
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1986 – 91

SENATE

Wednesday, June 7, 1989.

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, June 7, 1989, at 11.25 a.m.

PRESENT

His Honour Senator M. deL. JORDAN, (Deputy President);

Senator the Honourable L. V. H. LEWIS (Minister of State in the Prime Minister's Office), (Leader of the Senate);

Senator the Honourable Sir JAMES TUDOR, K.C.M.G.;

Senator A. MORRISON;

Senator N. W. BOXILL;

Senator D. A. COMMISSIONG;

Senator Mrs. V. C. FRASER, B.S.S., J.P., M.C.F.A.;

Senator A. J. N. PHILLIPS;

Senator T. A. PRESCOD;

Senator J. C. W. WICKHAM, M.B.E.;

Senator the Reverend Canon I. McK. JONES;

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

Senator C. A. BLACKMAN, Q.C.;

Senator Mrs. P. Y. FORDE;

Senator J. S. GODDARD;

Senator Dr. L. L. SHOREY;

Senator the Honourable Dr. C. D. CLARKE (Minister of State in the Ministry of Finance and Economic Affairs);

Senator A. W. A. McClean

Senator Miss V. P. BRATHWAITE.

Prayers were led by Rev. Dr. Lionel Crawford, S.C.M.

Mr. DEPUTY PRESIDENT: This Senate is in session.

OBITUARY SPEECHES - Mr. C. L. R. JAMES

Mr. DEPUTY PRESIDENT: I am confident that the members of this Honourable Chamber would wish to record their regret at the passing of Mr. C.L.R. James who was, indeed, a Caribbean man and has done much, not only for the Integration Movement in the area, but has done much for literature; and I shall invite any who may be so inclined to speak on this matter.

SENATOR THE HON. SIR JAMES TUDOR: Mr. Deputy President, you caught me with a very, very pleasant surprise.

I suppose, Sir, that our area is known for many good things. It has made its name in the world, certainly in cricket, in the quality of the statesmanship in the persons who have covered certain parts of it, and in many other respects. It has, certainly, also, made its name far beyond our shores, the quality and brilliance of its literary personalities, many of whom are household words in many countries of the world and whose works have been translated into as many languages.

There recently passed, however, one Caribbean personality who had made his name with the greatest effect in the field of literature and just as importantly, in the field of ideals.

C.L.R. James towered above all of the generations who had the honour and privilege of enjoying this existence at the same time as he; and he was born and lived for a span of time which saw great movements all over the world and, particularly, in his own part; and he was able, through a long and glorious life, to explain to others far beyond our shores what the ideals of West Indian people should be and were like, what objectives they should pursue and, also, more importantly, how they should comport themselves vis-a-vis the rest of the world.

I think, Sir, that we miss him and mourn his passing, not only because of his many distinctions, and not only because of the pride we have in appropriating him to us, but, also, because he is, in a very real sense, one of the magnificent human contributions which the Caribbean has made to the wider world. And if it is true that there is nothing more important than people and you can contribute a brilliant mind to the rest of the world, I think it is a contribution which is not only remarkable for its kind but enduring as well.

I met him only three times, the first time in 1958 when he came to Barbados in his capacity as, I think, General Secretary of the West Indian Federal Labour Party, to attend the first Annual Conference of the Barbados Labour Party and, also, to coordinate the organisation of the Federal Labour Party in respect of its work in the Federal House of Representatives.

I remember a conversation, one only of that kind, when he was at pains to point out that none of us in the Caribbean knew or could understand our full potential unless we touched base with Africa. And I reflected then that it was a good thing to have heard this from him because he had wintered and summered, if you like, with such other personalities as Padmore and Dubois who belonged to generations before our own and who made contributions to Africanity, if that is a word which I can call it, that were lasting and important.

I saw him briefly twice after that and he was in those times visibly declining but not in respect of his mind. That was as brilliant, as persevering and as wide-ranging as possible and one likes to think that if he had lived longer it would have still had its quality. And if everything else about his personality succumbed to the ravages of time, the clarity of his mind and the purity of his vision for Caribbean needs and for things that really mattered would still persevere.

It is said of the Roman Poet Homer that seven cities claimed him after he was dead through which the living Homer begged his bread. But I do not know if in respect of the latter part of the description that there is any particular relevance to C.L.R. James. I do not think that he begged his bread. He certainly did not care for wealth, but I think the first part of the quotation may well be relevant except that there are more than seven cities, more than seven islands, more than seven places, more than seven parts of the world who lay a proper and particular claim to the brilliance and massive contribution of C.L.R. James.

I may just only add that anybody who has written or can write about the game of cricket and make it into an amalgam of psychology, history, literature and common sense, not to mention scholarship, as he has done, deserves more than a first place in the mind of his contemporaries.
11.35 a.m.

And, therefore, Sir, I pay this tribute to him because I think that the Caribbean should enjoy a lasting pride in having produced him and having owned him, if ownership of personalities is a proper attitude to adopt. But certainly to be able to think of him eternally as part of ourselves and our heritage is a tremendous joy and I think that we ought to thank God for his wonderful life and example.

