borrowing when we have the ability to pay and every international lending institution, private national institution that has approached Barbados has said to Barbados "you are a credit-worthy country."

If I may refer, Mr. Deputy President, to an article which appeared, and I have to compliment the *Advocate - News* on this, in yesterday's paper where this article was written as a reflection on what will happen tomorrow in Cancun, when in effect we look at a country like Costa Rico which is saying we cannot pay it, we are not paying any more, it has lost all of its credit worthiness. When we look at other countries that have been asking for a recycling of their debt because of their inability to pay, the bigger countries, Peru, Brazil, all those in the region have said we have difficulty in paying so what the Western nations have done, they have got together and said, let us recycle these debts and we have found that the international lending institutions particularly the private banks, have caught themselves in a situation where they are throwing good money after bad because they have to continue lending money to these countries that are in a depressed state in the hope that if things change, they can get their money back. That is what we are dealing with in this world today.

While I must compliment the *Advocate* in bringing this article to the public's attention, Sir, I think it is important that we also let the media know that it is time in this country that these serious economic matters and other serious matters that affect the livelihood of everybody in this country be treated with more seriousness.

It is time that we stop this passive journalism where whatever is said in reporting unfavourably we get in the Press, and I believe that this is the fault of the people who manage the Press. It is time that we get in the Press people who can be trained to deal with the significant

sector in this economy and stop this nonsense where politicians can get up and talk to the Gallery about what is wrong when they themselves do not understand what is wrong. (ASIDES - Wait until the Press comes back.)

I am making my point because I myself am concerned about the fact that, in Barbados, a small developing country, not enough attention is paid to these important elements so that politicians themselves can get away with a lot of murder when they get up and start to talk nonsense because they feel that they are dealing with an unsuspecting and uninformed public. It is about time that we get people who will seriously deal with these matters in this country.

I believe, Sir, that some of the problems which surround this situation stem from the fact that some of the politicians themselves are now beginning to understand the importance of international matters as they affect Barbados. Once before in this country the majority of the politicians were clearly interested only in dealing with what they considered the mundane problems of their constituents so they never felt nor never had the vision to appreciate that what happened internationally must affect Barbados and it happens everyday so now the pressure is on the politician but I believe the pressure is to make a contribution in this regard.

Mr. Deputy President, I think I have said enough and I can only say that, with fervour, I have to support the Resolution. (APPLAUSE).

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, Sir, to respond to the various questions raised during the debate from this forum, Sir, for Senator McClean's benefit, Sir, there are headings in the Central Bank's Report on page 60 which show the Capital Expenditure is taken, in fact, from the Memorandum accompanying the Estimates on page 5 of the Memorandum to the Estimates which says, Sir, that "Capital Expenditure is classified as follows:-

General Public Services - including general administration, international development aid, public order and safety and general research."

He wanted to know, Sir, what categories were covered under the heading "General Public Services."

The money was spent for Energy Studies, the Spring Garden Road, Carifesta, somebody mentioned Carifesta \$6 million, Heywoods \$7 million. This is the entire period between April and September. I do not have a mathematical print-out for you but this is the entire period. It would include the Cement Plant. Some went for the Ministry of Agriculture's research. Even though they have a special heading for Agriculture, the research

element of it is paid for from the General Public Services and some Defence and Security, especially the Police, is paid from the General Public Services. The Defence and Security as shown in a separate column, apparently, is restricted to the Defence Force element of the Department.

He wanted to know, of course, Sir, why there was this high expenditure in the last few months, vis-a-vis similar months gone. The hard fact of it is, Sir, that in the last seven months, we have been spending more than we are accustomed to spend. If one takes the same table, Sir, for July last year, the entire Capital Expenditure for July was \$7 million, that went up to \$8 million in August, \$9 million in October and \$12 million by February this year. By March, we were spending \$42 million and as the General Capital Expenditure goes up and down, the General Public Service item would be reflected in the same way because some of the items you see are partly financed from the General Public Service Account.

Then, specifically, to deal with Senator Jones, since we are on this table, Sir, part of the reason that we have to get this loan is the fact that we are spending a lot more on Capital Expenditure than has ever been spent in Barbados. In the entire Financial Year last year, the 1980-81 year, the total Capital Expenditure was \$138 million. For the last seven months alone, we are spending \$126.5 million more. We are spending quite close to twice as much as we were spending last year this time. Why, Sir? Because various payments have to be made on schedule. The Post Office payments have to be made and, as I indicated, other projects have to be paid for. I do not think we have to justify that any more than has been done in the debate so far.

Senator Greaves made a point about the Loan Agreement being signed in London before the entire Parliamentary process was completed in Barbados. Now, Senator Greaves has been a Parliamentarian before any of us in here and I am sure, Sir, that except for a little publicity he could not seriously think that the Government of Barbados could get any loan, from any market, without the support of the necessary Parliamentary Resolution. In fact, Sir, the Loan Agreement specifically says that a pre-condition on the first drawing on the Loan will be that the Government of Barbados will provide the agent, which is the Orion Bank, with evidence that the necessary Parliamentary Resolution has been passed, that the Special Loans Act has been amended. Then one is entitled to make an application for the first drawing. So, Senator Greaves knew that, Mr. Deputy President, but he wanted to make a no point and we allowed him to get it.

The only good point he made, Sir, I was trying to find the answer, and he says I am not going to find it, but I

really apologise, Mr. Deputy President, for not saying so in my opening remarks, but I probably got carried away with the anticipation of political arguments from Senator Greaves and did not do this. The terms and conditions of the loan — the loan is for eight years, Sir, with a four year moratorium. The interest is the London Interbank rate plus a margin of $\frac{5}{8}$ of 1 per cent over the first four years and $\frac{3}{4}$ of 1 per cent over the last four years. They are going to be made in eight semi-annual instalments. There is a commitment fee of $\frac{3}{8}$ on the undrawn balance and the management fee of $\frac{5}{8}$ of 1 per cent flat. There is a fixed rate on the day it was signed, I was just trying to find the exact figure for you. (ASIDES) Never mind, Senator Greaves.

