THE

SENATE DEBATES

(OFFICIAL REPORT)

SECOND SESSION 1981 – 86

THE SENATE

Wednesday, December 21, 1983.

The Senate met in the Senate Chamber, Public Buildings on Wednesday, December 21, 1983, at 11.10 a.m. today.

PRESENT

His Honour Senator the Honourable Sir Arnott Cato, K.C.M.G., (President);

His Honour Senator J. C. W. Wickham, M.B.E., (Deputy President);

Senator the Hon. N. A. Barrow, (Minister of Information and Culture) (Leader of the Senate);

Senator the Hon. O'Brien Trotman, (Minister of Health);

Senator the Hon. C. A. Griffith, (Minister of State, Prime Minister's Office);

Senator St.C. E. Howell (Parliamentary Secretary to the Minister of Finance and Planning);

Senator J. E. D. Williams, (Parliamentary Secretary of the Prime Minister);

Senator H. R. Linton;

Senator Mrs. E. M. Lynch, G.C.M.;

Senator D. A. C. Simmons;

Senator Miss J. Clarke;

Senator Mrs. M. O. Reece;

Senator E. E. Greaves;

Senator A. W. A. McClean;

Senator Mrs. G. G. Reader, M.B.E.;

Senator C. D. Seale;

Senator the Rev. Canon I. McK. Jones;

Senator L. A. Ward, G.C.M.;

Senator C. E. Jemmott, B.S.S., J.P.; and

Senator O. S. Arthur.

Prayers were led by Dr. the Rev. Lionel Crawford.

ABSENT

Senator W. W. Hall.

MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THE SENATE AND MOVED BY A MINISTER

SENATOR THE HON. N. A. BARROW: Mr. President, I think it is appropriate to remind honourable Senators that I indicated last week that there were some matters which, if they were completed in the Other Place in time, we would seek to do today. The Clerk kindly wrote to honourable Senators to draw their attention to these matters and to send copies of what had not been previously circulated.

Accordingly, I beg to move that Standing Order 45(2) be suspended for today's sitting.

The question was put and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. N. A. BARROW: Mr. President I beg to give notice of the following:

A Resolution to approve the compulsory acquisition of land at Trents, St. James, to provide a right of way to the pumping station.

A Resolution to approve the compulsory acquisition of land at Retreat Road, St. Peter, for relocation of houses affected by the construction of the Speightstown By-pass Road.

A Bill to amend the Companies Act, 1982-54.

A Resolution to approve the borrowing of U.S. $3 million, in various currencies from the International Bank for Reconstruction and Development (IBRD) for the Education Project.

A Resolution to approve the borrowing of 38 632 500 Bolivars (US$9 million) from the Venezuelan

Investment Fund (FIV) for the purpose of assisting in the financing of the Petroleum Exploration and Development Operations of the Barbados National Oil Company Limited.

Mr. PRESIDENT: Let it be recorded in the Minutes that a Bill to amend the Companies Act has been read a first time.

PUBLIC BUSINESS

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, the only item on the Order Paper, other than what I have just read out, is the Resolution concerning the price support for sugar, which I intend to deal with. I also intend to deal with the Bill to amend the Companies Act. The Resolution on borrowing from the Venezuelan Investment Fund is an energy matter for Senator Griffith. We will distribute the other Resolutions as they get here, because we are awaiting the files on those.
11.20 a.m.

What I would wish at this stage is to have the Resolution on borrowing from the Venezuelan Investment Fund taken as the first order of the day. We can then take the others and follow with the Price Support Resolution, once we get the other files in time.

BORROWING OF US $9 MILLION FROM VENEZUELAN INVESTMENT FUND

Order No. 1 was called To move the passing of a Resolution to approve the borrowing of 38 632 500 Bolivars (US $9 million) from the Venezuelan Investment Fund (FIV) for the purpose of assisting in the financing of the petroleum exploration and development operations of the Barbados National Oil Company Limited

SENATOR THE HON. C. A. GRIFFITH: As the Addendum states, this Resolution seeks the approval of Parliament to use funds provided under the Venezuelan Mexican Oil Facility.

I would just like to give a little background on the Venezuelan Mexican Oil Facility. The Facility was established in 1980, when the Governments of Mexico and Venezuela decided, in a co-operative programme, to provide some type of concessionary financing for the Caribbean and Central American countries to help them, in a way, withstand the impact of high oil prices which were having dampening effects on the economies of the oil-importing countries in the region Under this agreement, which was signed in San Jose, Costa Rica some years ago. these two countries, both oil exporters, had decided that countries that import oil should benefit by way of paying for only 70 per cent of the imports. The other 30 per cent of the value of the imports would be lodged in the Central Bank of the importing countries.

Mr. PRESIDENT: The Marshal thinks there is a small problem with the fuse and hopes to get it fixed very shortly. I do not know if Senator Griffith and other honourable Senators would like to continue under the circumstances.

SENATOR THE HON. C A. GRIFFITH: As I was saying before that shortage of energy caused the disruption, 30 per cent of the import bill is lodged in the Central Bank of the importing country. After five years and the money is not used for some development project, particularly related to energy, then the importing country is required to pay back the 30 per cent at four per cent interest.

But there is also another condition. The condition is that the beneficiary country ought to make application to the donor countries for permission to convert the 30 per cent, whatever volume it is, lodged in the Central Bank, into a loan to use in a long-term project. If the project is approved by the donor countries, what happens then is that the 30 per cent is converted into a 20-year loan at two per cent interest.

The Barbados Government was able to identify in its oil fields operations the need to use the accumulation of the funds because of the imports. As a result, we were able to get the Venezuelan Investment Fund to allow us to convert the $9.2 million which accumulated into this long-term loan for use in the oil fields.

I should point out here that we have never been able to take advantage of the Mexican end of the Facility. While the project was conceived by the two countries, where each country was prepared to provide 50 per cent of the import needs of the country for the purposes under the agreement, because of the inability of the Mobil Refinery to use the Mexican crude, which is a different type of crude, because it was uneconomical for the refinery to bring crude all the way in from the Gulf of Mexico to Barbados and because of other technical reasons, we were never able to take advantage of the Mexican side of the facility.

We must remember that the Mobil Refinery at Graves End had a traditional relationship. Mobil Oil used to operate from the Venezuelan Investment Fund, and that is how the undertaking was made.

However, in 1981, we had difficulty in trying to convince the Mexicans that we could not use their crude at Mobil. I was able to negotiate with Mexico and Venezuela at a meeting in the Dominican Republic to allow

us to import Venezuelan crude only, although the Mexicans insisted that we try to take advantage of their crude.

The facility worked out well for us, up to the point where we guaranteed them our imports from Venezuela on an annual basis. But we were only the beneficiaries of 50 per cent of those imports for purposes of the loan. That has to be made very very clear.

Secondly, the loan accumulation has been U.S.$9.2 million. We have been able to take advantage of this, as I said before, because there is no place I can think of as a country like Barbados, which is considered in international financial institutions as a country that has graduated. This is a matter that we have been fighting for sometime in the international financial circles. Therefore, it behoves us to take advantage of this kind of opportunity, where we can get funds at the rate of 2 per cent over 20 years.
11.30 a.m.

The loan repayment starts on June 30, 1988 and ends in the year 2000. I hope all of us will be around when we pay off the funds from this loan. But more than that the loan, as we see it, in company with another line of credit arrangement with the Canadian International Development Agency, will go a long way towards continuing the Government's efforts to obtain self-sufficiency in the petroleum sector.

There has been a considerable amount of noise made in the past about the fact that oil prices will drop, and that, therefore, we probably will be spared the problems of the past from 1973. I do not share that optimistic view, because looming before us every day is the possibility of Middle East cost, and this has to be taken into consideration when we start talking about improvement of security for our energy needs.

There has been a war going on between Iraq and Iran for over three years now, and there is no sign of abatement – the Middle East is still a very unstable place. We must remember that, in spite of the efforts at production in the North Sea and the United States of America, the Government of Mexico and what have you, the Middle East is still considered a very important source of oil. Indeed, it is considered so important that the United States Government has indicated on several occasions, in no uncertain terms, that they would be prepared to take military action to ensure that the flow of oil through the Persian Gulf is not impeded because of what is going on.

So we cannot be so optimistic as to believe that we should relax because there has been a softening in the world oil situation, a softening in terms of demand because of the glut. I think we have to be ever careful, and, therefore, the Government of Barbados cannot stop in its efforts to ensure that we reach a level of self-sufficiency.

I can report with a certain confidence that there has been considerable success in our efforts to reach this goal. You will see that if we compare 1981, when we had the highest import bill ever, of $92.5 million, with this year, where our imports are going to be something like 31 per cent less than in 1981, and the cost of our importation is going to be something like 40 per cent less than in 1981. In 1981, when the importation bill was $92.5 million, we imported some 1.3 million barrels of crude. In 1983, the projections are and these are fairly assured now – that our imports will be only 894 000 barrels at a cost of $56 million.

This is the second year in a row that we have a decline in the oil bill. We must not only look at the import bill in terms of what is saved in the country as far as the crude is concerned. We must also look at it in terms of what the investment represents. If we do an analysis which shows that we are making investments which will far outstrip what we are saving, then it makes no sense. But we are satisfied that the investments we are making have not gone anywhere near what we are saving on the importation bill. So this is the kind of benefit that the country is getting from the Government's energy plan, and we feel pretty sure that the Venezuelans recognise that the US $9.2 million will be used to good advantage in Barbados.

It is not the only thing that we are doing in the petroleum sector to solve our problem. Indeed, we have made announcements recently about another project in the Scotland District, where Petro-Canada Company is going to be doing exploration in the Scotland District from some time in May 1984; a shallow drilling programme, which will cost some Can. $54 million – at no expense to the Government of Barbados. The idea is to see if we have any potential for further development of our resources in that area.

In addition to that, only recently, on November 28, Senator Barrow, who was in England on Government business, took the opportunity to sign an agreement between the Ministry of Planning and Cluff Oil for off-shore exploration. The licensees, the Barbados National Oil Company and Cluff Oil Company will be doing some seismic work to determine exactly where on the north-west coast we have potential.

I think we are talking about just in the direction of north-west from Cluff's Plantation in St. Lucy – Cluff's Plantation and Cluff Oil being purely coincidental. Some 25 miles off, in 6 000 feet of water, they are talking about doing seismic work, before a well is determined, on what are the values of the carbon structures that are there. The seismic work done by Mobil Exploration Barbados Limited between 1972 and 1982 shows clearly

that there are some hydro-carbon-bearing structures off the coast of Barbados, and they seem to be substantial. But the only way we can make a determination as to whether they are crude oil or natural gas is to drill a well, and since the Government of Barbados can ill-afford the cost of the exploration, in terms of the seismic and of drilling the well, we have been able to enter into this contractual agreement with this well-established British company.

That work, Sir, I would just like to inform the body, has come about largely as a result of visits that were made by me to Britain in 1982 and 1983 as a guest of the British Government. I was able to get in touch with a company called Maris Oil Studies, which has pushed the project, and indeed has pushed it so far that a consortium of British engineering companies has already put together a package for research and design on the type of production equipment that will be necessary to produce oil from 6 000 feet.

We must not forget that most of the engineering that is done in the North Sea fields is done by British firms. They have the technical capabilities to produce in that hostile environment, even though it is only about 6,000 feet. But we are talking about 6,000 feet in a more friendly environment, I would say.

The whole task is to try to determine how best we can produce from that water depth. It is not something that has a minor cost. We are talking about an investment which will approximate some £100 million. The Government, therefore, had to decide that it was going to give concessions, in the form of a production-sharing contract, so that it would be attractive to any operator who was interested, and who has the wherewithal to do the kind of job that we are talking about.

I just want to take the opportunity to go into a few details, especially since we do not have extensive debates in either House, neither the Other Place or in here, on the whole question of energy. I get concerned myself, because I am of the impression that leading people in the society have not seen it as an important issue, as important as the people in the street see it. I am satisfied that the man in the street is sensitized to the problem of ensuring a secure supply of energy, but we do not get enough debate, as I see it, on these matters in either the Lower House or in the Senate.
11.40 a.m.

I therefore have to take the opportunity to talk about what really are the benefits that can accrue to us from having a sensible energy policy, one which will help us to withstand the pressures that come from any kind of activity over which we have no control, like the Middle East situation of which I spoke. This Resolution gives me an opportunity to talk about these kinds of things.

For instance, we might not see the operation of BNOC, which is the National Oil Company, charged with the exploration programme at Woodbourne, and we must not see the activities which they are carrying on, and from which the country is benefitting, only in terms of cutting back on the import bill. There are other benefits. There is a contribution to the Government's Treasury. For instance, the royalty costs of producing from those fields accrue to about $250 000 a month, 75 per cent of which goes to the Government. The other 25 per cent, of course, goes to the land owners on whose property the exploration is done. I think this is another benefit that we have from the activity.

Of course, at the beginning of this year when BNOC was first set up as a holding company of the National Petroleum Corporation, we ourselves could not have visualized the extent of the activity of the companies. We did not know, for instance, that at the beginning of the year we would have been able to finalize an agreement with Cluff Oil for exploration off Barbados. We knew that it was in the works, we were negotiating very hard, but we could not say that at the end of the year we would have an agreement.

Again, we could not have known at the beginning of the year that Petro-Canada was prepared to come with its project, which also comes under the aegis of the Barbados National Oil Company.

As a result of all that, as Minister responsible for Energy I have been giving a very hard look at the structure of the Barbados National Oil Company and the NPC. I have just directed that a whole examination and analysis be done of both companies, including a look at the financial structure of BNOC. That was established with a capital of $1 500 and, therefore, clearly cannot function as that kind of company where it is in control of some $42 million in capital works. The $42 million represents the depreciation from $24 million, when we first bought the field in June, 1982.

It makes no sense. We have to look at the whole financial structure of BNOC. We have to look at the management structure of both BNOC and NPC. Hopefully by the beginning of the new Financial Year, we would be able to come to Parliament and state what we have done as far as the two companies are concerned, in the interest of energy security of Barbados.

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

Mr. PRESIDENT: It is proposed that the Senate concur in this Resolution. Senator Wickham.

SENATOR J. C. W. WICKHAM: Mr. President, the mover of the Resolution, Senator Griffith, has drawn attention to the insufficient attention being given in both Houses of Parliament to the question of energy. But energy, is not the only subject to which insufficient attention is paid.

The Minister, in his introduction, made reference to the events in the Persian Gulf. There was a time when people in Barbados, including the Government of Barbados, could feel that events which took place far away from them were of no importance to them. They could also feel that events which took place near to them were of no importance to people far away.

We have had a very dramatic illustration of the fact that neither of those two propositions is accurate. The Grenada crisis placed us in the forefront of international news. We found that what we did here affected our name as well as events far away. And now Senator Griffith has reminded us that events far away affect us.

I draw this reference to underline the urgent importance of initiating national debate on foreign policy. On more than one occasion, I have said that I thought that insufficient attention was paid to our foreign policy in the way of formal debate, which has the effect of instructing and informing the public, in generating public debate, which is important for the formulation of informed critical opinion in the country.