Applause.

Mr. DEPUTY PRESIDENT: Senator Wickham.

SENATOR J. C. W. WICKHAM: Mr. Deputy President, C.L.R. James has been so long among us that it is difficult to think of a world inhabited by Caribbean people which does not have him somewhere in it.

For many years before he passed, he always looked as if he would pass the next day. But he was essentially a stubborn survivor, absolutely without any edge of rancour in his spirit. When he waged his war for let us say, Frank Worrell to be Captain of the West Indies team, when he was waging his war in Africa, he did it on grounds which are radically different from the black power argument which supports or tends to support similar arguments these days. He did it on an intellectual basis. He did it because it seemed to him wrong, morally wrong and against the course of history, to neglect the contribution of an important sector of the world.

So that, all through his life and towards the end, he retained what I call essentially a youthfulness of spirit without edge or rancour. There was none of the chauvinism, none of the insularity which affects smaller minds. And I really do believe that that is why he lived as long as he did.

He was always happy to surround himself with youth. For him, there was no generation gap. And he was as easy with the young people, and really towards the end of his life as advanced in front of them as he had been when he himself was young.

He once wrote to Frank Worrell some years ago, just before Frank went off to Australia:

"My Dear Frank Worrell,

I have no idea why I am writing you, except to say that it is a continuing wonder that one little scrap of an Island should have produced both yourself and Garfield Sobers.

Yours as ever,

C.L. JAMES.

Please do not hesitate to call on me, if there is anything you think I can do for you."

Such a charming thought, such a delicate thought. And really, it says all that there is to be said about that man.

His life was marked by an eagerness to learn and he lived to 88 and is part of a remarkable bank of people throughout the world who, at the end of their lives, are still as young and in the forefront of thought as they ever were. Bertram Russell, for example, at 90 was still modern, Picasso 96 and still modern, ninety something and still modern shocking people by the advance of his thought, and Duke Ellington marvellously young and inventive in a ripe old age. And of course, Winston Churchill. It was a marvellous performance. C.L.R. James and with him Sir Arthur Lewis are the two West Indians who make me most proud to be a West Indian. When I hear them or see them or read about them, I know that I do not want to be anything else. They make me proud without any apology for being what I am.

That is as much as I can say about a very distinguished West Indian.

Applause.

Mr. DEPUTY PRESIDENT: Senator Comissiong.

SENATOR D. A. COMMISSIONG: Mr. Deputy President, I too should like to pay a short tribute to C.L.R. James. I never met Mr. James, but I felt his passing perhaps as much as those who did meet him, because I felt as though I had come to know him through spending numerous hours with his books. His "Black Jacobins" certainly to my mind the most impressive historical work that I have ever read brings history to life. His "Beyond the Boundary" is easily the most insightful work of literature ever produced on any sport, to my mind. And numerous other works. His "Mariners, Renegades and Castaways", the study of Herman Melville's great novel, and his interpretation of it as an allegory of the modern world and modern civilization, the world of the Twentieth Century and his vision of the capacities of ordinary people.

I believe that I got to know C.L.R. James as well as anyone could get to know a person simply through reading the man's works. And I too feel, like Senator Wickham, after having studied the man's work very proud to be a West Indian.

I agree with that assessment. This is how C.L.R. James left you feeling. You feel that you are one of a select band, a band of people who have a special role to play in this world. And James was very clear about this. Not only did he have a profound belief in the capacities of ordinary people but he believed that, as West Indians, because of our peculiar history, because of the small nature of our societies where we can virtually come to grips with all the social forces, political forces that take place in a small community, that we can intellectualize about them and

come to understand them and see how they function. He believed that we had advantages that people in other, perhaps even bigger and more powerful societies did not have in terms of developing our intellectual capacities.

His "Black Jacobins" makes clear to all who have eyes to see, his belief in the power of ordinary people, that these ordinary slaves oppressed small people took on the world's greatest Empires at the time and organized themselves with efficiency far surpassing that of the armies of Napoleon, or Great Britain.

There is a lot that one can say about C.L.R. James and I do not necessarily want to go into that now. But the essential point I should like to make is that people like C.L.R. James and the late Walter Rodney are Caribbean treasures.
11.45 a.m.

Their intellects and their works should be familiar to the people of the Caribbean, and if we do not make the effort to familiarise ourselves with the intellects and the works of these Caribbean giants we are doing ourselves a great disservice. It pains me that we have neglected this amazing treasure that we have had in our societies all these years. It pains me that you never see on our television station, for example, an interview with a C.L.R. James, that these resources could be available to us and we never make the effort to interview people like this and to expose our population to that type of thought and that type of personality.

It is done in England. There are numerous televised interviews with C.L.R. James on the BBC, the television channels in England, yet he is a West Indian, he is ours, and we seemingly totally neglect him. To my mind it is a great shame that people like Walter Rodney can produce important works, works so important to our people, like "How Europe underdeveloped Africa", and so few of our people are even familiar with the works.