Who else made points to be answered, Sir? The only other point he made, Sir, was that there was some talk about the Cement Plant, which is one of the projects of their conception. I believe that somebody on This Side pointed out that the offering is one thing and the giving is another.

SENATOR E. E. GREAVES: Mr. President, on a point of elucidation. Am I correct in understanding Senator Trotman as indicating that I mentioned anything about the Cement Plant? Cement Plant never came out of my mouth.

SENATOR O'B. TROTMAN: Sorry, it was Senator Hall. I am sorry. Same thing, only different, Sir, but that was answered quite admirably over here, Sir, so I need not get into that, Sir.

I beg to move, Sir, that the Senate do now concur in this Resolution.

The question was put to the Senate and agreed to.

SPECIAL LOANS (AMENDMENT) ACT, 1981

Order No. 2 was called — To move the First Reading of a Bill to amend the Special Loans Act, Cap. 105.

Mr. DEPUTY PRESIDENT: Hon. Senators will remember that the First Reading was already taken and Standing Order No. 45(2) has been suspended to enable the business to be negotiated on with this Bill. Senator Trotman.

SENATOR O'B. TROTMAN: Mr. Deputy President, Sir, the Resolution which we have just passed would not be complete if an amendment were not made to the Special Loans Act to enable the Loan to become effective, because, at present the Special Loans Act allows the Government to raise \$100 million under the Act, as provided in Section 2, and it is necessary to increase the limit in order to provide for the Resolution

which the Honourable Senate concurred in a few minutes ago.

I beg to move, Sir, that the Bill be read a second time.

Mr. DEPUTY PRESIDENT: Before I put the motion, it would be necessary, in the absence of a Deputy President, for a Chairman of Committees to be appointed to deal with this Bill in its Committee stages.

SENATOR O'B. TROTMAN: Mr. Deputy President, Sir, I beg to propose that Senator Ward be the Acting Chairman of Committees for the rest of the day, Sir.

The question was put to the Senate and agreed to.

Mr. DEPUTY PRESIDENT: It is proposed that this Bill be read a second time. Senator McClean.

SENATOR A. W. A. McCLEAN: Mr. Deputy President, often when we hear about things like the Government debt and increases therein and provisions for Government to borrow more and so on, people often conceive of this as an opportunity to attack Government, but in indicating in terms of a Second Reading speech my general support for this Bill, I would want to point out that perhaps people must recognise that the debt of a country can grow too slowly and a Government can be as remiss in containing the growth of the Government debt as it can be in allowing it to grow too rapidly, and the situation in Barbados is that most definitely no Government of Barbados at any time now or in the past can be accused of permitting the Government debt to grow too rapidly.

The reasons why the Government debt must grow are related to the fact that Government engages in the construction of various amenities which have a very long life and it would be entirely wrong to expect the present generation, let us say, to pay out of Current Revenue for the Queen Elizabeth Hospital or the Deep Water Harbour when they were constructed. So in order to spread the cost of these facilities over subsequent generations which will use them, Government has to borrow. Of course there is the other point of the constraint in terms of how much Government would be able to do out of Current Revenue. If Government just simply went ahead as they earned revenue from taxation to engage in Capital Expenditure, the country would be little better than a desert, and so therefore I would hope that in the future, politicians would not conceive it as some grand opportunity in terms of the rate of growth of the national debt in a way intended to confuse people who do not understand these things, that they develop a higher level of responsibility in addressing that particular point.

WHEREAS the technological constraints on production are such that unnecessary increases in electricity rates can destroy the competitive advantage of Barbadian industry, and

WHEREAS the existing electricity rates in Barbados make provision for deferred taxes and another notional deferred expense associated with tax exemptions arising out of initial investment allowances, and

WHEREAS the Barbados Light and Power Company will never be required to discharge these notional deferred liabilities if inflation or plant expansion continues, even at a modest rate, and

WHEREAS, in the aforementioned circumstances, provision for such notional deferred expenses constitutes an unnecessary addition to the cost of electricity services;

BE IT RESOLVED that the Senate call upon Government to take immediate steps to ensure that the practice of including deferred taxes and the notional deferred expense associated with tax exemptions arising out of initial investment allowances be excluded from the cost of electricity services to consumers."

Mr. DEPUTY PRESIDENT: Copies of this Resolution are being now circulated to Hon. Senators and arrangements will be made for this Resolution to be included in the Orders for the next sitting of the Senate.

THE ADJOURNMENT

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, I beg to move that this Senate do now adjourn *sine die*.

The question was put to the Senate and agreed to and Mr. Deputy President adjourned the Senate accordingly.

9.03 p.m.

"A \$300 per hectare land levy, up to a limit of \$5 000 per assessment will be applied to the land tax payable by all properties located on agricultural land as defined under the Land Tax Act, 1973"

This means that all properties with a land area not less than $\frac{3}{4}$ of a hectare and having a site value greater than \$2 000 per hectare that was in cane prior to January 1, 1968 and are not now in an approved use that precludes agriculture, will be liable to the levy.

That was the provision of the 1980 Budget. The effective date for that, Sir, was the 1981 tax year. So that, in fact, the legislation is on schedule.

I beg to move, Sir, that this Bill be now read a Second Time.

Mr. DEPUTY PRESIDENT: It is proposed that this Bill be read a Second Time.....Senator Seale.

SENATOR C. D. SEALE: Sir, I am supporting this Bill, but to be honest with you, I do not like the retroactive part of it, Sir. I think it makes it retroactive back to land that was in cane in 1968, as I understand it, Sir. I will give way.