I say no more at this stage, except to express the hope that when the action is taken, which I propose to take in this House, to initiate debate on foreign policy, I will secure the support of all members in the Senate.

Thank you, Sir.

Applause.

Mr. PRESIDENT: Senator Arthur.

SENATOR O. S. ARTHUR: Thank you, Mr. President.

Mr. President, Senator Griffith seemed to be rather anxious to engage us in a debate on energy at this time. I rather suspect that he recognizes that it would be an unequal struggle on our part, precisely because he seems to be a little bit more briefed than we are on the matters involved. As a result, I would refrain from taking up his invitation at this time, but would merely direct his attention to two issues which I would ask him to address in due course.

In a previous sitting, I raised the consideration that the Government might have to be quite circumspect in relation to incurring new additional foreign debt. I particularly made the point that we have, always, to be very sure that, down the road, the debt that we incur is related to some foreign exchange generating capacity, whether by way of earnings or by way of savings.

In this respect, I would want to raise two issues. The first is: What exactly is the scope of activity to be financed by the loan? Because even though Senator Griffith gave us a large discourse on the thrust of energy policy, he did not inform us sufficiently as to exactly what he was financing, what will be its impact from a foreign exchange generation or foreign exchange saving point of view.

The second issue that I would want to raise is to do with the arrangements for the repayment of the loan. In this respect, I would just simply wish to ask whether the repayment would be through the Consolidated Fund or whether the Barbados National Oil Company Limited will be making deposits in a sinking fund for the repayment of the loan eventually?

Thank you, Sir.

Mr. PRESIDENT: Senator McClean.

SENATOR A. W. A. McCLEAN: Thank you, Mr. President.

There is just one detail which I would like clarification on. It relates to the particular mechanism which is used for transferring the fund from the Government of Barbados to the Barbados National Oil Company Limited.

Mention was made of the limited capitalization of this company at the moment. I am wondering whether this is a loan by the Barbados Government which, would result in financing of the oil company; whether Government, in turn, would be lending this money to the oil company, or putting it in as equity, so to speak, in some form or the other?

In relation to the wider issue of debating energy matters, the absence of debate does not necessarily reflect an absence of concern. We usually debate on contentious issues, or we raise matters where we feel that there is some neglect. But if you are not concerned in either of these respects, you do not just enter into a long speech for the sake of being heard. On my part, that is why I have not intervened in matters of energy as much as I have intervened in other matters.

But in relation to just one other point, in regard to assessing the benefits of the National Oil Company, Senator Griffith indicated that, apart from saving foreign exchange, it also generates some type of revenue for Government.

11.50 a.m.

I hope that he is aware that you have to set aside the revenue earned from the oil corporation against the energy lost by virtue of the reduction in oil imports. Otherwise, you might be engaged in some double counting and overvaluing the benefits to the country as a whole.

I thank you, Mr. President.

Mr. PRESIDENT: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: Thank you, Mr. President.

I, for one moment, started to be presumptious enough to believe that Senator McClean was giving the Ministry of Energy a clean bill of health. That is always welcomed, especially at this time of the year. But the points raised are very valid points.

One question that was raised by Senator Arthur concerned the scope of activities being financed by the loan. Of course, I should explain, and I ought to have explained that in my introduction.

This is like most loans coming from developed countries, or most inputs on a technical assistance basis. I like to talk about the imperialism of these things, and of course with the Venezuelan Government, one of the conditions, like the United States Government or the Canadian Government, is that the money is used to finance the purchase of goods and services from the donor country.

Currently, we are spending, I think, about $500 000 to drill a well at Woodbourne. This is a significant reduction from the US$750 000 that Mobil used to spend and we are drilling wells in ten days. This is part of a capitalisation programme. Under the terms of the loan, we are expected to pay for the Venezuelan goods and services through the Central Bank of Barbados, which has the money on deposit.

However, we currently have a Trinidadian drilling company, Wells Services Limited, which carries on the drilling programme in Barbados under contract to the Barbados National Oil Company. What it would have meant, if the Venezuelan Government had been insisting to the letter, is that on January 23, 1984, the Trinidadian drilling company would have to pick up and leave Barbados and go back to Trinidad, a Venezuelan drilling company would then come into Barbados and drill the wells, and the Central Bank would be, through the FIV, paying the Venezuelan company.

But because of the difficulties that we are experiencing in the CARICOM area, the Government of Barbados could not easily sit down and encourage the disenfranchisement of the Trinidadian drilling company. Consequently, I had discussions with the Minister of Energy of Trinidad, Mr. Partick Manning, and we came to an agreement, and then we both had discussions in Caracas, Venezuela, around the end of November. We were able to come to an agreement which would not cause the Trinidadian drilling company to move from Barbados, but remain in Barbados and still have the contract with a Venezuelan drilling firm. So we were able to satisfy the situation in the Caribbean.

There is a body of opinion which says that we should do our utmost to react to what is happening in Trinidad in terms of the control of importation. But we do not think that we should be doing this and, therefore, we were able to come to an agreement which would satisfy the Trinidadian situation, and indeed save jobs in Trinidad, because the Trinidadian drilling company has contractual arrangements in Trinidad. If they had lost their contract in Barbados, it would have meant the lost of jobs in Trinidad. We did not want to countenance this type of action. We were able to enter into a tripartite agreement which will see the use of a Trinidadian drilling rig. So all parties are satisfied.

The long and short of it is that the money will be used to finance the drilling activity at Woodbourne for some two years. In addition to that, some of the monies will be used to purchase a new pipe-line from Woodbourne to the Belle. Some of the money will also be used to buy new natural gas lines, because we intend to expand domestic natural gas activity. At present, there is a limited amount of activity in the domestic sector. We find that we are going into flaring natural gas at Woodbourne, and we cannot continue this. The only way to deal with it is to expand the introduction of natural gas to more domestic consumers in 1984.

There is a programme which has been worked out between the Ministry and the National Petroleum Corporation to bring natural gas to the City of Bridgetown, Friendship Terrace, Lodge Terrace, Eden Lodge and Claremont. We hope that we will be able to go to St. Andrew and instal natural gas in St. Andrew, and some parts of St. Philip. There is an extensive programme that has been worked out, and some of the money will be going towards the purchase of natural gas pipe lines from Venezuela.

As far as the sinking fund is concerned, I do not believe that any sinking fund has been set up. What has happened, and this relates to when I talked about the lack of capitalisation, is that when we borrowed the money to purchase the Woodbourne field, it was determined that oil revenues resulting from the production would have been used to pay off the loans.

Hence, the BNOC was just saddled with this loan. Even though it was not carried on their books, it is carried on the books of the National Petroleum Company, which is the parent company. The BNOC is expected to pay off the loan from its oil revenues, and it has been servicing the loan from its oil revenues.

I believe that the fact that we have $9.2 million of borrowed money to use in the capital programme will ease the pressure on BNOC to use its oil revenues to pay off these debts. It would therefore be in a very good position, by 1988, to start paying off these debts, by which time I can assure you, Sir, that the company would have been re-organized on a more sound financial footing and would have no difficulty in servicing the debt.

As a matter of fact, in reaction to Senator McClean's point about the revenue gained, when I made the point about $150 000 a month in royalties being paid to the Government, that is actual cash that is paid to the Government. It is just like paying for the use of resources of the people of Barbados. The money is paid into the Government, because the Government administers the paying of the checks to the people on whose land the drilling goes on.

I do not think you have to worry that the revenue gained from the operation is going to be affected by taking the money and putting it into the Government Treasury. What I think is cause for concern, as you said, is this whole question of the falling off of revenue as the result of the drop in oil prices.

The Chairman of BNOC did make the point that there would be a substantial drop in revenue as the result of the drop in oil prices in March of this year, and that is understandable. Indeed, some people took the opportunity to confuse revenue with profit. I did read one gossip column in the *Nation,* "Men and Matters", which did not seem to appreciate the difference between revenue and profit. But there is a big difference. Although they may have a relation, by definition they are different.

While we agree that there is a difference between revenue and profit, we were concerned, and indeed I did give instructions to the people at BNOC to come up with contingency plans as to how best they will operate if, say, there was another drop in the price of oil to $20 a barrel. 12.00 noon

Certainly if oil dropped to $20 a barrel, you would have to look at how best you can cut your cost of operation. The first thing you would have to look at is your whole capital programme, which is, in an oil field operation, a drilling programme. You would have to cut your capital programme, which, in effect, would mean a cut in the use of materials and supplies; so you would deal with the drop in the price that way.

Even though the drop in oil prices this year was significant, because about $4.5 million was projected in the loss of revenues, it was not enough to cause us to consider seriously cutting back on our drilling programme. But we did have contingency plans for cutting back on the operation, in terms of the capital operation, if the price had dropped any further. So far, we are satisfied that we will not be seriously affected by it. I hope that that answers the question that Senator McClean raised on the whole question of revenue.

The question that the Senate concur in the Resolution was put and agreed to.

BORROWING OF U.S. $3 MILLION FOR EDUCATION PROJECT

Order No. 2 was called – To move the passing of a Resolution to approve the borrowing of U.S. $3 million, in various currencies from the International Bank for Reconstruction and Development (IBRD) for the education project.

SENATOR THE HON. O'B. TROTMAN: Mr. President, in 1978 the Government entered into an agreement with the World Bank to have a loan for the purpose of building and upgrading certain educational facilities in Barbados.

For the sake of refreshing one's memory, let me say that at that time the projects to be done were a new school at Eden Lodge, a new school at Grace Hill, a new school at St. George, the Pine/Wildey school, now operational, Edghill Memorial School, St. Ann's Primary, Sharon, Mount Tabor and St. Saviour's. It was also hoped that during the period of the agreement, which should have ended on December 31, last year, we also would have expanded Coleridge and Parry, Parkinson, the Alleyne, West St. Joseph and Alexandra schools.

The agreement also provided for the acquisition of furniture and equipment for Trents Secondary School, upgrading the facilities at Erdiston Teachers' Training College, including furniture and equipment, upgrading the facilities at BIMAP, including furniture and equipment and technical assistance for training, and the Project Administration staff itself, which should have come to something like $630 000 of the money.

For various reasons, the programme has lasted longer than projected, and, in fact, is costing more than projected, because of inflation, cost overruns and the like. The Government has therefore renegotiated the agreement with the bank, and the bank has now agreed to reschedule the agreement and to extend it by lending us another $3 million to complete the programmes.

The new agreement also increases the amount of the input made by the bank. Originally, Government intended to meet the bank half-way, 50 per cent and 50

per cent. The new agreement says the World Bank will be financing 60 per cent of the project instead of 50 per cent.

I beg to move that the Resolution do now pass.

SENATOR A. W. A. McCLEAN: In rising to support this Resolution, I would like to allude to some statements made in this Chamber in the past, where certain members felt that Government was probably spending too much on education at this time and should revise their priorities.

I hope that I have not detected any acceptance of this on the part of the Government to so redirect spending, because I think that, at the moment, there is insufficient spending on education in certain critical areas.

We hear, ever so often, of complaints at various schools of inadequate provision of furniture, nothing for the children to sit on, children having to stand up to study. That situation should never be allowed to develop in Barbados, and whatever it takes to ensure that the schools are adequately provided with furniture, whatever is necessary, should be done.

I think too, that it is a mistaken view that spending on education is spending on education, full stop. Spending on education is spending on investment in every area of the economic and social endeavour in this country, because it is the accumulated skills of the people that are used later on to push forward agriculture, develop industry and what have you.

Spending on education is essentially developmental spending. Although we have it in the recurrent budget, all of this money going to pay teachers and so on, most of what teachers do is to develop what most economists call human capital, the physical and intellectual resources of our people, so that they can put these resources to work later on in given areas. If ever we should de-emphasize education in relation to other areas, you will find that it will return to haunt us. In a way, when we spend less on education, we are spending less on agriculture in the 10 or 15 years from now, because the people who would man our agriculture would be coming out of schools not being prepared.

If we are forward-looking in terms of development of any area of activity, we must understand that in the critical aspect of development, there is the development of human resources. So spending in the area of education is spending generally.

We should try to be as efficient as possible, not to be wasteful; but we should not expect, let us say, one teacher to cope with more children than it is appropriate from a proper educational standpoint. We should not expect not to maintain our schools. We should not expect to have children standing to have classes. We should not expect to underpay teachers. Whatever it costs us, it costs us.

We have our clear goals in education and we should stick by them; and we should stick by the monetary costs, whatever it comes out to. We should not be in the business of penny-pinching in the area of education.

I thank you.

SENATOR THE HON. O'B. TROTMAN: Mr. President, in a general way we can support what Senator McClean is saying, except that the Government could not be so easy-going with the taxpayers' money in any particular environment as to say, "Whatever it costs, it costs." We cannot operate on that basis. The Government certainly has not tried to de-emphasize education, because our budget really is spent on education and health.

We have wide understandings on these matters, but we have to understand that if one has $500 million to spend, one cannot go into a programme which one cannot afford. And whereas education has priorities, which they want to impress the Government with, Health has priorities, Culture has priorities – and culture is an extension of education, if you want to put it that way.....

Asides.

SENATOR THE HON. O'B. TROTMAN: I am not going to argue about whether education comes first or health comes first. They all have their claims on the public purse, and we do have to watch the costs in terms of the development of education *vis-a-vis* the other services.

The question that the Senate concur in the Resolution was put and agreed to.

COMPULSORY ACQUISITION OF LAND AT RETREAT ROAD, ST. PETER

Order No. 3 was called – To move the passing of a Resolution to approve the compulsory acquisition of land at Retreat Road, St. Peter for relocation of houses affected by the construction of the Speightstown By-pass road.

12.10 p.m.

SENATOR J. E. D. WILLIAMS: Mr. President, Government is seeking the approval of the Senate in the acquisition of land at Retreat, St. Peter. This parcel of land is approximately 1050 square metres, it is located near Six Mens, and it is owned by a Mr. Robert Goring. The land will be used to facilitate the relocation of

houses which are affected by the road improvement that is being carried out along the existing road between Heywoods and Six Mens Bay. It is hoped that the area from which the houses will be moved will be used on the widening of the north eastern section of the road, or at least a part on the land side.

Mr. President, six houses are involved in the resiting exercise. The land is not very far from where the houses are presently located, and there will be very minor dislocations as a result. The householders will be resited rather close to where they are living at the moment. The area of land is ideal for relocation and it will only be necessary to shift the houses back from the path of the road.

It is also proposed that some parcels of land for the road widening exercise will be acquired, and the Ministry of Transport and Works is presently undertaking a survey to establish the precise areas required. This work will be completed shortly, and Parliament's approval will be sought for further acquisitions.

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

Mr. PRESIDENT: Senator Greaves.

SENATOR E. E. GREAVES: Sir, I have listened to the presentation by Senator Williams and I am a little confused, and I would hope that he would be able to enlighten me a little more on this proposed acquisition. As I understand it, the area lies somewhere between Six Mens and Heywoods in Retreat, and he says that it is for road-widening purposes which will be undertaken, and yet he finally went on to say that it was as a result of the construction of the new highway.