I should just like to close by making an appeal to the powers that be in Barbados. We have inflicted a great wrong on these men and on our societies by neglecting them to the extent that we have done, by not exposing our people to their thoughts and their works, and I am asking that some of that wrong be corrected. The material is there. Let us get our hands on it and begin to broadcast it to our people. It is our treasure and it is shameful that other people can see the value of men like Mr. James and his work and we, to whom he belongs, so shamefully neglect that work.

I think that the best tribute we in Barbados can pay to the memory of C.L.R. James is to do what we can from here to familiarise our people with the life works and thoughts of the great man.

I thank you.

SENATOR A. W. A. McCLEAN: Mr. Deputy President, I rise to join in the appreciation of C.L.R. James' life and his works. I met him on but one occasion in 1961 when he was in Barbados convalescing and I was a Reporter at the Daily News. It is true to say that on that occasion I would not have believed he would live so long. I thought then I was interviewing a man in his last days.

I wish to associate myself with all that has been said in appreciation of Mr. James and I also would like us to reflect on the circumstances which would have led Mr. James to sojourn so long outside of the Caribbean. Let us resolve that whatever it is that led to such a situation would be removed so that men of excellence, men of ideas, men of commitment to excellence would find in our communities an environment in which they can blossom and bloom.

Let us also reflect on the particular contributions which Mr. James would have made and let it inspire us to concern ourselves with ideas and the pursuit of excellence. We can best honour the memory of persons such as C.L.R. James by trying to give the best of ourselves, even though we may not have the same level of abilities in any given direction. If we strive after excellence and appreciate excellence, we will be making our contribution to create a society in which our future C.L.R. James may not find it necessary to go elsewhere to find comfort in day to day existence, but may be able to give full expression to their ideas within our own environment and be appreciated by us long before they are exposed even to the rest of the world.

I thank you.

SENATOR Miss V. P. BRATHWAITE: Mr. Deputy President, I too have never met C.L.R. James in the physical form. When the name C.L.R. James is mentioned I am reminded of two great literary works, and to my mind this is particularly significant that these two works should speak so well and should be so applicable of a man who also lived his life in the field of art and literature.

The first one, Sir, the words of the Holy Bible, which state that by their works ye shall know them, and although I have never met C.L.R. James in the physical form I know James very well because of his works.

The second one, Sir, another great writer like C.L.R. James, Shakespeare, who proclaimed that at the end of a man's life—in reference to another character, the great play Julius Caesar—it would truly be good to be able to say of a man that the elements of nature were so well mixed in him that he could stand up to the world and say, truly this was a great man.

I think that those quotations from those two works point very, very vividly and significantly to the life of C.L.R. James. I wish to add my words of very deep

appreciation for having lived in a West Indies in which this great man has passed.

I thank you.

Mr. DEPUTY PRESIDENT: I now invite Honourable Members to join me and stand in memory of this great man, the late C.L.R. James.

Senators stood in their places in silence.

PRESENTATION OF PAPERS

SENATOR THE HON. L.V.H. LEWIS: Mr. Deputy President, I am commanded to lay the following documents:

1. The National Insurance and Social Security (Benefit) (Amendment) Regulations, 1989.
2. The National Insurance and Social Security (Non-Contributory Old Age Pensions) (Amendment) Regulations, 1989.
3. The 6th Actuarial Review of the National Insurance Scheme.
4. The Ministers and Parliamentary Secretaries (Remuneration and Allowances) (No. 2) Order, 1989.
5. The Public Officers Loan and Travelling Allowances Regulations, 1989.
6. Report on the Probation Department for the year 1987.
7. The Annual Report and Financial Statements of the Barbados Industrial Development Corporation for the year 1987-1988.

11.55 a.m.

8. The Annual Report of the Barbados Export Promotion Corporation at 31st March, 1988.
9. Instruments adopted at the 75th Session of the International Labour Conference held in Geneva in June, 1988.
10. The 15th Annual Report of the National Housing Corporation for the year 1987-1988.
11. The 29th Annual Report and Financial Statements of the Board of Tourism for the year 1987-1988.
12. The Annual Report of the Chief Medical Officer for the year 1986.

REPORTS FROM SELECT COMMITTEES

Mr. DEPUTY PRESIDENT: I beg to report that the Select Committee on the Tenancies Freehold Purchase (Amendment) Bill, 1988, met and that Clauses 1 to 17 inclusive were passed without amendment.

A transcript of the debate in Committee is also annexed and forms an integral part of that report.

I beg to lay that report.

I also beg to lay another report. The Committee of Selection has met and has decided to fill the following vacancies in the following Committees as follows:

STANDING ORDERS: Senator Brathwaite

HOUSE COMMITTEE: Senator McClean

PRIVILEGES: Senator Brathwaite and Senator Phillips

REGULATIONS: Senator McClean and Senator the Hon. Dr. Clarke

DEBATES: Senator McClean and Senator Brathwaite

LIBRARY: Senator McClean and Senator Brathwaite

I beg to lay that report as well.