SENATOR THE HON. O'B. TROTMAN: The 1968, Sir, has to do with the date at which the land was in agriculture, not the date for taxes.

SENATOR C. D. SEALE: The taxes will not be retroactive. I do not expect the taxes will be retroactive, but maybe people bought land in 1968 in land deals of four acres and I think they should be given some period of time now, say a year to get the land into production before you start raising the taxes on them.

SENATOR THE HON. O'B. TROTMAN: In reply just to say, Sir, that in fact they did have their year because that was in the 1980 budget and the tax is only applicable from this year.

The question that the Bill be read a second time was put to the Senate and agreed to.

On the motion of SENATOR THE HON. O'B. TROTMAN the Senate resolved itself into a Committee on the Bill SENATOR M. C. C. WARD in the Chair.

Clauses 1 to 3 inclusive were called and passed.

On the motion of SENATOR THE HON. O'B. TROTMAN the Senate was resumed and the Bill reported as having passed the Committee without amendment.

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, I beg to move that this Bill be read a third time forthwith.

The question was put to the Senate and agreed to.

SENATOR THE HON. O'B. TROTMAN: I beg to move that the Bill do now pass.

The question was put to the Senate and agreed to.

THE LEGAL PROFESSION (AMENDMENT) ACT, 1981

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, the fees chargeable under the Tenancies Bill are set out in that Act, I think it is section 27, where the Cabinet is empowered to make regulations as to what fees may or may not be charged under the Tenancies Freehold Act. However, Sir, the Legal Profession Act does bestow upon the Bar Council the power to make regulations controlling the fees chargeable for services rendered by persons in the legal profession.

The amendment therefore seeks to subject the rules made by the Bar Council under the Legal Profession Act subject to those laid down by Cabinet for the Tenancies Freehold Act. In other words, as far as fees chargeable under the Legal Profession Act are concerned, they will now have to be subject to the provisions as laid down by Cabinet for the Tenancies Freehold Act.

I beg to move that this Bill be now read a second time.

The question was put to the Senate and agreed to.

On the motion of SENATOR THE HON. O'B. TROTMAN the Senate resolved itself into Committee on the Bill SENATOR M. C. C. WARD in the Chair.

Clauses 1 and 2 were called and passed.

On the motion of SENATOR THE HON. O'B. TROTMAN, the Senate was resumed and the Bill was reported.

On the separate motions of SENATOR THE HON. O'B. TROTMAN, the Bill was read a third time forthwith and passed.

PRIVATE MEMBERS' BUSINESS

SENATOR A. W. A. McCLEAN: Mr. Deputy President, I beg to give notice of the following Resolution which reads:

"WHEREAS the survival of the Barbadian economy depends upon our ability to produce tradeable goods and tourism services at internationally competitive prices, and

playing field and pavilion provided for the residents of the area. That is my information. I do not know how Senator Hall will balance his position as a Town Planner on the one side as against a sportsman on the other side.

As far as the one at St. Matthias is concerned, I am as amused as Senator Hall at the whole thing because I happen to know that at one time Government was thinking of acquiring that spot and having a Window to the Sea and doing roadworks at St. Matthias and making St. Matthias corner look impressive and then while all this talk was going on, I saw bulldozers moving in. It was quite clear that one hand of the Government was not sure what the other hand of the Government was doing and now we have a hotel where a Window to the Sea should have been established. May be if the former Senator Mr. Andrew Hatch was around he would have spotted it. (ASIDES). He was keen on the Window to the Sea business. I am not trying to be funny.

Senator Seale raised the point of having a Public Health Engineer on the staff of Town and Country Planning. There is some point in that except that when one makes an application to Town Planning and it goes to the Public Health Engineer, the authority under which he acts is controlled by the Ministry of Health and moving the Engineer to Town Planning will not really solve the problem. There is a whole maze of things which happen.

The Town Planner has one set of authority and he can only act after having been advised by the Ministry of Agriculture who can only act if they are advised by the Ministry of Communications and Works and then it goes back to the Ministry of Health so there is a whole lot of consultation which must take place and I am not sure what a quick solution to that problem is.

I beg to move, Sir, that the Bill be read a second time.

The question was put to the Senate and agreed to.

On motion of SENATOR THE HON. O'B. TROTMAN, the Senate resolved itself into Committee to study the Bill SENATOR M. WARD, in the Chair.

Clauses 1 to 6 inclusive were called and passed.

Clauses 6 to 13 inclusive were put to the Senate and agreed to.

On the motion of Senator the Honourable O'B. TROTMAN the Senate was resumed and the passing of the Bill was reported.

Mr. DEPUTY PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of Senator the Honourable O'B. TROTMAN, the Bill was read a third time and passed.

TENANTRIES FREEHOLD PURCHASE (AMENDMENT) ACT, 1981

Mr. DEPUTY PRESIDENT: Senator Trotman.

SENATOR O'B. TROTMAN: Mr. Deputy President, Sir, the Schedule to the Tenancies Freehold Purchase Act, 1980 sets out the Draft Conveyance which is being used between landlord and tenant for the purpose of that Act. The Amendment seeks to provide the landlord and other tenants with a right of way over the land which is being conveyed. The conveyance, at present, as shown in the Schedule, Sir, does not make it clear that the landlord has any right of way over the land and, without the amendment, it would be difficult to have the tenancies developed properly because then the landlord would not have any right of way over the entire tenantry nor would, in fact, other tenants who might be in possession of lands aback of the particular spot involved.

I beg to move, Sir, that this Bill be now read a Second Time.

The question was put to the Senate and agreed to.

On the motion of Senator the Hon. O'B. TROTMAN, the Senate resolved itself into a Committee on the Bill, SENATOR M. C. C. WARD in the Chair.

Clause 1 to 2 inclusive were called and passed.

On the motion of Senator the Hon. O'B. TROTMAN, the Senate was resumed and the passing of the Bill was reported.