The new highway which has been in construction does not go as far as Six Mens. I know that there is need for road improvement and some resiting in the Six Mens area, so what I really want to find out is if the Government proposes to widen the road between Six Mens and Retreat leading on to Heywoods, taking in that particularly dangerous corner by Six Mens.

I wonder if this is what we are talking about, or whether this had to do with the extension of the road widening, from where the new road is finished going past Hinds and Mascoll on the seaward side? As I say, I am a little confused.

At first, I had the impression that this had to do with the road widening exercise which the Government was proposing to undertake coming from the other side, but, on reflection, it is probably the one coming from Heywoods going to Retreat corner.

The point I am making is that there is need for road widening in that particular area. I was really glad when he was talking about Six Mens because I thought for one moment that the Government was now doing something about that very dangerous corner at Six Mens. But as he concluded his presentation, I got the impression that this is not to be. Nevertheless, I would want to say that there is need for a considerable amount of road improvement in that particular area.

I would hope that it would not just stop there.

Senator Trotman has run out of the Senate; he wants to represent the people of St. Peter and when the Resolution comes up, he ducks out of it; but maybe it is because Senator Arthur is in here; we know the kind of confusion that is going on between the two of them. I would like to think that, apart from the promises which are being made almost on a weekly basis, some consideration could be given to resiting those people on the western side of Six Mens, whose properties are being seriously affected by the sea. I think the people really deserve some consideration.

I know the Government has been making all sorts of promises, but they are not coming forward with any positive proposals for resiting that area. This is one area which ought to be looked at very carefully. I would have thought that the Government would have taken the opportunity, now that they are in the process of completing the Speightstown By-pass going right up to Heywoods, to really clean up that particular area and do one complete job, where the resiting can be done and where that particular corner, which has been a problem for many years, would be widened, so that the entire area could get the kind of uplift which it deserves.

Thank you.

SENATOR J. E. D. WILLIAMS: Mr. President, Senator Greaves was seeking to find out exactly where the land is being acquired and for what purpose. He is absolutely correct when he says it is for further proposed road improvement, and indeed it is between the Six Mens area and Heywoods. As he indicated, the road-widening exercise would actually take place on the land side, and it is road widening that will take place in future.

The question that the Senate concur in the Resolution was put to the Senate and agreed to.
12.20 p.m.

COMPULSORY ACQUISITION OF LAND AT TRENTS, ST. JAMES

Order No. 4 was called – To move the passing of a Resolution to approve the compulsory acquisition of land

at Trents, St. James to provide a right of way to the Pumping Station.

Mr. PRESIDENT: Senator Howell.

SENATOR St.C. E. HOWELL: Mr. President, the Resolution which is before the Senate is for Government to acquire a parcel of land situate in the parish of St. James, the property of Mr. Gordon Price. The property contains by admeasurement 60.9 square meters or thereabouts.

The purpose of acquiring the land is to provide for a right of way for the pumping station at Trents. The construction of the pumping station forms part of the comprehensive plan of the Waterworks Department for the development of water resources throughout the island. Work on the construction of the pumping station has already been completed.

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

The question was put to the Senate and agreed to.

COMPANIES (AMENDMENT) ACT, 1983

Order No. 5 was called – To move the Second Reading of a Bill to amend the Companies Act, 1982–54.

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, let me start by dealing with the point which has attracted attention in the Other Place, that is the fact that the Bill should have been here before the time provided under the Provisional Collection of Taxes Act. There is no attempt to get away from that fact, but I would wish, in apologizing for bringing this Bill down this late, as we are doing, to submit the following as an extenuating circumstance, not that it fully explains or exonerates us.

It is a fact that while the Bill reflecting the budgetary measure was ready and could have come to Parliament before, two situations intervened. The first was the length of the parliamentary recess and the second was that in its form the Bill had a questionable clause which had been challenged, and the fact that the challenge had resulted in some dispute between the Registrar and attorneys-at-law as to the correct interpretation. The discussion and the ultimate cleaning up of that clause took some time, and the decision was taken to incorporate the change in that clause in this Bill.

While, therefore, we apologize for bringing it late, the fact is that, had it not been for those circumstances, it would have got here in time, even though, like all other such measures, it was subject to the kind of queries and applications for exemption which always attend measures of this sort when they are announced in a Budget. So on behalf of the Government, I just wish to make that apology. It is no business of ours to bring these matters down out of time.

The subject matter of the Bill relates to proposals made with respect to changes in the registration fees for companies. These were announced in the Budget Speech by the Minister of Finance and Planning on April 27, 1983, and took effect from May 2, 1983. These necessitated amendments to the First Schedule of the Companies Act, Cap. 308, and they are designed to yield some $400 000 in a full year.

It also became necessary to amend paragraph 2 of Table III of the First Schedule, which deals with registration of an increase in nominal share value. The new paragraph 2, as proposed, reads:

> "For registration of an increase in nominal share capital, the fee payable:
> (a) is to be determined on the difference between the nominal share capital that existed immediately before and that which existed immediately after the increase; and
>
> (b) it is to be calculated in accordance with paragraph 1, as if that difference referred to in sub-paragraph (a) is the initial nominal share capital."

The existing clause reads:

> "For registration of an increase in share capital made after registration of the nominal share capital, the fee payable is to be determined *pari passu* in accordance with the fees specified."

It was this that caused a lot of trouble, because the way in which the Registrar of Companies had interpreted the concept of *pari passu* had been questioned by representatives from some companies. One company had written to the Ministry of Finance and Planning suggesting that the way in which the Registrar had been interpreting *pari passu* was inequitable, and that the interpretation needed to be reviewed and revised.

It is the revision of the Registrar's interpretation of *pari passu* in the end that amounted to the cause for the delay. As it turned out, I think it was found that the Registrar would have some difficulty defending his interpretation successfully in the court. So Clause 2 of Table B, which I just read out, is where we are taking advantage of this Act to make the change.

The effect, had we not changed it, could have been as follows: A company with a share capital of $50 000 would pay a fee of $1 000 on the existing rates. If you wanted to increase the authorized share capital of $200 000, the increase would be of $150 000, the fee chargeable would be $1 000. That is as though it was registering for the first time. If the company subsequently wanted to increase its capital by $300 000 to $500 000, it would have to pay $2 500, the fee appropriate to the category. In other words, a company reaching an authorized share capital of half million dollars, in the stages outlined, would pay a total in fees of $4 500, whereas a company registering with a share capital, initially, of $500 000 would pay only $2 500, according to the schedule. The company objecting saw this as being inequitable, as between the two companies with a similar authorized share capital in the concept of *pari passu*.
12.30 p.m.

As a result of lengthy discussions, a form of words, designed to remove the ambiguity and confusion, was arrived at and approved by the Minister of Finance, and that form of words is the draft amendment which appears in this Bill.

Mr. President, I move that this Bill be now read a second time.

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

SENATOR D. A. C. SIMMONS: Mr. President, I just have a few questions, generally, about the new companies legislation for the Honourable Leader of the Senate. Before I come to them, dealing with the specific measure before us, am I to understand that where there is an increase in the authorised share capital, from the figure that was authorised upon registration and incorporation of the company to a later date, or is there a subsequent increase, that is now satisfied by Section 2 and the two conditions attached to Section 2? That is where the difficulty was with the interpretation, because the words *pari passu* do not appear in this, and that is where I was a little bit misled at first.

Generally, Mr. President, I have no real criticism of the attempt made by the Prime Minister and Minister of Finance since 1976 to put some realism into the fees that are payable by companies upon registration. I think that incorporation is a privilege, and the whole struggle for incorporation since the days of the joint-stock companies, bearing in mind the philosophical position of the Barbados Labour Party, should be reflected in terms of reasonable fees. What had happened in the past was that there was an encouragement of the quick formation of companies, with a view to the avoidance of tax, with a view to using the veil of incorporation as a means of perpetrating fraud. I use the word in its most loose sense, I do not mean fraud in terms of what is common to lawyers in the criminal law. But, in the past, people have sought to hide behind the veil of incorporation of a company and many have suffered as a result of the use of the phenomenon of a company.

I hope that in the regulations which are being drafted to accompany the new Companies Act, adequate consideration is being given, or has been given to tightening up those areas which had been prone to abuse in the past. There are instances of two companies being formed at the same time, one properly capitalized, the other under-capitalized, and that which was under-capitalized has contracted with another person or indeed another company – and there are cases now in Barbados where the other contracting parties have been left high and dry.

I think that it should be brought home clearly to the operators of companies in Barbados that there are some of us in the profession who are unwilling to accept former practices in the profession, practices which simply recognize that the structure of the company, the artificial legal entity, was separate and distinct from the human persons who comprise the shareholders or the directorate of the company. The tendency has been that if a company went into liquidation or receivership, creditors would throw their hands up and say, "Too bad". I wish to sound a warning that, even though that practice has enured to the benefit of many delinquent companies in the past, in the future there is a provision which will be made use of, that where a company is liquidated, but it can be seen that its directors have been less than fair, resort can be made to the official assignee, who, in effect, is the Crown Solicitor, to get at the human individuals behind the veil of incorporation, and if there has been mismanagement or fraud, they can be dealt with.

This is a procedure that has scarcely, if ever, been evoked in Barbados. To my certain knowledge, it has been done probably only once, but it is a procedure that needs to be evoked frequently, because there has been a mass of corporate delinquency in Barbados in the recent past. I hope that the new regulations accompanying the Companies Act, which we passed last year or earlier this year, will give strength to the movement that there is throughout the world, to more and more look behind the facade of the company structure and investigate the realities of activity within the corporate structure which it serves.

I would like to ask the honourable Senator if there is any indication as to when the new Companies Act will

come into being? Secondly, what is the state of preparation of the Companies Regulations. Thirdly, whether there are any plans by Government to hive off a separate Companies Registry?

What we are doing in the new Companies Act is revolutionizing Company Law in Barbados and bringing it into harmony with certainly the Canadian Company Law, as a result of the research done by Professor Dickerson, in particular in Canada, and are now allowing the formation of companies on a more easy basis than hitherto. But even though that is so, there are certain areas in the new Companies Act that are causing a little concern in the profession.

There are a number of overseas companies which want to make use of the new companies structure, but they have been holding back until there is some firm indication as to when this Act will take effect. This will have certain economic benefits to the country. So I think that there ought to be some indication given by Government as to the likely date of the enactment and the coming into force of the new Companies Act, so that we can better advise potential investors and operators under the Act.

I am obliged to you, Sir.

12.40 p.m.

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, in relation to the points raised by Senator Simmons, first of all he is correct in assuming that the new Section 2 of this Bill replaces the one that originally contained the term *"pari passu"*.

Secondly, as the hiving off into a second registry, I regret that I am not in a position to say what the position is, but, on the other two points, the new Companies Act is now to come into force on April 1, 1984. There is a further amendment that has to be done, and tomorrow, at Cabinet, we have that amending Bill ready for consideration. Thirdly, the regulations under the Companies Act are already in draft form, and are also down for consideration tomorrow. So work is well under hand.

I should say one thing, though, and I am saying it as it occurs to me. There is to be an amendment to one section of the Act, the issue of Chartered Accountants to Barbados. Since Mr. David Shorey had spoken to me about it, and I had dealt with it and got something to the Clerk, I am not aware whether that has ever been done. It is a good thing that Senator Simmons raised it now. In the event that it has not been done, we had better find out where that amendment is, and draw it to the attention of the Deputy Prime Minister, who is responsible for this area.

Those are the answers to the questions. I am sorry I cannot answer the other one.

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. N. A. BARROW, Mr. PRESIDENT left the Chair and the Senate resolved itself into a Committee on the Bill; Senator J. C. W. WICKHAM in the Chair.

Clauses 1–3 were called and passed.

On the motion of Senator the Hon. N. A. BARROW, the Senate was resumed and the Bill reported as having been passed the Committee without amendment, Mr. PRESIDENT in the Chair.

On separate motions of Senator the Hon. N. A. BARROW the Bill was read a third time forthwith and passed.

GUARANTEE OF $10 MILLION BOND ISSUE FOR SUGAR INDUSTRY

Order No. 6 was called – To move the passing of a Resolution to approve the guarantee by the Minister responsible for Finance of the payment of the principal and of interest necessary for the redemption of the bond issue in the sum of $10 000 000 etc.

SENATOR THE HON. N. A. BARROW: Mr. President, last year, on Wednesday September 29, we debated the Support Price Bill for sugar; and when we passed that Bill, we ushered in a scheme for price support for the industry for the first time. The Resolution before us represents the initiation of the second year of the scheme.

But before I move into the substance of this matter, permit me just to advert to a couple of points, which I think we need to deal with fairly directly. The first one is that we always read comments made by persons, who are no doubt very knowledgeable, as though the sugar industry was some kind of a leper, as though when we talked of the sugar industry, we spoke of its management and it had no workers in it about whom we needed to speak.

I think we ought to make the statement now, once and for all, that there is no industry which should be approached as though we are dealing with one segment of it. Like all other industries, in sugar it is management and it is workers, and, therefore, when we

talk about the industry, we have to recognise that hard times in the sugar industry means hard times for everybody, in particular those who work in the sugar industry.

To give support to the sugar industry, you are not only doing something about the lot of the manager, you are doing something about the lot of the worker in the industry. When a plantation goes out of production and the land lies fallow, it is a fact management might find it possible to relocate, but there is the immediate impact of unemployment then on the workers in the industry.

I think it is essential that we should keep some sort of sense of perspective when we talk about sugar. It is the single most highly important thing we could talk about. It is the plantation economy which is responsible for the introduction of slavery and responsible, therefore, for people like you and me being here at all. We may as well recognise that these are historical facts.

If we want to continue for ever to speak in terms of sociological benefits or otherwise, then we can do this. On the other hand, if we are looking at managing the country, we have to look at every sector of the economy, and we have to take whatever measures are appropriate.
12.50 p.m.

The other point that I want to pay a little attention to is the point that is asserted with a great degree of conviction, a great degree of clarity, but for all that, a great degree of wrong-headedness; that is, that we are giving support to sugar and that we do not give support to any other economic activity.

The Board of Tourism has just celebrated 25 years of existence, the IDC must be about as old, it started out as the Barbados Development Board, and there is the Export Promotion Board. All these are Government institutions designed to assist and promote particular sectors of the economy. In addition, there is legislation to benefit both hoteliers and manufacturers. There is the Hotel Aids Act, 1967–25, allowing hotels and companies to write off 10 per cent of their investment each year in a ten year period. For the manufacturers, you have fiscal incentive legislation.

None of this I am opposing, but I am only making the point that we cannot argue, when for years we have had incentive legislation for manufacturers and hoteliers and the equivalent benefit provided for sugar was a levy, so that in terms of benefits you can see how much of a benefit that must be to somebody who is growing sugar, takes the losses of the hard years and gives up the sweets for the good years. In other words, what I am saying is, let us just look at the thing with an open mind. If we do that, we will recognise right away that Government has been in the business of giving assistance to every sector of the economy, and that when sugar needs it, sugar is also entitled to have that assistance. It is an important sector of the economy and has to be treated as such.