EXPRESSIONS OF SYMPATHY

Mr. DEPUTY PRESIDENT: We have just learnt of the passing of the father of Senator Boxill. I understand that the funeral will take place on Saturday.

I should myself like to extend personally the sympathy and condolences of not only myself but of my family to Senator Boxill and his relatives, and I wish to invite Members of this Honourable Chamber to join with me in standing for one minute in respect of the passing of the father of Senator Boxill.

Honourable Members stood in silence for one minute.

SENATOR N. W. BOXILL: Mr. Deputy President, I should like to thank Honourable Members of this Senate for expressing their sympathy with me now in my bereavement. Thank you.

Mr. DEPUTY PRESIDENT: I am sure that this Honourable Chamber would wish to send a Resolution of condolence to the relatives of the late Mr. Boxill.

INTRODUCTION OF BILLS

SENATOR THE HON. L. V. H. LEWIS: Mr. Deputy President, in accordance with Standing Order No. 24, I wish to seek permission of the Senate to deal with three Resolutions which were circulated earlier and which were passed in the Other Place yesterday, and of which I now give formal notice.

1. To move the passing of a Resolution to approve the borrowing of the sum of four million European Currency Units (approx. Barbados \$9 600 000) from the European Investment Bank for the purpose of on-lending to the Barbados Development Bank.
2. To move the passing of a Resolution to approve the Ministers and Parliamentary Secretaries (Remuneration and Allowances) (No.2) Order, 1989.
3. To move the passing of a Resolution to approve the revision of the Travelling Allowances of the Prime Minister's personal staff Resolution No. 18/1989.

PUBLIC BUSINESS

RESOLUTION TO APPROVE THE BORROWING OF \$9.6 MILLION FROM THE EUROPEAN INVESTMENT BANK

Order No. 1 was called – To move the passing of a Resolution to approve the borrowing of the sum of four million European Currency Units (approx. Barbados \$9.6 million) from the European Investment Bank.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Deputy President, this proposed loan from the European Investment Bank is made up of two parts: one three million European Currency Units, approximately \$7.2 million would be on-lent to the Barbados Development Bank for the purpose of financing the productive sectors of the economy, industrial, agro-industrial, tourism and fisheries sectors.

The second component or part of the proposed loan is made up of one million ECUs or about Barbados \$2.4 million by way of a conditional loan on risk capital resources to be on-lent to the BDB to be used exclusively for financing the acquisition of shares in small and medium sized projects again in the productive sectors of the economy, that is, the industrial, agro-industrial, tourism and fisheries sectors.

The daily outstanding balance of the loan shall bear interest at the rate of 505 per cent per annum, and this loan is repayable in 15 years including a four year grace period. On the second component of the loan, that is the one

million ECUs, the daily outstanding balance of this portion of the loan shall bear interest at the annual rate of 2 per cent over 25 years as a function of dividends and of success or failure of the projects financed.

12.05 p.m.

That is, it is my understanding that the funds will only have to be paid if the companies in which the investments take place become profitable. The repayment obligation would be written off or reduced if the Barbados Development Bank's customers fail. Since the BDB will be the agency responsible for the on-lending of these funds, I might, at this point say something about capitalisation of that institution.

The Barbados Development Bank was established in 1969 with an authorized share capital of \$10 million. At March 31, 1980, the paid up capital was \$9.1 million. During the fiscal year 1980/81, the authorized capital was increased to the present amount of \$30 million and at March 31, 1989, the paid-up capital was \$27.6 million or 92% of the authorized level. The contributors are the Government with \$20.6 million and the Central Bank of Barbados with \$7 million.

During the period 1985 - 1989, the Bank recorded losses totalling \$31.7 million. This has resulted in an erosion of the equity and a deficit to around \$3 million. Recognizing these problems and the general performance of the bank, the Prime Minister and Minister of Finance in his Financial Statement and Budgetary Proposals which were presented on April 26, 1989, stated at page 11 of that document, and I quote:-

"I propose to take the following measures to strengthen the Bank's (BDB) capability:

- (1) devise a recapitalisation plan;
- (2) devise steps necessary for restructuring the Bank's portfolio;
- (3) examine and recommend improvements in the systems and controls needed to ensure financial soundness; and
- (4) recommend improvements to any other area of the Bank's operations."

At this present time I believe that the bank at its meeting yesterday was looking at measures and alternatives for its recapitalisation programme.

I would believe that during its deliberation programmes it would be looking at, perhaps, converting some of the loans since all of the loans are guaranteed by Government, maybe converting some of the loans into equity to reduce some of the operating costs of the

institution and bring it back into profitability; if the loan demand is there, perhaps, an injection of additional funds into the institution by way of equity to enhance the cash position of the Barbados Development Bank but these are but two of the possible alternatives that they could be looking at at this point in time.