Mr. DEPUTY PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of Senator the Hon. O'B. TROTMAN, the Bill was read a third time and passed.

LAND TAX (AMENDMENT) ACT, 1981

Order No. 4 was called — To move the Second Reading of a Bill to amend the Land Tax Act, Cap. 78A.

Mr. DEPUTY PRESIDENT: Senator Trotman.

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, Sir, the 1980 Budget page 25 provides that:

the department. The amendment seeks to clear up these backlogs for development because of people not taking up development orders.

I beg to move that this Bill be read a second time.

SENATOR C. D. SEALE: Mr. President, I support this Bill. However, the Town and Country Planning Department has received many criticisms from the public mainly because of the long delays in granting permission. As I understand it, Sir, an application actually has to travel a couple of miles before a decision is made. I gather that it goes to the Ministry of Health, then to the Ministry of Works, I am just wondering whether it may not be better if a health engineer and a works engineer were placed on the staff of the Town and Country Planning Department to save these long delays. Government now has a policy with regard to planning and I think that the inputs from health and the inputs from the Ministry of Works are merely to ensure that everything is correct, and I just wondered if that was possible.

Another thing, Sir. I have paid a visit to the Town and Country Planning Department and in all honesty these gentlemen are not working in the very best of working conditions. I do think that it is rather like a story. You say that the shoemaker never wears good shoes. Certainly the Town and Country Planning Department should have some sort of planning about it, and I wonder if Government would give consideration to rehousing this department. I gather it is quite close to the Printery, and I believe both departments need more space.

SENATOR W. W. HALL: Sir, I am sorry that the Leader of the Senate is not here nor the Chairman of the National Sports Council. I just want to ask one little question. In fact I would like to say most emphatically that some attention should be paid to the monstrosities they are putting up on some sporting fields. If one were to think in terms of the one at Montgomery in Cave Hill, it is out of proportion. It seems to be too big for the little ground, it is wrongly positioned and one wonders if the Town and Country Planning Department had anything at all to do with that. And that is not the only one. There is one in St. Matthias that is an apology in architecture, and I was just thinking that since these facilities are for the people of Barbados that perhaps some care and attention could be given not only to their size but indeed their position so that people using these facilities, knowing very well that they have to care them, would not be inconvenienced from the outset. Perhaps if the Leader of the Senate were here maybe he would be able to reply, but since I secretly told him what I was about, I am quite sure that without having to repeat myself perhaps he would be able to shed some light as to what is the situation with these monstrosities that are being put up.

I am sure he knows about the one in St. Matthias, Sir. I am quite sure that he will be able to say something and allay my fears.

SENATOR St.C.E. HOWELL: Mr. Deputy President, I rise to support the amendment to the existing legislation and I do not really anticipate any Senator who would not support this Bill and, as Senator Seale has just pointed out, perhaps some unfortunate criticisms have far too often been made to the Chief Town Planner as to the delays and so on.

I think what is far more significant in this measure which is before this Chamber is the fact that so many people have mentioned the growing land speculation and the Bill will enable Government to remain firmly in control and to eliminate this land speculation.

We in this country, Sir, are seeing a system being developed which has been perfected in other countries and I think it ought to be discouraged. Sometime ago this practice in England had led to a term known as "centre-pointism". That term was developed, Mr. Deputy President, out of a situation that brought things really to a head where a portion of land was bought, developed and I think something like a 17 storey building erected and was not actually occupied for some 17 years.

The building was erected at the cost of something like £1.7 million and after 17 years the cost was about £19 million and it was never occupied but the cost went up. That is land speculation of the worst kind and that particular project and the practice was described by the then Prime Minister of England, Mr. Edward Heath, as portraying the worst possible face. It was described as the unescapable face of capitalism and if this type of practice is allowed in this country, the same thing will happen here.

I think the Bill will enable this Government to remain firmly in control by the necessary time limit that is now inserted in this Bill because Government and Barbadians as a whole can, in fact, be held to ransom by people who buy up large portions of lands, apply for and obtain planning permission, sit back and watch the price escalate and then do absolutely nothing.

Mr. Deputy President, I think to endeavour Government to maintain firm control of planning in this country, that this Bill should be given the full support of this Honourable Chamber. I beg, Mr. Deputy President, to support the Bill. Thank you.

SENATOR THE HON. O'B. TROTMAN: To reply, hopefully, Sir, to Senator Hall first of all, my understanding, Sir, is that the "monstrosity" which Senator Hall is criticising at Montgomery Pasture is in fact a

so long that by the time the company got the money it was not worth having it back, so I would prefer to see a situation where it is brought in duty free in the first place than a situation which is hamstrung by the strictures of the Civil Service and what have you. Thank you, Sir.

SENATOR THE HON. O'BRIEN TROTMAN: Mr. Deputy President, the Act does not, as Senator Hall seems to think, give extra power to the Minister of Finance. In fact it puts the Minister of Finance more on the spot than he would have been otherwise, because an exemption can only be made under this Act if an Order is made by the Minister. The Order has to be laid in Parliament and is subject to negative resolution by both Houses of Parliament. What this means in fact, Sir, is that when the Order for the people involved in the cement factory get their duty free concessions, an Order will be laid here, Senator McClean will see it and he will see exactly what concessions are being given to them, and if he so wishes he can make a motion against the passing of the Resolution.

On the other hand, what happens at present is that the Minister could use section 30 of the Consumption Act which says the Minister may remit wholly or in part any tax payable, and that is the end of that. Nobody would know who got consumption tax remittance, nobody would know how much consumption tax is remitted to the company, there will be one big hushy-hushy secret between the Government and the company and all would be happy. Under the Customs Act a similar provision is made, section 111 of Cap. 66 could be used where it provides that the proper officer may give permission to import any goods without payment of any duty thereon, being satisfied that such goods so imported are for temporary use and purpose only. So that in fact the Comptroller of Customs can decide that the vehicles being brought in for the cement project are coming in for a temporary purpose and will be sent back out at the end of the project, and they can be brought in duty free.