The background to all this is the bad year of 1981, flowing into the bad year of 1982, flowing further into the bad year of 1983, the three successive years of sugar production being less than 100 000 tons, which, as explicitly stated in Mr. Hagelberg's paper delivered at a recent conference, represents the worst period since 1929 to 1931. The 1983 crop, itself, gained the smallest since 1948.

These happenings are of particular significance to us because of our very high fixed cost in the industry. At a time when prices for sugar on the World Market are low, and the price which we receive from the EEC is also a low price, the temptation is probably to throw up our hands in despair without recognising that there is much which we can do for ourselves. We have a responsibility to examine whether, given our high fixed cost, there is a point at which we should be able to break even.

We are advised that if we are producing less than 125 000 tonnes, we certainly are in trouble. We are also advised that if we can realise a market of about 140 000 tonnes and we can produce for that market, then we are likely to be in better health. That is why Government has set a target of production at some 150 000 tonnes of sugar. But as I said, there is a temptation to throw up our hands and decide that we can do nothing, that everything is due to external factors.

I am not gainsaying that we are selling sugar to people who have sugar policies which are definitely not in our interest. I am not gainsaying that the situation is easy. I am saying that we do have a responsibility to look at the industry and see what it is we need to do ourselves to ensure that the health of the industry is repaired. Considerations are: whether land that should be in cane is out of cane, whether the harvest is jeopardised by a late start, whether yields are reduced by soil compaction, whether sugar is lost through cane staleness, stalks left in the field and dropped on the road and poor factory performance, whether money is wasted on equipment because of bad organisation.

This is not meant to be an exhaustive list. I can go on. But unless we identify the considerations which we need to address in order to turn the industry around, if we just simply throw our hands up and decide there is nothing that we can do, then the sugar industry will die, with a consequential loss of jobs and of foreign exchange earnings, and, what none of us at this point can easily predict, the effect of social dislocation in these circumstances.

Government's policy, therefore, is to get the industry back on its feet and to push it towards modernisation. If we look at the present resolution before us, we see that the industry is going out to raise money by way of bond issue and that the Government is giving a guarantee in respect of the principal and interest. If you look at the Addendum, it says that Government's guarantee of the bonds is linked to specific commitments by the industry to improve management and performance. This is important, because just as the industry has now replaced the Sugar Producers' Association and Sugar Factories Limited by a single body, Barbados Sugar Industry Limited, and therefore taken a very significant step towards modernisation by dealing with the whole structure for organisation of the industry, there are a number of other things that need to be done.

When we have seen cane fires fall from about 26 per cent to an impressively low figure – Dr. Cheltenham says 4 per cent and other people say 6 per cent – when there can be that decline in the incidence of cane fires immediately after the introduction of the Green Cane Incentive Scheme and the change in arrangements for insurance, to me it is idle to sit down and argue whether it was the Green Cane Incentive Scheme and the change in the arrangements for insurance that caused it, or whether people themselves got fed up with all the fires and had a change of heart, or whatever.
1.00 p.m.

Let us say there are ten things you can argue. It does seem idle to me to argue them. I prefer to take it as a fact that certain things were done. You may never be able to prove the precise relationship between these things that you have done and the results that you got, but you got the result that you hoped for. Government, therefore, can make a condition of the guarantee that the Green Cane Incentive Scheme be continued, and that measures be introduced designed to reduce the incidence of cane fires in the Easter period.

There are other things that Government has got assurances on, the modernization of the industry's job classification system; the installation of water metering devices and juice scales, at least four factories in time for the 1984 crop and the remaining factories prior to the 1985 crop, these devices being necessary to improve the process control in the factories; the engagement of at least three Grow Liaison Officers, adequately furnished with transport and communications equipment; the introduction of harvesting schedules to reduce the instance of stale canes and to increase the utilization of infield harvesting and cane haulage equipment.

Government, because of its wider social commitment, has also asked for, and received assurances, that steps would be taken to assist the small holder sector and to contribute to the transfer of the ownership of plantation tenantries. These represent important social, not purely social but particularly social, objectives of Government which have to be achieved.

Now as regards the issue of the bonds themselves, what is it about the bonds? Naturally, since Government is guaranteeing the bond issue, there are those whose focus would be that Government may have to repay, and there is nothing you can do, to stop people from looking at things negatively. But the advantage of proceeding through off-budget financing, by way of a bond issue, is to get the public accustomed to the sugar industry seeking to raise funds in this way.

By good performance, so that nobody's investment is jeopardized, people will get into the habit of financing the industry in this way, because their investment is being realized, without Government having to come in and actually pay anything. It is not necessarily going to happen tomorrow. But that will build up the confidence necessary for the industry to be able to go out there and raise the financing without a Government guarantee.

This may sound novel in Barbados, but it is not novel, I assure you, because companies in places like the United States go out and raise money in this way quite often. So what we have is an educational process in relation to the public, but also the building up of the confidence necessary for the industry, one day, to go out there and raise its own funds without Government having to hold its hands.

If you remember the scheme, the character of the scheme is one of conversion of loans into grants on the basis of performance. In the first year of the scheme, small holders did not make any great use of the scheme. We can understand the natural reluctance of small holders to borrow money. It is a cultural thing. We have lived with it for years and years.

But the bond issues were successful. They went out in two tranches, after expenses $16.75 million was realized, and the funds were used for the purpose authorized by law.

As to whether the scheme has had the immediate effect of improving the sugar production, the answer is clearly "No". Everybody knows that, so we do not need to get ridiculous. We are still suffering very much from the effects of 1981. We are hoping that the present draught does not defeat our expectations after things, up in the month of October, were looking so promising with the current crop.

Mechanization within the industry has been on the increase, and some changes in management have been

taking place. All of these are matters which are important to the future health of the industry. I think there are some 22 harvesters now, each worth about $500 000, and that would indicate the quite significant change in capital structure of the industry. We are aware, of course, that mechanization at that level is a rather new thing.

I would just like to mention one point. I think we are all aware that part of the increase in the price for local sugars goes into the sinking fund, and that even after a substantial increase in the price, sugar, in real terms, still costs less today than it did in 1965, I just thought that we should bear in mind that without the price going out of hand, we are able in this way to keep the industry going.

One of the other things that is happening within the industry is that – this is really for the benefit of those who talk so much about diversification and perhaps have not gone around and observed what happens in terms of diversification – a lot of the vegetables in this country are grown not by small farmers, but, in fact, on the plantations.
1.10 p.m.

I mention this because it is significant in terms of the overall economic health of the industry. In order for us to understand what sugar really costs to produce, we must understand that part of the expenditure of the farm is not on sugar at all.

You can get a form of figures which always remind me of the days when there was heavy absentee ownership, where a plantation might own 100 head of cattle and the manager was allowed to own 10 head of cattle. Over time cattle would get sick and cattle would fall ill, indeed, cattle would even have to be eaten, but you noticed that the manager's cattle never had to eat, never fell sick, and they never had to be put away. So all of the losses and expenses of cattle rearing became fixed on the plantation, and whatever happened with the manager's cattle was indeed a miracle.

So indeed it used to be in terms of vegetable production on the plantation. The cash crop was something that did not cost anything to produce, and I dare say, in some cases, did not have to reflect themselves in income statements either, because really they did not exist. But I think we are way past those days, and plantations are growing vegetables as part of an integrated business, and it is possible, where accounts are properly kept, to see what really is the cost of those vegetables and separate it from the cost of production of sugar cane.

Mr. President, in terms of the scheme this year, things are a little tighter, obviously there has been some tightening up after a year of experience with the scheme. But I want to draw one particular thing to your attention. We have had the problem of the small cane growers declining from producing something like 15 per cent of the tonnage to 9 per cent or thereabouts, which is a much bigger decrease than that experienced industry-wide. Compared with their decline, you have the decline in estate production by about one-third, from 1 million tonnes to 670,000 tonnes. Clearly the trend would befall the small growers to abandon the business completely, and therefore the benefits which the small growers would get out of the scheme this year are not by way of loan-convertible-into-grant. They will get an outright grant.

The other change is that the conversion terms for larger growers are stiffened in line with the expectation of bigger crops. Those are the two changes. Otherwise, we have a scheme financed in the same way.

Just let me say that in terms of the design of a price support policy, particularly with sugar and the almost outside position it holds in the economy, I believe what we have to look at is the principal achievement of this scheme so far, and there is no doubt that it has been an achievement. The achievement that I am referring to is that at the time when the scheme was introduced, the sugar industry was on the verge of bankruptcy. That has been averted.

The second thing is that there seems to be new enthusiasm within the industry, if the attitude of the technologists is to be taken into consideration. I am referring to the very successful conference which the technologists' association had very recently, whereas a year ago they were thinking that perhaps they would need to go out of business.

The point is, that saving the business from bankruptcy is not only important for the kinds of things I have been talking about in the course of this introduction. We have to stop for a while and try to project our minds to see what a bankrupt sugar industry would do to our banking system and what sort of effect that would have on the entire economy.

Mr. President, I move that the Senate concur in this Resolution.

Mr. PRESIDENT: It is proposed that the Senate concur in this Resolution. I would like to test the feeling of the Senate as to whether we can break at this point and come back. I believe there is some intention to debate this.

Asides.

SUSPENSION

Mr. PRESIDENT: The sitting will be suspended until 2.30 p.m.
1.20 p.m.

ON RESUMPTION

Mr. PRESIDENT: The sitting is resumed. Senator Ward.

SENATOR L. A. WARD: I rise, Sir, to support this Bill. I have to declare an interest in that I have an investment in the sugar industry. Perhaps if my banker was present he would say, "Use the past tense. You had an investment in the sugar industry."

It has been said in the Other Place, and in fact it was reported in the *Advocate* of August 2, that it was iniquitous to ask the taxpayers to underwrite a further $10 million for the sugar industry. In early 1982, the Government agreed to let us increase the price of local sugar to a more realistic level, which would be somewhere approaching the price of producing a tonne of sugar. I would like to say, as the Minister said in introducing this Resolution, that the price is not the highest in the West Indies anyhow. Around the same time as our increase, it was reported in the Press that Jamaica had increased the price of sugar to $1 a pound Jamaican.

When we say to ask the taxpayers to underwrite this $10 million, as Senator Barrow said, the increased price for sugar accrues to the industry and becomes part of the revenue in the industry. But from that revenue, we have to redeem the bonds, and as long as the sugar industry survives, the bonds will be redeemed by the industry and not by the taxpayers of this country. It is only if the sugar industry folded up that the taxpayers would be called upon to redeem these bonds.

I do not think there is another industry or another profession in this island that we have more local experts on than sugar. I think that we have the highest percentage of local experts in sugar. Everybody can tell you what is wrong with the sugar industry – the people who run the industry know nothing about it, whether these people work in the industry or not. But if you have experts from abroad, who have examined other sugar industries in the West Indies, although they will say that there are many things that need putting right in our industry, and we admit this – I believe it is true that in most areas of endeavour there is always room for improvement, and we acknowledge that there is room for improvement in our industry – these same experts will tell you that they have examined other sugar industries in the West Indies, or in the particular area, and the Barbadian industry is, by far, the most efficient of the industries.

From time to time you get people coming from industrialized nations to advice us, and they will tell us that the prospects of sugar are bleak and we should look to diversify our agriculture. The thing that strikes me is that these people would come to the West Indies and give us that advice, but they have made sure before they left home that their sugar industries are well subsidized and are secure.

We have no objection to diversification, but for over three hundred years now we have been looking for crops to replace sugar, and up to now we have not been successful. I cannot see, if we were to diversify, that we could take the 40 000 acres of land that we have in Barbados and produce food, because we have no markets. We would have to can it and we would have to export, and where we would export, it is obvious to me, would be to the North American continent. Then, we would be competing with Campbells, Heinz, Green Giant, Eve and all the long-established industries, and I do not think that we would be capable of pushing these people out of their markets and closing them down. I cannot see this.

Senator Barrow, in his opening remarks in introducing the Resolution, said that the Tourist Board is celebrating its 25th anniversary this year. Prior to that, we never had a tourist industry, prior to that we never had small manufacturing, and the economy of the country hinged on the sugar industry. And although I do not go back 300 years myself, I feel that the people who operated the sugar industry over these 300 years did a very good job to be able to bring Barbados to the level that they brought it to before we had a tourist industry or a manufacturing industry.

So let us look at what we are here today trying to get $10 million to support. This industry, apart from carrying this island for 300 years, in my lifetime, when we were building the Bridgetown Port, I think that the only industry, or commerce, or organization that put its own facilities in the Port was the sugar industry – the bulk installation, at a cost of $4.9 million.

The bulk installations are not the sugar industry's facilities. They belong to the people of Barbados, and the Government was good enough to lease to us the installation that we put there at a peppercorn rent.

If we look further, I do not think it is general knowledge that the sugar industry contributed $2 million to the building of the Queen Elizabeth Hospital. I think that the sugar industry was the only industry that contributed to the building of the Queen Elizabeth Hospital other than the normal taxpayers.

Further, the Government, from our funds, purchased sugar estates and other property, which was vested in the Agricultural Development Corporation, to the tune of $2.25 million. That land is not all in sugar today. That land was used for building industrial parks and housing among other things. That was another contribution of the sugar industry.

2.45 p.m.

Senator Greaves, on my left, will support me in this, I know. In relation to the Sugar Workers' Provident Fund, the last figures that I can find in my files was in 1975, and the sugar industry had subscribed $3.5 million to this. This year, the industry has subscribed $1.5 million to the same Provident Fund, so it is not the $3.5 million only, it is what went into it after 1975 which I have not got available to me.

Up to 1972, from my files on the Labour Welfare Fund, that was subscribed by the industry, and with the help of the workers in the industry, they had subscribed $15.6 million for housing up to then. It was first stated that that $15.6 million would be for housing for sugar workers, but I do not think it was very long after that it became a fund for general housing. So that is another contribution that the industry makes.

With regard to playing fields and community centres, up to the same 1972 we had subscribed $1.41 million.

Mr. President, these are some of the things which come to my mind, but there is a long list of them. In 1975, we had a fortuitous year, and the Government took $30 million out of the industry. If that $30 million that came out of the industry had been funded, it is probable, and Senator McClean would be able to give us better figures on this, that that $30 million, with compounded interest, could stand at some $60 million today. If they had done that, it would not have been necessary last year for us to go to raise $17 million in bonds, neither would it be necessary for us to be here today considering the raising of $10 million.

In June, 1981, the European currency unit stood at a value of US $1.41. This is the unit on which we are paid for our sugar. For our last sales of sugar, it was down to US 89 cents, and today I think it stands at about US 82 cents. We estimate that since the fall of the ECU from US $1.41 to US 89 cents, which was the last level that affected us, the industry has lost between $20 million and $25 million in revenue over that period.