Devising steps necessary for the restructuring of the bank's portfolio - perhaps, most of its long term loans have been to the productive sector. Most of these loans, over 30% of them have been channelled into the tourism sector with industry accounting also in the 30's and running a close second to tourism.

Small businesses received about 9.4% or around 9% over the period so measures are afoot to reverse the negative net worth position of the institution.

I think I should make known at this point in time that the bank has been actively engaged in providing funds for small and micro businesses by way of providing loan funds at concessionary rates of interest to the National Development Foundation and, also, to the Women in Development Organisation, WID.

I believe during the financial year just ended the rate of interest was something like 3% for those funds. There has also been some additional funds made available for low and low-middle income housing, these funds were made available to the Barbados Mortgage Finance Co. Ltd. and bore, again, the rate of interest of about 7.5%.

In judging the performance of a development bank, we cannot afford to look at the bottom line, as we say. The success or failure of a development bank is not how profitable or unprofitable it is, rather it should be judged to the extent that it has been able to ensure that the policies enunciated for economic development have been able to be executed.

A development bank should have as one of its first requirements the mobilisation of funds which normally would have lain idle or would have migrated for higher rates of interest and, secondly, it should be prepared to accommodate new industries, new concepts, for which the track records are virtually unknown.

If, in short, then the development bank acts as a quasi lender for developmental purposes of last resort, while we do expect that losses are kept to a minimum, the optimum position is to ensure that our developmental goals are achieved through this institution.

With these few comments, Sir, I would like to move that this Resolution do now pass.

SENATOR A. W. A. McCLEAN: Mr. Deputy President, in rising to support this Resolution, I wish to urge

Government to treat the negative network position of the Barbados Development Bank as a matter of considerable urgency. It does not look good for such an agency to be in such a position and if it means Government making an appropriate grant to that institution or taking the necessary steps to increase the authorized share capital and the paid-up share capital of that institution, that should be done without undue delay.

Going beyond that, quite clearly, the circumstances under which the institution has come to this juncture of negative network, must be carefully analysed.

12.15 p.m.

This analysis would entail an analysis of the performance of the bank's performance over time. It is true that you do not judge a development bank by its profitability but you must recognize that for every venture that fails that is a venture that ultimately was of no help to the community. The success of a development bank must be judged on the success of the projects which it should finance and the contribution which those projects make to the community. A failed project can make no lasting contribution to the community. So it must be a matter of profound concern where a development bank is financing projects of which the majority it would seem have come to failure. I do not think that our investment climate is that hostile, that difficult to necessitate such circumstances. And therefore we would need to look rather closely at the selection of projects.

We know that the Development Bank was established in 1969 and it has passed through various Government and so on. And we know also that it has been a tradition in Barbados for politics to intervene in all sorts of situations. If an examination should lead us to discover that the losses, to some extent, can be attributed to political intervention in the wrong direction, we would hope that this Administration will have the courage to put an end to that, if it still exists, and to take whatever necessary steps there are to ensure the Development Bank can operate in an environment free from such impediment.

An examination may also point the finger at the performance of certain members of staff and it may be that that might indicate something entirely wrong with the staff selection process. I do believe that the Barbados Development Bank suffers the impediment of many other statutory corporations that positions carrying a salary above a ridiculously low figure which I do not remember at the moment is subject to ministerial approval. That is not at all desirable.

The Barbados Development Bank should enjoy the same favourable environment as, let us say, the Barbados National Bank where only the top executive, that is, the Managing Director is subject to such ministerial approval. Because, as we know, in Barbados although we might not

want to say that a particular Administration was ever guilty of any malfeasance or misfeasance in these areas, we would want to say that other Administrations were so guilty. So that, to avoid other Administrations becoming so guilty we should remove that impediment from the Bank.

Also maximum effort must be made to analyse the bad loans on the bank's portfolio to see what can be done, if anything, to any of them. And it would have been good if we could have had some information on the present loan loss provision with that institution and on the level of charge offs experienced over the years. I am certain that if you come to an examination of those accounts, you would discover that many of the companies involved are totally insolvent, some of them may even be out of existence, but let us say some that are still going on in existence would be totally insolvent and the Bank would have to make a very quick judgment as to whether beyond the question of insolvency whether that particular organization, its other characteristics, the management personnel, the ideas that are embedded within that institution, the product that it is engaged in producing and so on, whether that is a company worth saving or whether it is one that should be allowed to die a natural death. If a decision is made that the company is worth saving, it may be that the Bank will have to get involved in taking part of the equity, forgiving some of the debt and doing whatever is necessary to rehabilitate that company and put it back on the path of solvency. Because for sure, a number of those companies if they still have to represent on their books the debt to the BDB and other institutions and so on will never ever come out of a situation of insolvency and general incapacity. So we need to look very carefully at those things.