Or even if that did not work, Sir, the Minister of Finance could use section 129 of the Customs Act where it provides that the Minister upon application by an importer or exporter may remit or refund in whole or in part any duty of customs payable or paid on any goods imported or exported. So that provision is made in two Acts so far and I am sure that provision is made for the remission of income tax under certain circumstances.

It only leaves in fact the area of national insurance, and in this instance we are dealing with national insurance contributions to people who are not Barbadians. It specifically says non-residents of Barbados will be considered for the concession and not residents or immigrants of Barbados. Various concessions are made in various Acts where no person in Barbados would know what concession is being given to any particular person.

The Act seeks to bring all this out in the open. The cement factory will get specific concessions which are put into a Statutory Instrument, and all and sundry will see it. All Senators are capable of objecting to the Order when it is made, and I really do not see the real fear of Senator McClean in this instance.

The question that the Bill be now read a second time, was put to the Senate and agreed to.

On motion of Senator the Hon. O'B. Trotman, the Senate resolved itself into Committee on the Bill, Senator M. C. C. Ward in the Chair.

Clauses 1 to 4 inclusive were called and passed.

On motion of Senator the Hon. O'B. Trotman, the Senate was resumed and the Bill was reported as having passed the Committee without amendment, Mr. Deputy President in the Chair.

On separate motions of Senator the Hon. O'B. Trotman, the Bill was read a third time forthwith and passed.

THE TOWN AND COUNTRY PLANNING (AMENDMENT) ACT, 1981

The fourth Order of the day was called — to move the Second Reading of a Bill to amend the Town and Country Planning Act, Cap. 240.

SENATOR THE HON. O'B. TROTMAN: Mr. Deputy President, the Bill has largely to do with administrative arrangements to ensure that the Town and Country Planning Department can carry out their duties more effectively. Section 13 of the Act is amended to explain more carefully what is meant by agricultural purposes, and a new feature in the Act, Sir, is the provision of stop notices. At present a developer who ignores the Town Planning Department is free to do so because there is nothing the Town Planner can do to stop him from developing his property even though they have asked him not to do so. The new provision of this Bill gives the Town Planner authority to stop the development while they are considering whether or not a development order should be issued.

Other arrangements in terms of the time schedules are inserted to provide that persons cannot file applications with the Town Planning Department and then do nothing about them and at some future date only cause confusion in the department for other developers. This is at present happening because a man can have a particular development approved and nobody remembers the development order has been approved, and 12 years after he comes back and says, "Oh, I have an order for this particular development" and it leads to complications in

me. That is alright, he soon will) — unless you are able to give the Honourable Senators a thorough breakdown, a comprehensive breakdown which encourages them even to take a passing interest in a Bill that comes like this at the eleventh hour, Sir, I think that you would probably find that most of them would be rather apprehensive and would tend to ignore it.

So, Sir, with that contribution, I would like to say, that, inasmuch as I understand Senator Simmons position, I must reiterate that it is rather ridiculous that something like this would have to come, when there is already a facility which provides the Minister of Finance to exempt people from paying tax.

Mr. DEPUTY PRESIDENT: Senator Linton.

SENATOR H. R. LINTON: Sir, I just want to be brief on this Resolution because you remember, during the last Session of the Senate, this question of the Minister having certain powers to do certain things used to arise fairly frequently, and always, it seemed that Honourable Senators on the Government Side would understand the need for the Minister to reserve to himself certain powers and so too would the Honourable Senators from the Opposition. But, there was always a degree of apprehension among the independent Senators as you yourself would recall, Sir, much like that expressed by Senator McClean today. It relates to the question of one Minister whom we know now and can possibly trust arrogating to himself, or having Parliament confer upon him certain powers and privileges.

This Parliament not being able to make sure in advance that any future Minister of Finance will follow in the footsteps of the present Minister of Finance, it follows from the constitutional principle that one Parliament cannot bind another. But in the same way that we could ask that the present Bill before us make a provision delimiting the circumstances in which the Minister of Finance could grant these concessions, another Minister of Finance could bring a Bill to Parliament once he has a majority, which he will of course if he is the Minister of Finance, and have those limits removed, so that effectively it does not really make sense putting in the limits. The limits will only be good enough to govern the present Minister of Finance, and if indeed we have confidence in the present Minister of Finance we do not really need those limits, because if they are to bind a future Minister, then to that extent they would be superfluous and they could not be used.

The other point that used to be debated on a matter like this, Sir, was the open question of the Minister having this power in any event, and I used to refer Senators to the Fiscal Incentives Act, Cap. 71A of the Laws of Barbados, specifically Section 10 which states that the Minister shall have an absolute discretion to grant

or refuse approval in respect of a product as an approved product or an enterprise as an approved enterprise. The Act provides that where the Minister declares a product to be an approved product or an enterprise to be an approved enterprise, then he can grant certain concessions to them, including the entire removal of income tax and all sorts of taxes. So that to my mind that power conferred by the Fiscal Incentives Act is even larger as it relates to enclave industries, companies, it is even larger than the power being conferred on the Minister of Finance.

My colleague, Senator Simmons, has just also referred me to Cap. 71B which relates to the Grantley Adams Airport (Expansion and Improvement) (Exemption from Duties) Act, and indeed, Sir, throughout the Laws of Barbados you will find that in every instance this is a fairly common occurrence where the Government wishes to exempt certain corporations and certain bodies from certain taxes, duties, what have you, and you will find regular occurrences of this throughout the Laws of Barbados and the discretion is usually absolute. To the credit of successive Governments in this island this discretion has never been misused. It would indeed be for the parliamentarians of the day to make sure that the discretion is not being misused. I do not see how a present Government can bind a future Government.