Our dollar is tied to the US dollar, and the US dollar is very strong and, therefore, our dollar strengthens with the US dollar. Again, I am not an expert on foreign currency, but I feel that the citizens of this country have benefited by the strong Barbados dollar tied to the American dollar, in that it has kept the cost of living down, because when we go abroad, we are going abroad with a strong dollar, and therefore it has retarded an increase in the cost of living.

But the strength of the United States dollar, and our dollar following it, has cost the industry over the period from June 1981 until now, we estimate, $20 million or $25 million. Perhaps if that had not happened, we might not be here today asking for the Government to underwrite the $10 million. And this is despite the fact that during that same period, we have had two price increases that should reflect in further earnings to the industry. But it has not done so, it has gone the other way.

This year, the industry has earned something like $74 million, of which I think about $55 million may be foreign currency. As Senator Arthur said, it is important if you cannot only earn foreign currency, but if you can save the outflow of foreign currency. If our industry folded up, we would have to go abroad to buy sugar on the markets outside. Our rum industry is dependent upon the vacuum pan molasses which is a by-product of sugar, and if the sugar industry folded, we would have to go abroad and buy vacuum pan molasses to keep our rum industry going, or that, too, would fold up. We also have our foundry, we also have garages, and all the mechanics are dependent largely on servicing the equipment of the sugar industry.

Suppose Barbados was in a fortunate position that it could say we could do without the $74 million. We have about 7,000 people who are employed in the sugar industry out-of-crop, and during the crop, we estimate that some 9 000 to 10 000 people are employed in the industry. If we were to use an average of 8 000 people a year, and if we were to say there were two dependents on every sugar worker, we would be looking at the livelihood of 24 000 people. I cannot see that Barbados could ignore the livelihood of 24 000 people. I am not speaking on my own behalf, as having a vested interest in the sugar industry, but I am speaking as a Barbadian and I ask whether Barbados can afford to jeopardise 24 000 of its inhabitants, which is approaching 10 per cent of the population of Barbados. I cannot see how we could let that happen.

Furthermore, if we look at our tourist industry, if we were to have these unemployed people and their dependents, I think the first people that the criminals would prey on would be the tourists. They would be their easiest source of muggings and whatever. It is quite probably that the tourist industry would go like the Jamaica tourist industry went if sugar went. Barbados would be a very untidy country. Before you grow forests, you grow bush and that is what last week, we were in here talking about, debushing people's spots of land. We would be talking about debushing Barbados if the sugar industry went.

Mr. President, I have heard rumours that probably this year will be the last year for the industry to ask for support from Government, or for Government to underwrite support for the sugar industry. I would like to think that this is the last year that the sugar industry

would need support. There would be nobody more pleased than I would be if the sugar industry did not need further support and that it could operate on its own. 2.55 p.m.

But I am confident that if Government sees that there is a need to do it, this industry is so important to the economy and the well-being of the citizens of this country, that I think that next year the Government would give serious and careful consideration to a support scheme before saying "We are going to let the industry go."

Those are the few points I would like to make in support of this Resolution. But before I sit down, there is one thing that I would like to suggest to Government that they look at, and that is the levy that has been placed on non-productive land. This, in my opinion, has not achieved what the Government expected it to achieve.

I feel that where a person owns, let us say, two acres of land and he cannot work it himself – he may be a civil servant, he may be employed somewhere else – and he has to pay to work it, that when he examines what he would lose in trying to work this land, he says: "I could just as well have paid the levy, or owe the levy. I am going to lose my land anyhow." I do not think that the levy is doing what Government hoped it would do, and I think that Government could look at this again.

Thank you very much, Sir.

Applause

Mr. PRESIDENT: Senator McClean.

SENATOR A. W. A. McCLEAN: Thank you, Mr. President.

In rising to support this Resolution, I must indicate that I do not have the same optimism as Senator Ward in believing that Government would only be called upon to foot the bill in relation to the repayment of these bonds if the sugar industry should collapse. Indeed, I believe that the probability that Government might have to foot the bill for repaying the amount involved here is very high.

Because of that, I would like to suggest that, in making statements about the public debt, it is appropriate at this stage, especially in respect of this particular type of guarantees in relation to the sugar industry bonds, but more generally, for Government to indicate the kind of contingent liability which is associated with these guarantees. Government should relate this to a schedule showing firm commitments to service debt and contingent commitments over, let us say, a ten year period.

That type of information should find its way into Parliament from time to time, so that when we have to speak on Resolutions for raising loans or agreeing to terms and conditions of loans and guarantees, we can do that against an informed background as to what it means by way of debt servicing in the year 1990, between now and the next ten years. We need that type of information. I would hope that Government compiles that type of information for themselves, but parliamentarians should also have it on a regular basis.

On the specifics of the merits of this Resolution, the merits of providing support for the sugar industry, I take the points raised by Senator Barrow and Senator Ward, within limits, about the responsibility of Government to assist the sugar industry in the present circumstances. But at the same time, we are going to have to confront the question of appropriate and necessary forms of support, and the extent to which we can perhaps continue in practices such as this. We also have to confront the question as to whether the true impact of certain types of measures is going to redound to a higher level of sugar output in the future, or whether it is going to redound to rescuing particular owners of property at this point in time.

There is a difference between the collapse of the sugar producers' association and what have you and the collapse of the sugar industry. As long as there is land there and people are willing to cultivate the land, you could get a crop next year, albeit under different ownership and management. So one must not necessarily think that, to save the sugar industry, you have to save it *in toto*. Indeed, one must not necessarily think that the way to save the sugar industry is to save it *in toto*. So those are questions which we have to examine quite carefully.

I know that Government has exacted certain promises about improvements, modernization and management reform, among other things. But we also know that Government is relating this to an objective which it has had for many years, which is not being achieved in any degree, of increasing sugar production from previously low levels of below 100 000 tonnes up to 150 000 tonnes.

The reasons indicated by Senator Barrow for that may sound a bit plausible, the high overheads and so on, which require, in relation to those overheads, 125 000 tonnes for some type of break-even or satisfactory situation. But it may be that the way in which you can bring or put an overhead into line is not necessarily by increasing output, it might be reducing overheads. I think that the latter is rather more realistic.

We will not, in my considered view, be able to move to a situation where it is truly economical for all of the individuals involved – I am not talking about the sugar factories – in the production of sugar to so co-operate to

bring sugar production to 150 000 tonnes. It means we might have to accept the fact that small farmers are leaving for good reasons, which will not be reversed unless you are going to pay them about twice or three times as much as you were paying them recently per tonne of cane.

They are moving out for good reason, and they are taking their land with them, so we have to face up to the fact that maybe our sugar production may stabilize around 100 000 tonnes. It might go up above that in a good year, when you have no cane fires and have good weather, but around that is an average figure, and you may have to trim your overheads to organize a sugar industry which could be viable at that level of production.

It might mean closing down some more factories. It might mean reducing the managers you have. You might have to move to the idea where you have one overall manager for all the sugar factories which come under one particular set of ownership. I do not know how highly paid they are or otherwise, but you might have to rationalize your management structure to make greater use of your professional managers and things of that order.

The point was made about the importance of the sugar industry, and Senator Ward mentioned the importance to rum. I speak subject to correction, but I do not think there is any necessary relationship between the continued life of the rum industry and the continued life of the sugar industry. You can have a rum industry with or without the sugar industry, but you cannot have it without sugar cane. Our type of rum industry is based on sugar alcohol from sugar cane, so you cannot have it without that. But there is no reason why you have to go through the particular processing stages that we have now to get rum. In other words, you do not have to convert into sugar, or whatever you convert into, and then use the molasses to get rum, you might be able to extract the alcoholic content more directly.

The question was also raised by Senator Barrow about the real cost of sugar not increasing since 1965, although the actual money value has gone up, I believe speaking of the price of sugar in Barbados. But that in itself tells a story, because sugar in Barbados is not particularly cheaper than sugar in other parts of the world. What has happened worldwide is that sugar is losing ground *vis-a-vis* the price of other goods. And that tells a story about the long run viability of an economy based on sugar. Fortunately, our economy is no longer based on sugar nearly as much as some people might want to believe.
3.05 p.m.

But we must recognize that, in the fullness of time, sugar, if not sugar cane, is going to be more of a matter of part of our history than a large part of our present reality in any significant and substantial way. The sugar industry must be realistically perceived as a contracting industry in absolute terms, and more so in terms of its overall importance to the Barbadian economy. Against that background, we must enter into a careful evaluation about what to do next year when they find the price of sugar is as it is on the World Market, and when conditions are very much as they were last year and you need some more sugar support.

With these few remarks, I think that the Bill, in the present circumstances, is worthy of support, and I will support it.

Mr. PRESIDENT: Senator Greaves.

SENATOR E. E. GREAVES: Thank you, Mr. President.

Senator Barrow indicated that the first debate on price support for sugar took place in here on September 29 last year. Unfortunately, I was not here for that debate so I did not get the opportunity to put in my two cents worth.

I want to say at the outset that, for the time being, I will give my critical support to this Resolution. This is because there are still a number of matters which are not clear to me, and to the general public, about the sugar industry and the way in which it has operated, and is operating at the present time.

The unfortunate thing is that the industry has a fairly strong case when it comes to the question of employment and the kind of inter-relationship which exists between the sugar industry and other areas of the economy. But I seem to get the impression that this particular factor is being used to blackmail the Government into support. This might sound like a harsh term, but I am satisfied that one can use the term.

The industry has been operating for a number of years, and it is very clear that it is important to this economy, that we should do everything that we can possibly do to ensure that development takes place within the industry, and that it be preserved as long as possible. But in doing so, one has to look at the fact that Barbados, like most of the small sugar producing countries, certainly countries in the Third World which produce sugar, does not really have much of a say as to what goes on in the sugar market.

I was in Europe early this year and had an opportunity to be sitting in a discussion with the representative of the Danish Government. We were discussing sugar and the prospects of sugar in the Third World *vis-a-vis* the E.E.C., and he was very emphatic in a statement which he made. He said that the leaders of countries in the Third World which produce sugar could very well make up their minds to get out of sugar, because Europe, sooner or later, will be able to replace cane sugar through

the process of beet sugar and will have an alternative supply of sugar.

The whole question of the future of sugar in the European market is something which still hangs in the balance and around which there is a considerable amount of doubt. I think one only has to examine the attitude of the people who negotiate on behalf of the E.E.C., particularly when it comes to sugar, to learn a lesson from that. Still, I would think that, for the time being, we will have to see what we can do to assist the industry.

One gets the impression very often that if one has to be critical of an industry or any particular sector of the economy, sometimes people get somewhat thin skinned and feel that they have to be on the defensive. In a way, that is understandable, certainly from my point of view, because if any criticism is leveled at anything I am involved in, or any organization with which I am involved, I would certainly want to be able to defend that particular position. But one should recognize that there are people who sometimes can view a situation from afar and can offer some constructive criticism for the improvement of the particular sector or industry. So when, for example, one focuses on the management and the management capabilities, or lack thereof, which exists in the sugar industry, I think this is a criticism which ought to be taken into consideration, and about which something ought to be done.

I think that, happily, it would seem that the sugar industry is waking up, late though it might be, to this particular factor, and recognizing that a lot of the difficulties in which the industry has been placed has been due to the whole question of having management which is not in keeping with modern trends in management. One would hope that this would be observed and that something would continue to be done to raise the level of management techniques in the industry, particularly at the level of the estates, where I believe one of the critical problems lie.

It is very clear that, no matter how much money is injected into the industry, if at the level of management there is inefficiency, then the industry will continue to go from bad to worse. In doing so, the economy would be in serious problems, and, of course, institutions like the Barbados National Bank which, for practical purposes, have taken over the debt of the sugar industry, would be in very serious trouble. The Government itself, which has underwritten and which has guaranteed a loan of $17 million last year, and is in the process of underwriting another $10 million, would find itself in very serious difficulties.

Another criticism which one could level at the industry has to do with the fact that the industry is a labour-intensive one.....

Asides.

SENATOR E. E. GREAVES: It is no longer a labour intensive industry?

Mr. PRESIDENT: Just proceed. Do not worry about the interruptions. I am not going to permit interruptions, neither people interrupting you or you interrupting anybody.

SENATOR E. E. GREAVES: I am very grateful for that, Sir.

3.15 p.m.

The sugar industry has had a bad record in dealing with their workers, and I believe that this, to some extent, is now reflecting on the industry. Indeed, any achievements which the workers have gained from working in the industry have had to be extracted from the sugar industry almost in a manner similar to the extraction of juice from the sugar cane. It was not an easy process and it is still not an easy process.

Asides.

SENATOR E. E. GREAVES; Now, you hear that? Senator Ward is saying that they never had it to give. This is the problem – they never have anything. They always want, but they never have anything to give.

I will tell you why they never had anything to give. In doing so I will have to jump my notes. They never had anything to give because, for some years now, the people who own the sugar industry have been doing some shifting of investments from sugar into commerce and tourism, running up debts in the sugar industry. The sugar industry has been, more or less, in spite of all that Senator Ward has said, the source from which they have been able to build up substantial holdings in commerce and in the tourist sector in this country. That is one of the reasons why the sugar industry is almost on the verge of bankruptcy.

We have a situation where private interest has accumulated debt in a massive way, for their private benefit. They have benefitted from the property on which the debt has accumulated, and, having benefitted, they are now coming to the taxpayers for support and for guarantees. That is what has happened. You only have to look and see. Look at the holdings in Bridgetown and in the hotels around this country.

In ordinary circumstances, when private people accumulate debt and they cannot settle their debt, they have to give up their property to their creditors. In this case, if we take it to its logical conclusion, since the Barbados National Bank is holding most of the debt, and now the Government is holding guarantees, and they cannot pay, the Government should be in a position now to

take over all of the properties. This is what it comes down to.

Here it is we have an industry which is running up debt, and the strangest thing about this is that the industry is in debt, and in order to get out of the debt, we now have to go into further debt. And one cannot see down the road to determine what will happen. We have not been given any programme about how the industry sees itself getting out of this particular problem. We have had promises. The Resolution indicated, and Senator Barrow did say, that the industry has made certain promises which has convinced the Government that it should continue to give price support.

But I remember that some years ago, when I happened to sit from time to time on the Sugar Tripartite Committee, the sugar industry borrowed money from some of the funds which were there, with promises about repaying, which they never repaid. When they were called upon to repay, all they said was, "It is our money, so we do not have to repay any money, so what the big quarrel is all about." They never repaid it. But when the money was being loaned, there were all sorts of promises about repaying. So when I say that I am giving critical support to this Resolution, it is against that kind of background.

I am not suggesting that they are dishonest people. Maybe they have bitten off more than they can chew. Maybe things are so hard with them that they are unable to pay. But what I am saying is that, because of the kind of impact which sugar has on our general economic well-being, the industry realizes that it can get away with a lot more than other sectors of the economy can get away with.