In evaluating how badly the BDB has done, it would have helped me if I had some indication as to what are the current accounting practices that the BDB would be using. I know in the earlier days, the Barbados Development Bank did not make any provision for loan losses until such time as they came to write off the loan from the books altogether. That is why around 1986 - 1987 we had the appearance of the Barbados Development Bank losing \$7 million in a year. In actuality what was happening there is that you are bringing to book losses that were effectively made in that the quality of the loan had deteriorated to a point where we could have known before 1986 and 1987 that that was, to all intents and purposes, a virtual bad debt and that provision should have been made on the basis of proper accounting principles of financial institutions against those debts from earlier times. And so the provisions that would have been made in 1986 and 1987 would have been very much in the nature of catching up with past omissions.

I would want to know whether that practice is still continuing or whether the BDB has reverted to accounting procedures which were used earlier and so on. I have to ask these questions because you know that there have been substantial changes in the direction or at least in the Board

of Directors of the Barbados Development Bank. And it is not necessary that the present Board would be insistent on the same song or the particular set of accounting procedures as a previous Board. We would like to have some information on the present income recognition policy of the BDB, at what point did they stop accruing interest on non-performing loans and loans that are in arrears and so on? Until we have a clear understanding of what is happening now, we would not be able truly to assess how grim the situation is at the BDB and whether the negative net worth position of \$3 million is a realistic assessment of the net worth or whether it is rather more than that or indeed whether this is as a result of conservative accounting procedures.

All in all, I support the proposal. We must recognize however that it does nothing to change the negative net worth situation because these presumably will be debts, debt obligations of the bank. And Government must take action immediately to reverse that negative net worth position. Also the sums of money involved here could hardly be sufficient to ensure that the BDB has the financial capacity to provide the type of financing that is necessary in the various sectors of Barbados at this time of a developmental financing nature.

Thank you.

Mr. DEPUTY PRESIDENT: Senator Goddard.

SENATOR J. S. GODDARD: Mr. Deputy President, I have before me the Audited Financial Statements of the Barbados Development Bank as of March 31, 1988. And a quick analysis of the Balance Sheet of that date would indicate that there have been serious errors of judgment by the Bank over the years in certain loans that it has made. If that were not so, it would not be showing a negative net worth in excess of \$1 million as of March 31, 1988. But I do not want to dwell on that, Sir.

I really want at the outset to pay tribute to the role this development bank has played and needs to play in the future in the economic and social development of this country.
12.25 p.m.

I was pleased to hear from Senator Clarke today that right now it is involved in funding micro businesses serviced by the National Development Foundation and by Women In Development. I think this is all to the good.

The Barbados Development Bank took on a role that many expected the commercial banks to undertake, and in that regard I think there has been some confusion which I need to comment on. A development bank, especially a Government owned development bank, is there to finance the development policy of Government, whichever party happens to be in power, and it is able to borrow in the

money markets in the long term, supported by Government guarantees, and therefore it is able to lend to its customers over extended periods of time to finance capital projects, buildings, equipment and things of that nature.

Many expected the commercial banks to perform that role and they really are not geared or set up for that type of lending. By definition, commercial banks borrow in the short term, either demand deposits or time deposits, for a year or two, and therefore they are unable to lend over extended periods. You cannot borrow short and lend long. You either borrow short and lend short or borrow long and lend long. I am not a banker, Sir, but that is prudent banking theory.

I say this because I believe the commercial banks have served this community well and from time to time they come in for a lot of unjustified criticism. They are there as commercial banks financing mainly the working capital requirements of their customers, that is, financing inventories and accounts receivable.

I am very happy to support this Resolution, Mr. Deputy President, for I recognise it is providing cash for the BDB's needs to on-lend to its customers, but by so doing all that has happened is that the Bank's long term debt will be increased by approximately \$9.6 million and Government's contingent liability will be increased by \$9.6 million.

This Resolution for this loan by itself, as Senator McClean has already stated, does not address the question of technical insolvency of the Bank. Its total liabilities still exceed its total assets, and by definition that is technical insolvency. However, I am very pleased and I accept the assurances given by the Prime Minister and Minister of Finance in his budgetary proposals of April 26, 1989 with regard to devising a recapitalisation plan, devising steps necessary for restructuring the Bank's portfolio, for examining and recommending improvements in the systems and controls needed to ensure financial soundness, and for recommending improvements to any other area of the Bank's operations. These have already been stated by Senator Clarke and I thank him for reminding us of what the Minister of Finance said earlier this year.

I do think it is important that the capital base be restored. Just for the information of other Senators, as at March last year, 1988, the Bank had an issued capital of \$23.9 million. If you add to that the small reserve and the small surplus, it had an equity base of \$24.5 million, but all of that has been eroded by the accumulated deficits which at that time amounted to \$25.6 million. Hence we had a negative net worth or a deficiency in the shareholders' account of \$1.1 million.

For the integrity and the financial soundness of the institution itself, it needs to have a sound capital base, and this has been recognised. A capital base, which has to be

protected and enhanced, must increase the level of the Bank's accountability to Government and ultimately to the people of this country.