So far as I understand this particular provision, the Minister is apparently using the occasion to give himself powers wider than he needs in the present circumstances, because he needs them specifically for the cement project, but I recall a few weeks ago we passed a Bill in here that removed the right of certain Government Statutory Corporations to import certain items free of duty. I remember very well the Parks and Beaches Commission has been affected, and I believe the National Housing Corporation and the Barbados Marketing Corporation have also been affected. I believe my friend will remember that piece of legislation. As a result of that legislation, Sir, certain of those Corporations, most certainly the Parks and Beaches Commission, are experiencing difficulties with respect to the importation of machinery and equipment.

Now, Sir, I could well see that with this piece of legislation it would be an easy matter for the Minister of Housing to speak to the Minister of Finance whenever Parks and Beaches or any other Corporation so affected wants to import a piece of machinery.

To refer to Senator McClean's point regarding alternative arrangements whereby there is a set off if the things are brought in and the duty paid and then there is a set off to meet the contractual arrangements, I would like to say this. In a professional capacity, Sir, I was involved in asking to have duty repaid to a company which had imported stuff under the Fiscal Incentives Act and it took

This could be reflected as a factor in the contract. The contract can say this amount, plus whatever the duties are on such and such materials, rather than coming to introduce into this Parliament, a Bill to give effect to an arrangement, whereby they can have a certain level of payment for the services which they render net of any taxes and so on. I myself believe that we have to treat Law with a little bit more seriousness and the Law of our country, with a little bit more seriousness and do not consider that it is something which can be modified 'willy-nilly' to meet every little exigency, so to speak. We must think of other ways to get around these problems within the framework of the existing Law. And, so, for me to support this, Senator Trotman would have to assure me, in the first instance, that it was not merely intended to accommodate the cement company.

Then, we get to the question of general applicability, I think that the scope of this Bill is entirely too wide. It refers to exempting certain persons, businesses or undertakings, but it seems as though it is exempting any persons, businesses or undertaking that the Minister may so desire. There are no guidelines whatsoever, in the Bill, as to guide future Ministers of Finance as to the types of persons who should be comprehended within these certain persons and so on. I, myself, do not envisage that the need for exempting people – if you have a continuing need for exempting people from your tax provisions and so on, on a day to day basis, where the Minister must exercise a discretion, something is wrong with that tax and it should be modified, accordingly. This thing of exemption should be few and far between and on such occasions, if it is necessary, specific Resolutions can be brought before this Parliament to give effect to that type of activity, rather than doing it the other way, where we must subject the decisions to negative Resolution.

I thank you, Mr. Deputy President.

Mr. DEPUTY PRESIDENT: Senator Hall.

SENATOR W. W. HALL: Sir, I must say that I am very pleased to hear Senator Simmons in his new capacity as Chairman of the National Sports Council alluding to the fact that there is provision elsewhere for the Hon. Minister of Finance to exempt companies and persons from taxation, Sir. I do not particularly agree with this different strokes for different folks attitude, especially if there is provision elsewhere.

Sir, I myself have had occasion to write to the Rt. Hon. Prime Minister in his capacity as Rt. Hon. Minister of Finance pointing out that page 15 of the Barbados Labour Party Manifesto of 1976, partly alluded to the fact that they will do all in their power to get rid of this 45 per cent tax, Sir, I have then, and I still do now, Sir, realise that Governments from time to time will have

constraints which will not avail them of the opportunity to carry out all election pledges. I daresay, Sir, that the problems have been somewhat alleviated by the Section giving the Rt. Hon. Prime Minister powers to exempt certain persons or clubs from this burdensome tax.

There are many youngsters in this country, Sir, who, as I say, are from the proletariat, small people again, Sir, and they are not able to buy bats, balls, jockey whips, anything Sir. (ASIDE) They are too expensive, Sir. You have to go to Miami, Sir, to get them down and get them through the airport, too, Sir. That sort of thing. Sir, I believe that if the provision is there for the Rt. Hon. Minister of Finance to act quite readily with this sort of situation, I do not see the necessity, Sir, for an extra Act of Parliament to facilitate this foreign concern, Sir. I would say, that the fact that the Rt. Hon. Prime Minister, in his capacity as Minister of Finance has allowed, in fact, has disagreed with the importation of trophies, track suits and all of these things, Sir, with this high tax, it has created employment directly and indirectly, Sir, for people who now make very beautiful trophies, D & D Toys, Sir, in Golf Club Road. (ASIDES) I am not going to advertise. I am just telling them, in case they do not know. They have been able to set up business. This is employment for people who otherwise would have been gainfully employed elsewhere, Sir.

So, inasmuch as I can see the Hon. Senator's point, I am very happy to see, Sir, that he is on the ball, because to tell you the truth, Sir, when the ex Senator, Randolph Field went to Toronto or Ottawa – Toronto – I was very apprehensive as to whom the Government would put as the Chairman of the National Sports Council. When I heard that it was Senator Simmons, I must say that I breathed a sigh of relief. In fact, Sir, I know that many of the other Chairmen that they would have appointed, their first act would be to sack me. I am quite aware of that. Senator Simmons might even do it, but I think that he knows class, Sir, and I know, Sir, that Senator Simmons realises the axiom, that the best will seek the company of the best. Therefore, Sir, I would like to congratulate him even for getting on the ball very early, in a Resolution here that has come again, like the thief in the night on us. He certainly had no news on it, I am quite sure.

Sir, I believe, inasmuch as I agree with Senator Simmons and would speak at length because we have more times on this subject, Sir, I cannot see for the life of me, why it cannot be provided for, in the same way as the exemptions that we have alluded to before. As I said, I am not really in favour of this different strokes for different folks, Sir, but, I do admit that the legislation that we have had empowering the Finance Minister to use his discretion in these matters should have been enough. Unless the Hon. Leader of the House, Sir, (as I said before, in these – he does not listen to

not think that I can support this Bill, Mr. Deputy President.