So when I raise the point about debt and how the industry has been manipulated by private people for their private benefit, it is a point of principle. This is no political matter. It is no racial matter. This is a point of principle, and these are things we have to look at. If we are dealing with anybody or any company or any sector which is in debt, then unless we can get a very , very clear picture as to how they propose to liquidate this debt, and what the possibilities are, then we may very well be throwing some good money after bad one, and I have some very serious reservations about this.

I was saying that the sugar industry is probably its greatest enemy, in that they have on their own initiative done very little to encourage our workers to stay in the industry. There is no point now bewailing the fact that people are not coming into the sugar industry, that people are leaving at the first opportunity. They will do it, because no kind of encouragement has been given to workers to remain in the sugar industry.

During the crop time, last year, for example, there were some people who were working in the crop, who were taking home $30 a week. In the middle of the crop season! There are some workers now-a-days, in the out-of-crop season who cannot even make $20 a week.

Asides.

SENATOR E. E. GREAVES: Some of them might only get half a day. I will tell you the reason for this. Under the law, they are supposed to get five days a week. But there are some weeks that go by in which people get one day, two days, and sometimes less than that.

All I am saying is that the kind of practices which are indulged in by the people who operate the sugar industry do not encourage people to remain in the sugar industry. I believe that a lot more has to be done. The sugar industry has to become much more committed to the people who are working in the industry.

From the point of view of the Barbados Workers' Union, which represents the workers in industry, we have made all sorts of representations to get proper facilities for workers in the industry. I do not see how in 1983, we should have to be arguing with the people in the industry about the establishment of facilities for people who work in the industry, whether it is toilet facilities, changing facilities or a lunch room. That should not be an argument, but, unfortunately, it is still an argument, it is still a bone of contention. When you get that kind of attitude being displayed, no wonder people will run away from the industry at the first opportunity they get. I hope that the sugar producers would really try to put their house in order and would try to develop a cadre of enlightened managers with the kind of policy that would really bring the industry into a modern-day situation. 3.25 p.m.

History has a very interesting way of coming back at us, and I was rather interested to hear the comment made by Senator Ward in the course of his speech. He referred to 1975, the year in which we got a very good price for sugar, and where the Government, as he said, had extracted $30 million in levies, I believe, from the sugar industry. He said that if that $30 million had been invested, then they would most likely not have now to be coming to the Government for guarantees of $17 million and $10 million, that they would have been able probably to raise the money which they need to modernise the industry and to keep the industry going.

That is a very interesting observation, but this is not, I suppose, the first time that a similar comment like this has been made. I can certainly also make that statement in relation to the windfall issue, with which Senator Ward, I am sure, is very well acquainted. That was in 1963-64, when, as a result of, I think, the Korean War, but it does not matter, the price shot up in the air and there was a lot of money around.

Senator Barrow would know a lot about this. He was on both sides, D.L.P. and B.L.P. He knows the ins and outs. He was the General Secretary of the Sugar and General Workers' Union, a union which was formed after the windfall issue to run the Barbados Workers' Union out of the sugar industry. It never filed a report, from what I can see up to now, so they are still in breach of the law. But that is just by the way.

Mr. PRESIDENT: Make the point.

SENATOR E. E. GREAVES: I have made the point, Sir. I have some other points to make.

I am sure that all of us would remember that issue, when there was a proposal, which had some tremendous merit in it, to fund a portion of the money which was going to the sugar workers, I think the amount was $1.6 million, to establish a fund which would have been used for the benefit of the sugar workers. Who knows? Today the workers, if that money had been funded, might have been in a position to invest substantially in the sugar industry and become real shareholders. Indeed, they might have been able to buy out substantial portions of the sugar industry.

The point is that here was a good idea which was mooted, but again, politics being what it is, it did not suit the Barbados Labour Party to support something like this. One could very well remember the attitude which they adopted in going around the country and asking people to call back for their money. One could also remember the Sugar Producers Association, after initially supporting the idea, backing out. The Democratic Labour Party backed out, too, when the pressure got hot. The nature of politics being what it was, the pressure was hot, and a young Government, of two or three years in power, having to face that kind of issue realised that it was a hot issue.

These are the kinds of tricks which history and politics would play on us. It is a pity that that idea did not get off the ground. I suspect that it would have been a very useful avenue for reorganising some of the ownership patterns within the sugar industry.

I would hope that with all that has been done – and the sugar industry has had a lot of support from the Government in spite of all that they have said; unfortunately, I do not think that they have used the opportunities which came their way as effectively as they ought to have from the public point of view, but privately it is fairly clear that they have done very well – I would certainly hope that we will see the sugar industry being able to ride over this very difficult period and being able to get itself back on a very strong and viable financial footing, because I do not see how the Government can continue, in the foreseeable future, to give this kind of support to the industry. As Senator McClean has said, the prospects do not seem to be particularly good, and we have not been given an opportunity to really see any long term plans, or any indication, at least, of what the possibilities are for them to be able to come out of the very difficult position that they have found themselves in.

Sir, having as it were opened the stable door, there are other sectors which are going to come knocking. There is no point in Senator Barrow talking about the Board of Tourism has been there and the IDC has been there and that sort of thing. The fellows are aware of that, but it is some direct cash that the fellows may be looking after.

You heard Senator Seale last week. They may be looking for some tangible benefits. The Hotel Aids is all right, but having now to face a debt of $3 million that they owe the Government, they are going to want some kind of relief, and when once you begin this way, where are we going to stop?

The other sectors, manufacturing and tourism, may very well feel, and I suspect with some justification, that if you can make this kind of provision for the sugar industry, since they too are in trouble, they may have just as good a case. They also contribute to the employment situation, they contribute to government revenue and they also contribute to the stability of the country, and they may very well feel that they are entitled to some kind of relief from the problems which they are getting.

As I said, my support for this particular measure is critical. In the circumstances, I would wish the sugar industry well and hope that they will be able to come out of the very difficult problems that they are in. After all, we have to begin negotiations on Thursday next week.

Thank you.

Mr. PRESIDENT: Senator Jones.

SENATOR the Rev. Canon I. McK. JONES: Mr. President, I am not a sugar expert, and, as Senator Ward said, there are more sugar experts here than anywhere else, I suppose.
3.35 p.m.

I have always been told that sugar is one of the best crops that you can grow in these parts. People are always talking about the diversification of crops, but over the years that I have been alive, people have tried to plant all kinds of things here and they have never made a real success of them. They tried with cotton, they tried with nuts, they tried with tobacco, they tried all kinds of things. But it would seem to me that if sugar has held the fort for 300 years, we should not be so unappreciative of where sugar has brought this country. For three hundred years, it has kept us here.

This argument about the plantation owners did not treat labourers well, we know this is a fact. We can say that the Education Ministry, or what they used to call it in those days – it was not the Ministry of Education – did not treat teachers well either. There were a lot of teachers who taught here in this country for more than fifty years and resigned working for $35 a month. That was not proper either. But the point is that that has not killed education – it has still gone on.

All this talk about plantations and the planters taking advantage of those workers and so on, this is true, but that attitude is changing now, surely. And when you accuse them of bad management, can we not see now that they are trying to put their house in order? That they have tried to get as versatile people to run these plantations as they possibly can? Have we not seen that the equipment is very modern? As the Leader of the Senate said today, we have some 22 harvesters now working in the industry, and we only started that recently. So I would say they are really going by leaps and bounds.

There was talk about not believing we are going to be able to produce more than 90 000 tonnes. All the talk I have heard today has been, in my view, illustrated negative thinking, and negative thinking never gets you anywhere.

Senator McClean is very doubtful as to whether the industry will ever be able to pay for itself, and whether Government will not have to support it all the time. Senator Greaves feels the same way.

I do not feel so. I feel that sugar will come into its own again, and if, as we have seen from last year, there were not nearly as many fires this year as there were the year before, why can we not go on hoping that this year would even be better than that? Why must people be always thinking negatively? That never gets you anywhere. We have to be positive thinkers.

As the Honourable Leader of the Senate said, too, if we can help tourism, which is only 25 years old, why can we not help sugar, which is 300 years old, which is the fulcrum of our social life, and which has brought us where we are. I think that if the industry is in trouble now, we should be anxious to help them – and willing, too. We help the IDC. We can help sugar as well.

I feel that we should aim at producing more than 90 000 tonnes, and we can do that, too, if we start the crop early and if, as Senator Greaves just said, they do not take too long monkeying over the pay for the workers, delaying the crop and making us start in February or March instead of in January. If we can avoid those things, there is no reason why we cannot be successful in sugar.

I am happy to support this Resolution, and I am confident that if we do this for them this year, they will be able to do things for themselves from next year, and in other years to come.

Thank you, Sir.

Mr. PRESIDENT: Senator Simmons.

SENATOR D. A. C. SIMMONS: Mr. President, naturally, I support this Resolution, and without any reservations, such as those offered by Senator Greaves. I do not know if it is because we are at the end of the year now and everybody is tired, but I was most disappointed in Senator Greaves' contribution of vacuous generalisation. I am sorry he cannot stay to hear what more I have to say about him. He played true to form.

It is always dangerous for a member of the Democratic Labour Party, if I may be brutally partisan now, to attempt to intervene in a debate having to do with the sugar industry of this country, because a lot of the present problems in the sugar industry have had their genesis in 1972, in King George V Memorial Park. Barbadians, like so many other people, look to leaders, hang on to the words of leaders, the attitudes of leaders.....

(*Aside*: 1967.)

SENATOR D. A. C. SIMMONS: In 1967? I was five years too late. I am talking about the "Cane blade speech". The former Prime Minister, Mr. Barrow, had a dream, to which he gave expression in King George V Memorial Park, that he was looking forward to the day when he would not see another cane blade in this country.

I have heard, subsequent to my coming back to Barbados in 1970, that that was a telling psychological blow, which was taken seriously especially by the adherents of the Democratic Labour Party. It is not only because of sugar's association with slavery that there have been psychological and sociological problems in getting people to contribute and work in the sugar industry. It is also because of statements by some of our leaders that have had these kinds of devastating effects later on down the years.

But no one should wonder that the connection between the statement and the practice in fact is true, because we had a similar thing in housing. The same Prime Minister had told the people in public housing not to pay rent. Only last month, the present Minister of Housing was complaining about the arrears. So leaders have to be careful about the statements which they make publicly, and with which people will run without knowing the consequences, or being critical, as to the effect of the statements.

The Democratic Labour Party has had a very poor record in the area of sugar, not only in terms of statements, but in terms of actions. It was the Democratic Labour Party which, in the early seventies and the late sixties in particular, allowed sugar plantations in this country to be cut up and subdivided into large lots. I am not saying that, personally, I was not a beneficiary of that policy. I have a lot at Neils of four acres. Man has to live. The lot was available and I had the money to pay for it, so I bought it. That does not mean that I support the policy.

The policy of the Opposition, when they were in power, of allowing good, agricultural sugar-producing land to be sold out, sometimes arbitrarily, and to my certain knowledge sometimes for graft – and I accuse them of being corrupt in the policy that was then administered in terms of the subdivision of large sugar plantations, there is a lot of evidence – those actions also contributed to the decline in sugar. When you add to those the things that I have already alluded to, the question of the statement by the former Prime Minister, the cutting up of land and then the withdrawal of $30 million by way of levy in 1975, you will see that there is not much that the Democratic Labour Party can say in support of themselves and the policies on sugar.

It is against that background that one has to be careful in treating anything that Senator Greaves said seriously. Senator Greaves, in fact, did not make any specific points. What he did, as I said, was to use these generalizations that he is so famous for, inefficiency in management at the Sugar Producers Association, now Sugar Factories Limited, and so on. He was not able to give us, as the lawyers would say, "particulars".
3.45 p.m.

Too often I have heard in this Senate, and I am getting a little bit bored with it, people making very vague general points which cannot be of assistance to anybody. It is the easiest thing in the world to say, as he did, that the sugar producers should have used opportunities which came their way, as they ought to have done. Tell us what are these opportunities that they should have used and did not use. He was using words merely as words.

I think the trouble with the Opposition on this Resolution is that, with every respect to the honourable Leader of the Senate, the case for this $10 million has been adequately put by Senator Ward, very well put by Senator Ward. If he could have exchanged positions with the Leader of the Senate, there would have been no need for a debate. The Opposition would have to say something, but I do not think that we can go beyond that.

It is a fact that sugar has been the backbone of this country's economy for as long as most of us can remember. And just as in Britain, where in the past, Government had to support some of its major national industries to keep them surviving, we in Barbados are giving support to the industry because of the increased cost of production of sugar, which is one of the main problems of the sugar industry – not that I am saying, of course, that the wages paid to the sugar workers are not deserved, but compared with other sugar cane producing countries, like Mauritius, our cost of production is so high – and having regard to the current price being paid for sugar on the World Market. We know that sugar cannot receive revenues that can allow the industry (a) to continue at the pace they want to continue, and (b) to expand.

There is no way that we can throw away $74 million in revenue, not yet. A substitute for that $74 million has not been found. Tourism is still a very tenuous and unreliable industry, as we have seen in the last two years. The evidence of tourism in the last two years is all the more reason why we should be supporting something that has been stable for 300 years.

In my submission, from the knowledge that I have of the sugar industry – not necessarily the production, but I have had to in my professional work come into contact and put cases on behalf of certain sugar plantations – I am satisfied that a lot of plantations have been losing money steadily. I can think of River Plantation in St. Philip, which from 1971 to 1980 lost money steadily, to the point where the owners were ready to throw it in and say to the Government, "Take it." I think Senator Arthur will be able to tell us what is happening at River now, since he is in the A.D.C.

The experience of River is not a unique experience. It has been the experience of many plantations, especially those in the low rain-fall areas, St. Philip, Christ Church, and St. Lucy in particular. Plantations in those areas suffer the most. So if we want the industry to survive, it seems to me that we should attempt, having regard and bearing in mind all that Senator Ward said, for the reasons he has advanced, to come together and assist this industry, which, according to the calypsonian, Red Plastic Bag, "made us free," and ensure some continuity in sugar production.

I cannot agree with Senator Greaves that the plea of the sugar producers is akin to blackmail. Because somebody is in trouble and asks for assistance, and advances the reasons in support of that plea for assistance, that does not lead inextricably to any conclusion that by some way they are blackmailing. I really found it offensive of Senator Greaves to suggest that this was a form of blackmail.

He, as a member of the Barbados Workers Union, which was established on the basis of the support of the sugar workers in this country in the late 1930s, should be the last, in my view, to be countenancing the demise

of the sugar industry. The sugar industry and the union are inexorably joined, and will remain so as long as there is a Barbados Workers Union and a sugar industry.

I think that the sugar industry, in terms of the amelioration of the sugar workers, has not gone as far as it could have gone. There have been campaigns. I remember that, since 1971, I put forward a view on political platforms about industrial nursing for the sugar industry, about shelters, where the workers in the industry could resort from the sun instead of eating their lunch from their little bowls in the cane fields, and toilet facilities. All of that the *Advocate* will show that I said at Church Village in 1971 during the election campaign.