When the assessment of the examination is done for improving the Bank, I think all levels of its activities and structure need to be studied. I know very little about the Bank, Sir, so I am not accusing or passing any disparaging remarks on anything to do with the Bank's operations, but if I were charged with such an examination I would start off by looking at the composition of the Board. Does it consist of persons with the necessary knowledge, experience and special skills to perform the functions that they are supposed to perform for this Bank to be successful? I would look at the management and the staff, again to try and assess their knowledge, their skills, experience and the training that has to be provided, or needs to be provided, to bring those skills up to the necessary levels.

I have had a little experience in development banking in the private sector, but Mr. Deputy President, I do not hold out to be an expert. I want to make that clear. But I would advise the new Bank – I see the Bank operating under new methods – to try to be as objective as it possibly can in evaluating loan proposals. In the past there may have been other considerations, seemingly important but secondary, that did not do the customer or the Bank any good, and may have brought the level of bad debts to what has been experienced.

It is important that when loans are being made or proposals are being evaluated the people who are making the proposals are very carefully assessed with regard to their ability, their experience, their integrity, their commitment, whether it be a financial or emotional commitment, their willingness to be assisted by Bank officers, their sense of accountability to the Bank whom they are asking for the loan. This, Mr. Deputy President, in my opinion, is far more important than the collateral security that will be offered to secure the loan. If the project is basically bad, security means little. If the project is basically sound and has good people behind it with the necessary knowledge and experience and the right attitudes, security becomes of secondary importance.

I think it is important that when loans are being assessed management try to look through what I like to term the noise level. There are some people who are going to make a lot of noise in the Press, over the radio, on TV, in public places why they have been abused and denied and whatever. Management must be objective and look through that noise level and assess the project and not be intimidated or influenced by noise levels. Management in the final analysis in assessing loans must be prepared to say no. Every proposal cannot be a worthwhile proposal.
12.35 p.m.

Generally speaking, the easy part is assessing the loan proposal, approving it and disbursing the money. The real work starts after that, in that the persons requiring the funds more often than not need assistance in accounting, in marketing, in systems of control, in reporting. The Bank needs to be staffed if it is not already so staffed to provide these services to the persons that they set out to serve. This monitoring, this hand holding, (literally what it is in many instances) requires a lot of understanding; it requires a lot of patience, and the Bank has to be flexible. In the final analysis the Bank must also be prepared to collect what is owing to it.

There may be times when due to factors beyond the customer's control loans go bad, and this will happen because the Bank is in a high risk business. Such loans will have to be written off and such write-offs often can be easily justified. But there will be times when such bad debts will arise for reasons that are more deliberate and less due to factors outside of the control of the person requesting the loan. In that case the Bank must be prepared to sue if necessary. The Bank has to show, Sir, that it is a serious institution; it has to show it is serious about its own survival and its own development. It has to demonstrate that it is serious about the economic and social development of this country. I thank you.

SENATOR Dr. L. L. SHOREY: Mr. Deputy President, I rise to support the Resolution now before this Honourable Chamber. There are a few comments I would wish to make following the presentation by Senator Clarke and the other two Senators who spoke. Both Senator McClean and Senator Goddard at greater length took note of the importance of ensuring what I would term good management of the enterprise for which funding was provided, and in his last few comments the last speaker was at pains to emphasise the necessity of ensuring that there was good management and related aspects essential for successful business.

Sir, I think that the case for the existence of a Development Bank does not really need to be argued at this point. What has already been said on that matter even during this session I think is sufficient to make it clear if there were any doubts as to the desirability of it. But I would like to say a little bit, Sir, about an aspect that I think perhaps needs more attention than it seems to have received certainly in terms of the way in which action has been taken or not taken following on some of the things that Senator Goddard spoke of.

Sir, this morning before I came into the Honourable Chamber, I spoke to a businessman friend of mine and I learned from him that it is estimated that the failure rate of start-up businesses in the States is something of the order of 80 per cent. I was unable to get any figures for Barbados, but I would hazard a guess that our failure rate is not likely to be very different.

What has been passing through my mind ... and in fact bearing in mind something that we know has been taking place in the private sector, I would like to share with this Honourable Chamber a suggestion that perhaps the powers that be might wish to give rather more consideration to, and it is not a new one. In fact, I understand that some years ago the Central Bank gave consideration to aspects of it, and I certainly note that in more recent times the private sector has given very serious consideration to it, and in fact there was some measure of agreement reached that sections of the private sector would be willing to put funds into what, for our purposes here, can be called "seed capital".

Essentially, Sir, what we have in connection with the promotion of small businesses it seems are two elements: one that has been provided in some ways in the past and that portions of this funding will certainly be available for – what one might call venture capital, the investment in equity sharing, whatever terms you want to use. But, Sir, prior to that, there is, I think, need for a better planned provision for examination of the potentialities of a particular proposal, and I am not thinking now merely, Sir, of whether the statements made on paper by the person who is submitting it appear reasonable, nor am I even emphasising unnecessarily the points that Senator Goddard made about the person's integrity, etcetera. I am trying to draw attention to what you might call basic market research having to do with the feasibility of the product which is going to be produced, how likely is it that the businesses will succeed; because it is not merely a matter, Sir, of finding a new product; one also has to sell the product. So what is being suggested (and this is what the private sector has certainly looked at) is the setting up of what one could call a seed capital fund. The purpose of this would be to take in proposals and do the necessary ground work, feasibility study, marketing possibilities etcetera, and thereby determine the likelihood of success.