SENATOR D. A. C. SIMMONS: Mr. Deputy President, I do not share the same fears on what Senator Greaves said that he is disturbed. I am not disturbed but I just want a bit more information from the Minister.

The first thing, Sir, I would like the Minister to answer is whether my interpretation that this is a Bill of general application is correct. He cited the Arawak Cement Plant as being one of the beneficiaries of this Bill. I do not expect that the Bill is limited to the Arawak Project. It cannot be.

As to the question of National Insurance Contributions and so on, I understand that so far as foreign companies may from time to time seek exemption under this Bill, the exemption from certain duties or taxes would relate to the foreign workers or managers of the particular enterprise. But I do not think that Senator Greaves should be disturbed if he looks at the Interpretation Section clearly.

It says:—

“duty” or “tax” includes import duty consumption tax, income tax, national insurance contribution or any other tax, duty or payment.”

It does not say as some Bills say “duty or tax means” so it has a wide scope. It is not limited to saying “it means something”. It includes these things and then the structure of the Bill is of such — well, if you have Ministers of Finance voted for by the particular constituents of Barbados who must assume that their Minister would act in accordance with the trust reposed on them by the constituents and the general law that applies to Ministers of all types and I do not think that there is any particular excessive power that is granted to the Minister in this case.

I think Senator Greaves was a member of a Party that was in power and I am sure that he would have come across the situation where various persons or groups would have applied to the then Minister of Finance for a waiver of duty in respect of some importation of some kind.

It is commonplace, that, for example, sporting organisations apply to the Minister of Finance for a waiver of duty in respect of importation of goods and the Minister has that power under different legislation to waive. All that is being done here is, as I understand it, if this is a Bill of general application, that you are enshrining in a special Bill that the Minister now has,

beyond doubt, the power to give an exemption from duties.

For example, suppose this was coming for a charitable organisation. I can see, for example, the Special Olympics which are held for the handicapped. Suppose you had to import matter which would normally attract import duty or consumption tax, having regard to the nature of the event, the particular organisation would apply to the Minister and say, “look, we are doing this for charity or we are doing this to help the handicapped”, or this year, for example, in the interest of the disabled, “and we would be grateful for an exemption from duty”. The Minister now has power to say, “okay, in those circumstances,” and lay down whatever conditions he imposes.

One general point, Sir, on the question of waiver of duties. I believe that sports equipment still attracts duties at 45 per cent and I hope that the Minister of Finance will have some regard to the great burden that is placed against sports people, players of games and so on, who have to pay very high prices for sports equipment and gear now, cricket bats and things of that sort. (ASIDES) Not roller-skates, Sir. That is not a game. That is a past-time at the moment.

In another capacity I am sure that I will get the support of Senator Hall to make certain representations to the Minister in respect of sports equipment but it does pose a great hardship on what Senator Hall would call the small man, Sir.

SENATOR W. McCLEAN: Mr. Deputy President, although I listened quite carefully to what Senator Simmons had to say, I still think that I must take the information given to us by Hon. Senator Trotman with some degree of seriousness and he has indicated that this Bill has been occasioned by certain negotiations with the Cement Company.

I presume, therefore, that if these negotiations did not take place, this Bill would not have been here. Although it is phrased in terms of general application, that does not commend it to me with any greater strength. In fact, that makes me rather more fearful of what can be done with this Bill albeit not necessarily by the present Minister of Finance. This is not to say that he cannot do things with it but albeit, we do not anticipate that he will do anything with it.

I myself can think of other mechanisms whereby Government can come to an arrangement with the Cement Company whereby the Cement Company can, through some mechanism be appropriately reimbursed for any sums collected in terms of duties and so on.

have to be sailing close to the wind if we want to keep modernising our economy.

It means that traditional notions about counterpart financing and so on when applied to us, constrict us beyond what is necessary or desirable, and so we must try to get more favourable terms in respect of reducing the levels of counterpart financing, even to the point of 100 per cent foreign financing or borrowing from these international institutions for select projects. Interest rate terms and other conditions which they impose on the operating conditions for the activities must be modified in such a way that it becomes realistic in terms of our requirements. Until we can get those international bodies around to that way of thinking, I would suggest that our involvement with them is essentially counter productive. I thank you, Mr. Deputy President.

The question that the Bill be read a second time was put to the Senate and agreed to.

On motion of Senator the Hon. O'B. Trotman, the Senate resolved itself into Committee on the Bill, Senator M. C. C. Ward in the Chair.

Clauses 1 and 2 were called and passed.

On motion of Senator the Hon. O'B. Trotman, the Senate was resumed and the Bill was reported as having passed the Committee without amendment, Mr. Deputy President in the Chair.

On separate motions of Senator the Hon. O'B. Trotman, the Bill was read a third time forthwith and passed.

THE DUTIES, TAXES AND OTHER PAYMENTS (EXEMPTION) ACT, 1981

The Third order of the day was called — to move the Second Reading of a Bill to make certain provisions respecting the exemption from the payment of taxes and duties and other moneys by certain persons, businesses or undertakings.

SENATOR THE HON. O'B. TROTMAN: Mr. President, to give the Senate some background of the need to have this Bill, the Government is going ahead with its plans for the cement factory at St. Lucy and as part of the contract for the construction of the cement plant the Government has agreed with the contractors to give certain tax concessions to them while they are in Barbados, concessions to bring in equipment tax free, household equipment of officers restricted to the construction of the factory will enter Barbados free of customs duty, and whereas in normal conditions all businesses and persons would be taxable, because of

the peculiar conditions laid down in the contract it has become necessary for the Government to make arrangements for the exemption from taxes and duties all equipment and vehicles and materials required for the contractors and consultants at the Arawak Cement Factory. That is the background to the Bill, Sir.