It is true that the industry has not moved fast enough to accommodate some of those desires but I have no doubt that they would find favourable in principle with management. The translation from principle to actuality depends upon the financial ability of the industry and I hope – it is a pity that I did not speak before Senator Ward – that I will hear some positive statement from the industry that, as soon as they are financially able, they will make the next step towards the amelioration of the working conditions of the employees of the industry.
3.55 p.m.

Senator Greaves, in his usual wild way, made a statement about somebody working in the industry for less that $20 a day. That is not true. There is no plantation in this country which would give anybody just half a day's work in a whole week. They will even lay you off, they might give you three days, but nobody is going to give you half a day's work.

A mere labourer, as far as I am aware, gets $22 a day – it might be more now, $24? – and there is a differential of $2.00 or $3.00 in respect of a female labourer. I would like to go on record as saying that there is no plantation that would give anybody half a day's work. Not even Golden Grove, in its worse time, offered the workers who were subsequently displaced half a day's work – they would tell them to stay at home. I do not think that in the 1980s anybody in the sugar industry would attempt to insult a worker by offering the type of pittance that Senator Greaves spoke of.

In his introduction, Senator Barrow said that we must recognize the contribution of Government to other sectors of the economy. He spoke of the Tourist Board, the Industrial Development Corporation and the Export Promotion Corporation. I agree.

I just want, since it was said, and I think what I am therefore going to say may be relevant on the basis of its having been introduced already, to say that, in respect of tourism, I have certain reservations that all is being done or that enough thought is being given to the development of the tourist sector.

So that I would not go too far off the rails, I will just summarize some points. Tourism requires, in my submission, substantial foreign advertising. I know that an attempt was made by the Tourist Board last year to advertise on television in North America. But the weakness of that attempt was that they chose to advertise at times when they did not get the best possible viewing. For example, they advertized during the children's programme. They are not coming to Barbados as tourists, other than with their parents, so the appeal was made to the wrong age group. Wasted money!

If you go to Disney World, on the drive from the hotel to Disney World on the buses that are laid on, you see vast signs advertising billboards of Jamaica. It hits you straight in the eye, big ones by the side of the road! I have never seen anything about Barbados anywhere, certainly not up there.

I wonder if our managers in tourism are not conscious of these methods that are being used by other countries. And what are we doing either to compete or to counteract a most disappointing, a very tremendously disappointing thing in the Tourist Board office in London?

That office is virtually part of the High Commission in London. It is housed in the same building, and there is a little window, when you are walking down Upper Belgrave Street, that should be displaying Barbados. But you would pass it and not know that you are passing the Barbados Tourist Board, or any place having to do with Barbados, were it not for the fact that the Barbados flag then overhangs the street; so you see a flag. But there is an ordinary window, and behind this little window there is one room, and they have seven or eight people, with four telephones, everybody on top of everybody else, total old mas, as they would say in Trinidad, and out of that you are trying to sell Barbados!

Down in Bruton Street, in the heart of Mayfair, Caribbean Airways, which is the Government's national carrier, has a lovely office, a big window. Cannot something be done to merge the Tourist Board with Caribbean Airways? You would get a better location, because where you are on Belgrave Street is off the beaten track, nobody sees you there, get down into Mayfair where a lot of people will see you, you would be more easily accessible, and where you have got the physical facilities to give expression to your advertisement, where, for example, you could have some video things of Barbados running all day long – as people pass the show window they can see something about Barbados in the window.

I throw out that one to the Tourist Board. I think they are doing their image, and the image of Barbados, and their ability to generate tourists for Barbados, a lot of damage by remaining where they are in that little pokey room. It is foolishness!

I am not going to say anything on the liquor licences and the work permits today, but I would just warn that Government has to be careful that in trying to exact its pound of flesh by way of getting revenues, taxes, dues and levies that are legitimately due to it, at the same time it does not, by strange and unusual methodologies, kill the very industry which it talks so much about. I just wish to say that the current problem affecting a lot of hotels in relation to the conditions that are now imposed for the grant of a liquor licence is going to do severe damage to the tourist industry if we are not very careful.

I saw a lot of hotel representatives being turned back at Oistins Court last Friday morning and told to come back on December 28. I do not know what is happening in other courts, and I would not venture to express an opinion, but what I saw at Oistins Court does not look good.

I cannot understand why Government has refused to adopt the procedure which is available to it in relation to defaulters. Sue! If you owe Income Tax, they file a certificate against you, and you run fast and pay, or make an arrangement to pay it off – and you do.

If you do not sue, prosecute. There are all these things available. But why would Government seek to interfere with your ability to get a liquor licence or, alternately, you know what they do too? Revoked the work permits of people working in the hotels because the hotels have not paid! What has that to do with the chef?

You give an executive chef a work permit. His hotel has not paid – he does not own the place – and you take away his work permit. Yet you wants him to prepare meals of a certain standard to attract a certain type of clientelle.

I think, that Government must think out its position very clearly. I think there are alternative routes available to Government, and I am not trying to generalize, to try and encourage people to meet their obligations. If they do not pay by suing – Senator Howell would know – you sell them out.

Mr. PRESIDENT: Are you not going a little far afield now?

SENATOR D. A. C. SIMMONS: Sorry, Sir. I had to get in that one. I am very grateful to you, Sir, for your indulgence in my irrelevancies, but I had to say that before Christmas. I think I have said all I had to say on the question of the sugar industry, and I have had my little fun with the tourist people.
4.05 p.m.

There are just two questions for Senator Barrow when he winds up. He mentioned something about plantation tenantries, which I think are related to the whole question of the sugar industry, because we did pass legislation for the plantation tenantries lands to be vested in the long-time tenants. I want to ask him to what extent are the plantation tenantries being developed in pursuance of the second Bill that was passed?

There was a Bill, the first one, the Freehold Purchase Act, that allowed the tenants to own the lands. There was then the Development Bill, under which, as I understood it at the time, Government was to ensure the further development of the tenantries by, for example, the provision of utility and other services. I wish to know to what extent now Government is fulfilling this obligation in terms of putting in roads, water, light and so on in these tenantries, so that the poor tenants will now get some enhanced amenities?

I am obliged to Your Honour for having indulged me.

SENATOR O. S. ARTHUR: Mr. President, in joining this debate to give my support to the Resolution, I must, like Senator Ward before me, plead a certain special interest in the matter. I speak this evening not only as a Senator, but also as the Chairman of the Agricultural Development Corporation, which has a certain vested interest in the fortunes and future of the sugar industry. This happens to be a corporation which reflects in a microcosmic way the problems of the industry as a whole, although, if I may correct a point made by Senator Greaves, I am not aware that the problems of our corporation are as a result of massive investments in either the manufacturing or tourism industry.

Mr. President, without losing sight of the specific matter which concerns us, you must allow me to put this whole debate within a larger context. In the first case, the matter of a price support for agriculture, for the sugar industry in this country, in my view, reflects a larger economic policy by the Government. Over the last twenty years we in this country have embarked on the process of building a broad-based economic system, and the construction of that broad-based economic system has, unfortunately, been construed as requiring a necessary diversification away from sugar. Left to itself, and in accordance with the second law of thermodynamics, the industry has tended towards a state of atrophy. So, in a real sense, we are coming back to fundamentals; that one of the means by which we will build a broad-based economic system in this country is by creating an

environment within which a viable and sound agricultural sector, including a strong and viable sugar sector, can emerge.

If I may deal with another large issue, before proceeding to the price support matter *per se,* I must also quickly say that this entire matter also reflects a social policy because the fortunes of the sugar industry are very much entwined with the fortunes of our rural society. I am a classical scholar in parts, familiar with the words of Tacitus on the Roman invasion of Britain, that when they had created a wilderness, they called it civilisation. Let us beware of creating a widerness in our rural society under the guise of civilising it.

The third large issue is of a more financial character. We in this country, and indeed many people in undeveloped countries, speak of the need to evolve novel instruments to provide for the domestic financing of the capital needs of the industries of their society. In a broad sense, instruments, such as sugar bonds, reflect the kind of developments in the financial market that we in Third World countries have, increasingly, to resort to.

It is against that general background, that I want to move directly into my discussion of the price support system. The first point I would want to make in this respect is that I am surprised that the notion of a price support in agriculture has aroused as much national passion as has been the case. The truth is that in every agricultural system or society that I can think of, the use of price support systems is widespread. In the United States, in Soviet Union, in virtually every Third World country, one finds that a price support system for most of their commodities is a normal and vital part of the operation of their agricultural system. That is for a good reason; the reason being that, because of the social value attached to the production of food *per se,* one is often very much confronted with the situation where the financial costs of producing the food are often in excess of the market price paid for the food itself.

In consequence, a national price support system for important commodities is that it serves an important national purpose by helping to stabilise farm incomes, so that the farm producers can proceed with the imperative of increasing output without necessarily having to be unduly concerned, or overwhelmed, by the anarchy of the market.

Now the issue that the matter raises in Barbados, as I understand it, is the question as to whether any support for the sugar industry is justified, and whether or not it would not have been more practical to redirect the resources from the price support to other occupations with a more efficient impact, from a national point of view as well as from a corporate income's standpoint.

Do we need a sugar industry? In a real sense, this is an entirely false issue. The reality is that the relationship between the sugar industry and the non-sugar sector in this country is complementary rather than competitive; it is a symbiotic relationship.

In the first instance, sugar cane is, from an agronomic point of view, the best commodity suited to the ecological conditions pertaining to Barbados. Also, inter-cropping and rotation with sugar cane is vital for the maintenance of yields and productivity of agricultural lands. Indeed, we pay a very heavy national price where we believe that we can indefinitely take land out of sugar into non-sugar agriculture, a classic case in point being our Fairy Valley Estate, on which the yields are now very low because we did not observe the proper agronomic practice of inter-cropping and rotation between non-sugar and sugar agriculture.

4.15 p.m.

I make a second point, that the experience has been that there is no automatic transition from sugar to non-sugar production. The cases of Trinidad and Jamaica bear this out. But perhaps we do not even need to go to Trinidad and Jamaica. What happened in this country when we arbitrarily decided to take lands out of sugar cane? There was no automatic transition from sugar to non-sugar agriculture. There are good reasons why this is the case. One of the reasons is that, given the low saturation point of our domestic market for food, local demand for such commodities can be easily satisfied from a small fraction of the land, leaving a large bulk of the land idle.

Thirdly, the development of a non-sugar agricultural sector in this country is a task that is fraught with many great difficulties. In the first case, non-sugar export agriculture is a very highly sensitive and ticklish market, where great concern has to be paid to quality, assuredness of supply, prices and so on. We do not as yet possess the major farm and auxiliary facilities to contemplate the movement of a large block of our agricultural resources into non-sugar export agriculture. And if maybe we could do so, we would be going into an international market which is characterized by as much competition and uncertainty as that which pertains in the sugar industry. So for those who swiftly advocate the demise of the sugar industry, I do believe that it is an onus on their shoulders to tell us in very precise terms by what means will they replace that $74 million that we now earn by way of revenue from this sector.

So, on all sides, very tough options present themselves. And I say to you that agronomically, from a market point of view, from the point of view of the sector's relationship to the rural society, from the point of view of the interlocks between the sugar industry and the rest of the economic system, the mercantile system and so on, the sugar industry has a permanent role to play in this society, subject to the understanding that we will aim at building

it up into a critical mass, capable of servicing our guaranteed export and domestic markets, and capable of creating a surplus that would allow us to take advantage of spot demands on international markets as price conditions warrant.

It is within that broad context that I pose the issue of the price support system. I see this system as a means of encouraging the industry to rejuvenate itself, to regenerate itself, and to surmount the recent production and market instabilities with which it has been confronted, so as to increase its chances of becoming viable over the long term.

I would, however, have to issue a warning. The warning is that even though the problems of the industry at this juncture represent themselves in a financial form, we would be at serious error were we to believe that the problems of the industry will yield only to financial solutions.

In this respect, I am speaking positively, and I want to draw two urgent imponderables to the industry's attention, which require some serious attention. The first is to continue the efforts to bring a new ethos to bear on the Barbados sugar industry – indeed, to move it out of the plantation system and into the era of modern farming. That is a clear imperative which is as crucial to its long term viability as the extent of any price support system that we can implement.

The second is to develop the capacity to cope with the market dynamics of an industry that is as fickle as the sugar industry. If you would allow me, Mr. President, I will swiftly deal with these two issues.

It is my view that we should aim at sustaining an industry of perhaps 120 000 tonnes. I say 120 000 tonnes because we now have guaranteed markets for 53 000 tonnes where the EEC is concerned, 18 000 tonnes where the US market is concerned and another 15 000 tonnes where our domestic market is concerned. With much diplomacy, much negotiations, we might put ourselves in a position where we could pick up some of the surplus lack resulting from Third World countries' shortfalls in the EEC market. And I do believe that we have a sufficiently pleasant relationship with the United States Government that it may be disposed to increase our quota in that market, as the circumstances warrant. So it is quite possible that we can move from the 93 000 tonnes guaranteed-market situation to one in which we find a 120 000 tonnes industry, which would be, I am told, that kind of level at which the industry would break even.

This, however, would require certain managerial and technological changes on the part of the industry. First of all, the industry and its management will have to learn the skills of managing not only men, but machinery. I cannot overstress the point. Secondly, if we are going to have a viable industry in this country, we are going to have to bring the computer to sugar. The co-ordination of the cane supply with the requirements at the factory end requires a systemmatic critical path transportation type of study, which could, I am told, yield benefits amounting to five per cent of sugar per annum, if happily managed.

Capital density in the field has increased substantially. We now have, we are told, 22 choppers, each of which has a capacity to handle 10 000 to 12 000 tonnes of sugar cane per year. Those choppers are now much under-utilized, and the industry has to develop that technological capability to cope with the use of its capital density.

This country has to become involved in genetic engineering, if we are to speak in terms of sustaining a sugar industry over the long and medium term. As the industry changes, the criteria by which new varieties are selected changes as well. We are now told that varieties are selected on the basis of high sugar content, the ease with which they can be harvested in a mechanized way, their disease resistance, their brittleness, deep-rootedness and so on. A major task of genetic engineering awaits resolution in the industry.

The industry has started a process of ecological zoning to equalize conditions of the less favourably situated, but efficient growers, with those who are more favourably located. That is worthy of support and ought to yield benefits of a substantial character in the medium term.

But the fundamental problem is that the industry has to get away from its disposition of the past, when it was a high labour-intensive industry, to one in which it now understands the modern imperative of managing men and software. I am perfectly satisfied that that is the area in which the industry is most deficient.

Mr. President, before I close, I should just like to correct a misconception that my colleague, Senator, and University fellow might have perpetrated. It concerns the debt liability ensuing from the bond issue. I am advised that the interest payments and the redemptions of the bonds so far issued, and to be issued, will be met entirely from the sinking fund which will entirely be financed from increases of domestic sugar prices allowed at the beginning of 1983.

You cannot simultaneously, I am suggesting, blame the Government for having allowed the price of sugar to rise, by using price increase to finance the bond redemption, and at the same time say that sponsoring the bond is going to arbitrarily increase our debt. You cannot have it both ways. Perhaps Senator McClean, who is

normally very scrupulous in these matters, might not have been aware of that particular fact.
4.25 p.m.