The Act makes provision for orders to be made under the Act exempting particular equipment to be exempted from taxes in the particular order. One can see possibly that in future another company might be involved, but at present the immediate problem is to comply with the requirements of the contract between the Government and the contractors and consultants involved in the construction of the Arawak Cement plant in St. Lucy.

I beg to move that the Bill be now read a second time.

SENATOR E. E. GREAVES: Mr. Deputy President, I am disturbed by the information which has just been given by Senator Trotman relative to the very generous terms, it would seem, which have been granted to this company which is constructing the cement plant. Whereas I would not want to get into any of the sections of the Bill because I know these can be dealt with in the Committee stage, the overall principle includes the granting of exemptions from income tax, national insurance contributions or any other tax, duty or payments.

Now I think that again we ought to have been given an explanation of this. Am I to understand that the Government would exempt a company which is constructing the cement plant from the payment of national insurance for workers who are working on that project? I think that this is something which overall we ought to pay some very close attention to, because Senator Trotman in his introduction indicated that this is necessary because of an agreement which the Government has had with the company which is constructing the cement plant. But this Bill goes beyond that, and in my view puts a tremendous amount of power in the hands of the Minister of Finance in terms of exemptions in these areas which have been indicated, not only for this particular instance or not only to this particular company, because it seems to me that this is a broad Bill, which when it becomes law could be applicable in future to other companies coming here.

I must confess, Mr. Deputy President, that I have very serious reservations about this particular Bill and not necessarily because of its application in this specific area as indicated by Senator Trotman, but I am concerned about the overall exemption which is contained in this Bill here and I think this is a dangerous precedent. I do

The other point I want to make is that Government in taking the opportunity to engage in borrowing and so on must seek to ensure that it tries to influence the environment in which it can borrow in a manner which would allow it to get the best terms for the country, and this environment has two aspects, the local environment, local borrowing, and the foreign environment, overseas borrowing. Recently the Government has done something which I think is highly undesirable in terms of the local environment. That is, Government has increased the local interest rates in Barbados. I know that international institutions will find this especially pleasing, because it was a source of embarrassment to places like the IMF and the World Bank to have to tell the world that Barbados has been doing well in recent years but it has ridiculously low interest rates in terms of our conception of what interest rates should be. That was an embarrassment to them, because they have a belief that any country with an interest rate regime such as you had in Barbados over the past four or five years could not succeed, so they are fairly happy now that our interest rates are going up, and it does not matter to them if we do not succeed any more, but high interest rates can only damage the Barbadian economy.

High interest rates are stagflationary, they contribute towards the increase in prices and towards the reduction in economic activity. They increase prices for two reasons. Interest is a cost to producers who have to borrow money from the bank and so on. Interest rates are also used as an indicator to businessmen as to what profit margins they could aim at, and no businessman is going to aim to make 10 or 12 per cent when interest rates are 16 and 18 per cent, so you have that dual effect on prices when you move the interest rates up, and of course they are recessionary in the sense that you put certain marginal businesses beyond the margin of profitability and they have to close down. You dampen the rate at which exports can expand and so on, and so it is in our interest to maintain low interest rate regimes.

People who advocate high interest rates believe that in doing so they in some sense contribute towards an increase in savings or in saving at the rate which people save. This is patently not true. Saving is essentially a residual activity in the short run. People have certain commitments which they intend to meet to maintain a certain life style, or they might have involved themselves in certain obligations and they meet those obligations irrespective of their income, and then you save. If the income declines or if you increase interest rates and they have to pay higher mortgages, they do not then suddenly stop driving the particular type of the car they used to drive or whatever, they just simply save less, so you find that basically that high interest rates have the opposite effect on savings from what even the Government has been articulating in terms of the rationale behind their policy.

Again, high interest rates compound the type of problem that Government seems to be wanting to grapple with, the budgetary problem, because when interest rates are high one would expect that the Treasury Bill rate would be correspondingly higher and therefore the debt charges facing Government would be higher. But also when you increase mortgage rates, Government is picking up 60 per cent of that bill by way of the tax allowance in terms of mortgages, so that high interest rates are generally bad for the country and especially bad for Government, and I would hope that Government would return fairly soon to a low interest rate regime.

In terms of the international environment, I have already mentioned that the international environment is such that we are better off sticking to private institutions rather than the international ones like the World Bank and so on, but there is a view that people believe that people lend alongside the World Bank, therefore you go and involve yourself with the World Bank and you find borrowing easy. This is a myth. If the private institutions out there had a way to lend alongside the World Bank, all of them would close their doors, they would not find enough people to borrow from them. Companies in Barbados such as the Light and Power and the Telephone Company have been surviving all the years up to now without borrowing from the World Bank, and the very people that are lending alongside the World Bank to Light and Power used to lend them by themselves before, so it is basically a myth.

In terms of borrowing from the World Bank, however, I would not suggest that you should consider it as a total write off for all time. What we need to do is try to influence the conditions under which we can get loans from the World Bank, and I am suggesting that Barbados must be involved in an international initiative to get the international community to recognise a special group of countries called small countries or mini countries or very very small countries or whatever. I introduced this idea into a discussion some time ago, back in 1971. I happened to have been on the Barbados delegation at the Second Committee of the 26th Session of the General Assembly when the debate on the poorest among the poor countries, the least developed among developing countries came up, in which they were trying to identify a group of special countries for treatment and I made a point there then that a very small country has special problems which had to be addressed in a similar manner. The reason for that is you find in a small country like Barbados, any project which we undertake, like building a road or whatever, is going to impose a correspondingly higher per capita expenditure on us than it would on a larger country like India. All of our Capital projects have to operate under conditions where the average cost of that project is going to be high in respect of per capita terms of the country, so it means that we will always