I conclude by saying, Sir that perhaps too much passion, rather than logic, has informed the national debate on the sugar industry. It is not unusual for agricultural systems to be supported at the level of prices, and it flows from a good logic. The logic, in our case, is that within the context of the national development of the agricultural sector, there is a permanent place for the sugar industry; that in recent times, by policy design, we have allowed the industry to degenerate, in more recent times it has become subject to the adverse influences of weather, fires, external market conditions, and that we have to give it a breathing space, within which it evolves the kind of long term strategy that will allow it to find its true viable position in this society.

I thank you .....

Applause

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, I rise with pleasure to close this debate, that is assuming that Senator Arthur has not succeeded, effectively, in closing the debate. There have been one or two brilliant expositions in this Chamber before, but I cannot say that I can recall when last there has been one of such quality. It is my personal regret that Senator Greaves was not in his seat to hear how one can put a case, if one has the talent and exercises the discretion of thorough preparation.

This is the first time that I have had the privilege of hearing Senator Arthur, and it has really been a privilege indeed. I would wish to congratulate him on what, as far as I am concerned, is his first effort in this Chamber.

I was indeed going to respond to Senator McClean's point about the probability of Government having to pay being very high, but that has been disposed of by Senator Arthur. The other point he made about it being more realistic to reduce overheads and increase output, again that has been disposed of by Senator Arthur in his dissertation.

Senator Simmons wiped away many of the boisterous contentions of Senator Greaves, but there are a couple of things I want to say about Senator Greaves' contribution for the Record.

When we speak about sugar, we are forgetting that at a time when the British Government provided funding to the sugar industry, and I am speaking of a period of perhaps 60 years ago, in the Caribbean, other sugar industries in the Caribbean allowed that money to go into the pockets of the planters, and we know what was the effect of that on the sugar industries outside of Barbados. Under the guidance of Sir Herbert Greaves, on the other hand, the sugar industry was made to fund monies, and the funds created at that time have had a beneficial effect on the continuation of the sugar industry in a comparatively healthy state. I speak not as Senator Arthur would speak, as an economist, but as a one-time historian, and I am sure my facts are right.

The history of that industry has indeed been that whenever it has made money, Government has stepped in and taken generously. There is what has been referred to in some quarters as "the lash of 1975", when the levy imposed was so severe that, in the view of many people, the sugar industry has never recovered from it.

That is significant, and the reason I did not mention it before was that, in the spirit of peace and goodwill, I did not want to get into any partisan debate with Senator Greaves. The fact is that under the Democratic Labour Party, the attitude of Government towards the sugar industry – and it was Senator Greaves who said that the industry has been well-treated by the Government, he means this Government – has been nothing but one of spite.

How else can you describe, not just the speech, but what goes with the speech of 1967, the throwing of 12 000 acres out of sugar production, when there is the fine balance between high overheads and how much you produce? We are now caught in a bind of having to bring idle lands back into production by means of taxing people who refuse to produce from those lands, a remedial effort. That is what that Government forced us into.

And that is not all. When we talk about cane fires, we tend to forget that cane fires were legalized within the sugar industry. One of the effects, I submit, had been to make the burning of sugar cane more acceptable in the public mind, and there were the beginnings of a cancerous growth. We have now had again, and the sugar planters have had the good sense to understand that what we were saying made sense, to insist on the Green Cane Reaping Scheme as a means of reversing a trend set in gear by the Democratic Labour Party's Administration.

Of course, I do not have to say it, I think we all know it, when you burn canes, there is damage to the soil. So when cane burning was legalized, there were two levels of attack on the industry, for which the Democratic Labour Party Government must, essentially, take responsibility.

Senator Greaves says that we must not talk about the Board of Tourism, we must not talk about Export Promotion Corporation, we must not talk about I.D.C., we must

talk of tangible benefits, we must not talk of fiscal benefits, must not talk about Hotel Aids Act. Not only is it ridiculous to suggest that fiscal incentives to manufacturers are not tangible benefits, or that benefits under the Hotel Aids Act are not tangible benefits, but if you set up machinery to promote somebody's business and to do marketing for that person, do you mean that is not a tangible benefit either? We have to understand what it is we are saying.

But in the event that Senator Greaves should turn out to be right, what greater financial assistance could the manufacturers of this country could have had than the U.S. $70 million tied up by this country in the CARICOM Multilateral Clearing Facility? Let us face facts. If that is not a direct subsidy to manufacturing, I want to know what it is?
4.35 p.m.

What it represents is that the men were able to manufacture and sell and not worry about how they were going to get paid. It is the Central Bank and the foreign reserves that were picking it up. So we cannot talk as though we are bailing out sugar but we do not give any benefits to other people.

What Senator Greaves has visited upon us this afternoon has been described in other areas as a "Niagara of nonsense." He was rash enough to mention the windfall crisis of 1964. He perhaps understands the windfall crisis at the level of the late John Wesley Corbin, who said that the people are behaving like the prodigal man that had two sons. The people should bow down to the Union General, and it is a very good idea to put by something for a rainy day, because windfall is when the wind blows in your favour. That, I think, rather succinctly expresses Senator Greaves' understanding about what he was talking about this afternoon. While I was a young man at the time of the windfall crisis, he was a little boy, and he still is, in my view, in terms of his mental development.

The point is we had a very interesting situation in 1964, when the Barbados Workers' Union sought to fund $1.6 million. It was a real political baptism to me, because until then I did not know that the thousands of workers in the sugar industry had no allegiance whatever to the Barbados Workers' Union. That was the crux of the matter. For leadership, they looked to the Barbados Labour Party.

What support the union had in the sugar industry, and indeed the situation has not changed, was support at factory level. This is one of the reasons why the Barbados Workers Union does not like to negotiate sugar wages until the crop is about to start. They cannot put the organisation together.

The challenge has been there to Mr. Walcott and the likes of Mr. Greaves, for a long time, to get out there and organise the workers in the sugar industry. It is a challenge that they have never taken up. And that is why at one point I was associated with a union which sought to organise the few workers of the sugar industry into a viable industrial force. That is something he should never have mentioned, because he thinks that, in the spirit of Christmas, I will let it pass.

But in 1964, I was the one, as Personal Assistant to the Premier, who had to go six and seven times a day from the office of Mr. Errol Barrow to the office of Mr. Frank Walcott, back and forth, because, as the measure proved more and more unpopular, neither man was prepared to come out of his office and face the public. If you want to talk about people being frightened, you should have seen it then.

I was the one who went and picked up Mr. Barrow at the airport and said, "You are going to have to hold a political meeting and divorce yourself from this business altogether." The response to me was, "Take me to Mr. Keith Walcott". I drove him straight to The Rock, Spooner's Hill, and he went straight in and spoke to Mr. Keith Walcott, who a few years later said to me, "You know, the first thing he did when he came back was to come and see me." He then paused and said "Of course, you would know, because you were there."

We spent the whole afternoon deciding to hold this meeting. Mr. Hilton Vaughan would come in and Mr. Barrow would say, "Nigel thinks we should hold a meeting, what do you think?" Mr. Hilton Vaughan would say, "On the one hand and on the other hand....." Mr. Cameron Tudor would come in and Mr. Barrow would repeat the same thing, and Mr. Tudor would say, "Well, am, am,....." and nothing more would come out! Mr. Asquith Philips came, and before he got in I buttonholed him outside and said "Asquith, tell this man he has to hold a meeting." He said, "What do you think." I said "He has to hold a meeting", and so it went. At a quarter to seven, when the decision was taken to hold the meeting, I turned on the radio and the meeting was already being announced on the radio. That was the origin of the meeting, the famous "Break for Yourself" speech, which saved the Democratic Labour Party in 1964.

These are not things that Mr. Greaves ought to trifle with, because he does not know what went on. And when you do not know, you should keep your mouth shut.

The fact of the matter was that Mr. Julian Mahon and Mr. Frank Walcott had come into the Premier's office and said that they had an agreement. The agreement was that they could fund $1.6 million of the windfall monies and the rest would be paid out according to a certain formula.

As a result of that, and at their urging, the Government took a Resolution to the House of Assembly. Nobody understood at that time that Mr. Mahon was no more able to make the sugar barons of the day respect the agreement he and Mr. Walcott thought they had come to than was Mr. Walcott able to make the workers in the industry respect that agreement. In other words, two men had sat down, negotiated and decided, but neither one had a constituency. That really was the problem.

What actually happened was that the workers said that since they were not members of the union, and since there were no details as to how the fund was to be administered, and in whom it was to be vested, they had no intention of surrendering wages to the control of Mr. Walcott, Mr. Mahon or anybody else. That was the case put by the workers, and if you think about it, it is a compelling case. You are asking me to give money up, and I have no say in what machinery is to be put in place for its administration, or, indeed, whether I would get any benefits at all out of the monies that I am putting up!

It was not a matter of creating a trust for a specific purpose, in which case you know that if the purpose fails, then you know the money comes back to you. It was an outright gift, and what the workers did not know was a gift to whom and for what purpose. Therefore, since the position of the workers was an entirely logical position, the position of the sugar producers changed as they understood what the workers were saying. Nobody knows what the future of the sugar industry would have been had they not paid that money out.

Those are the facts of the windfall crisis, from somebody who was right in there, and who learnt it all the hard way; so Mr. Greaves can talk. There was not a chance of the proverbial snowball in Hell of any fund being created. And if a fund was created, nobody is in any position to say that that money would have been used to purchase investments in the sugar industry for the workers. There was absolutely not one thread of detail which would support Mr. Greaves' contention.

It is my submission, further, that as a result of the reaction of the workers to that windfall settlement – in fact not the workers, it was in response to the planters to the workers' reaction, because let me tell you one other thing. Government at that point did not know where to turn. They could not understand what was happening. They did not know where all this opposition was coming from. A little fancy foot work by me turned up a typewritten document, except that in a couple of paragraphs there had been some editing, and the editing was in the unmistakable handwriting of one Sir Grantley Adams and another H. B. St. John, and, for the first time, we understood the stark realities.

4.45 p.m.

If sugar workers in this country want advice, they do not go to the Workers' Union, they go to the Barbados Labour Party. We have to understand the stark realities of politics in Barbados, and that is it. That is why it is a question of whether we control all the rural constituencies west of St. Philip, because the old Congress party had its foothold in St. Philip, St. John and eastern Christ Church. Apart from that territory, it is always a question of whether we control all the seats in the rural constituencies when things are going well, or if we will control all except St. Lucy, because the Congress party also had some influence in St. Lucy. We have to understand our political geography a little better sometimes.

There were a couple of other things. I do not think Senator Greaves should be able to get away with this nonsense about people carrying home $30 in the crop. Senator Simmons dealt with the foolishness about $20 in the week out-of-crop, but Senator Simmons kindly left him with the $30 in crop time wages.

Sir, we must ask ourselves, what is the basis for wages paid in the sugar industry during the crop? All the wages are related to production. What is Senator Greaves saying? We know that some people in the sugar industry carry home $300 a week during the crop; some, $400. Is it that Senator Greaves has now reached the stage where he takes $300 for $30?

That really is the kindest interpretation I can put to what he says, because otherwise he was saying something which is seriously abusive of people working in the industry, and, for a trade unionist, is a very serious kind of thing for him to be saying. He is, in fact, saying that there are some people in the industry, in spite of opportunities to make quite substantial earnings during the crop season, who are not prepared to work, and therefore make only $30 a week.

That is not a view that I share. It is either that is what Senator Greaves is trying to say but is not bold enough to come out and say it, and in any event I do not believe it if that is what he was saying, or else it is a clear case of not taking a six for a nine this time, but not being able to count noughts.

Mr. President, that disposes of a number of the points. I hope I have not deliberately or otherwise left out any, but I must say that, even in the spirit of goodwill prevailing at this time, it is difficult for Senator Greaves' speech to escape one point of further analysis.

He says he was giving critical support. I believe Senator Simmons can correct me if I am wrong, but the word "critical", I believe, has origins in the Greek word, krites, meaning a judge. And I do not think that if I take either that, or following from there to go to the

Good Book and talk about Daniel come to judgment, or if we go through the works of Shakespeare and we deal with the judgment which is imposed on Shylock, or if we look in any area of judicial activity, that we are able to substantiate a description as "judgment" as being without reason, and if I have ever heard anything which has been totally without reason, totally without logic, it was Senator Greaves, contribution this afternoon. I have therefore to reject the notion that there is anything critical in what he said. He might have been critically ill at ease!

Furthermore, to tell me that what he said could in any way be construed as support, is something that I also find difficult to understand. Perhaps the Senator thinks that any time he does not state unequivocally "I am opposed to this Bill" or "I am opposed to this Resolution", that we have to take that as support. But I prefer to take the totality of what a man says rather than any one sentence out of what he says, and if I understood what Senator Greaves was saying this afternoon, he was reluctant to come out and make the kind of statements which he would go on a platform and make about the sugar industry and white people and so on. Since he could not say anything in here without being slaughtered, he took to making wild accusations.

Nothing of substance he ever said! I made notes and I find things like accusations of throwing good money after bad, that the Government is being blackmailed by the idea that the industry employs 7 000 people, that the industry is on the verge of bankruptcy because sugar funds had been invested in tourism and commerce.

That last point is something which I have taken issue with before. I want to know who it is in any business activity that is now restricted from having an investment in any other area of economic activity? I want to know if because Senator Simmons is a lawyer, if he finds himself with a little excess at the end of the year that he thinks he can invest, if he is supposed to go and buy a few more wigs and gowns or buy a few more law books so that he can never be said to be earning money at the Bar in anything other than something related to the law?

I want to know who it is that, if at any point he is able to generate a little extra, is not free to invest in whatever other area he wishes. Are we saying that if you are in the sugar industry that all these options are closed to you? Unless Senator Greaves is prepared to demonstrate to us that the people in the sugar industry, against whom he levels his strictures, ran the industry down in order to invest in other areas, it is one more emotional point of absolutely no intellectual content. In other words, it is a classic statement in the mould of all the statements that Senator Greaves makes.

Mr. President, just let me say that I do not have the answers to the questions raised by Senator Simmons. In any event, my time has run out.

Once again, may I say how very pleased I was to listen to the exposition by Senator Arthur.

The question that the Senate concur in the Resolution was put to the Senate and agreed to.
4.55 p.m.

ADJOURNMENT

SENATOR THE HON. N. A. BARROW: Mr. President, may I on behalf of the Senate take this opportunity to extend to you the season's greetings, and to say how very pleased we were to have spent another year guided by your expert and even-handed chairmanship.

On that note, I wish to move that the Senate do now adjourn sine die.

Mr. PRESIDENT: Before I put the question, I would like to reciprocate the season's greetings and wish all members and staff the compliments of the season. I hope you will spend the time wisely and well and that you will come back to the next session refreshed.

The question that the Senate do now stand adjourned sine die was put and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.
4.48 p.m.

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