One would assume that out of 100 proposals – I am pulling a number out of a hat – let us say that a third prove feasible. Then it is that third that would then be passed on for consideration with respect to funding, and other considerations such as those that Senator McClean and Senator Goddard referred to would at that stage come into play. I am trying to argue this, Sir, because I think it is pretty well recognised that many of the entrepreneurial activities don't really start off from a foundation of solid prior investigation – that certainly is my understanding – and it would seem to me that this is a matter to which the Government might wish therefore to give consideration.

In sum, Mr. Deputy President, I am suggesting that the Government may wish to consider making a reasonably substantial proportion of this funding for the developing of small businesses available for paralleling resources which I have good reason to believe the public sector is willing to put up. So that one would then have a joint pool of money which would serve the purpose as I indicated of providing

for this preliminary examination of the possible viability of projects which are being examined. I have no doubt, Sir, as I indicated before, that the purpose for which this money is being borrowed is a very commendable one, and with those suggestions I wish to support it.

Senator Miss V. P. BRATHWAITE: Mr. Deputy President, I am sure that most of us in this Honourable Chamber recognise the quintessential role that a development bank must play in third world countries such as Barbados. I wish also to pay tribute to its existence to the person or persons whose foresight it was to develop such an institution in this country.
12.45 p.m.

In introducing this Resolution, Sir, Senator the Hon. Dr. Clarke mentioned that this bank was established in 1969. It first seemed that among the many persons who would have been instrumental in setting up this institution there was one who would have been Prime Minister at that time and Minister of Finance who would have played a very important part.

Aside.

SENATOR Miss V. P. BRATHWAITE: I said among the many persons who were instrumental in setting up this institution and I am informed that Senator Boxill was one such person and all the other "me too's" that are present here today.

There was one person who at that time was Prime Minister and Minister of Finance, the Right Honourable Errol Walton Barrow who facilitated the emergence of this institution in Barbados and, Sir, in light of the proceedings during the earlier part of this morning's session in this Chamber I was particularly saddened that at the first opportunity which this Chamber met since the second anniversary of his death that we did not, as a mark of respect recognise his passing and in keeping with the many appreciations that were expressed for other persons who have departed this world, did not show our respect in that regard. I think, Sir, that that was the least that we could have done this morning and I am particularly saddened that the opportunity was overlooked.

I wish, Sir, going on in my presentation, to say that the Barbados Development Bank finds itself in a peculiar situation like all most other developmental banking institutions in that they are public sector institutions which must operate in a commercial type of environment and therein, Sir, lie the anomalies.

The onus is on the Government and those persons whose responsibility it is to oversee these institutions, to strike the balance (which is very delicate and, at times, seemingly unattainable) between governmental directive and commercial autonomy. So there is a very deep and

prevailing concern that this balance has not always been reached in the case of the Barbados Development Bank.

Like most other statutory institutions the Barbados Development Bank must be allowed to operate free of interference and the personal opinions of those who at a political level would have their say about it in other quarters. This is just one other example, Sir, of interference by politicians, CBC not to be excluded.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order.

Mr. Deputy President, in my presentation I do not think I made any mention about CBC, neither did I make any statements about political interference. I think that those comments are really out of order in terms of this debate.

Mr. DEPUTY PRESIDENT: Thank you.

SENATOR Miss V. P. BRATHWAITE: Mr. Deputy President, I would not want to be unkind to Senator Clarke in suggesting that, perhaps, he misunderstood what I was saying.

I referred to Senator Dr. Clarke's comments specifically where he mentioned the date on which the Barbados Development Bank was established in 1969 and it was in that regard and in that regard only that I referred to the contribution made by Senator Dr. Clarke in introducing this Resolution. The other comments, Sir, I take full credit for.

If I may move on, Sir. The bank has a very essential part to play in micro business industry in this country and I wish, also, to echo the sentiments by Senator Dr. Shorey this morning; the Bank must also look at the vital role it can play in venture capital formation in this country.

There is a feeling on the part of what we in Barbados would call the small man that efforts to get funds out of the Barbados Development Bank are futile and it constitutes a very frustrating experience.

I note Senator Dr. Clarke's comments that the BDB has been actively engaged in small and micro business in Barbados. He pointed to small loans and these are his words, to the National Development Foundation and Women in Development, at an interest rate of 3%. Quite commendable, Sir!

What would have been helpful to me, Sir, is to have been informed of the amount of these funds which the BDB makes available to the National Development Foundation and the Women in Development and the percentage which these funds bear to the Bank's total portfolio.

Sir, if I am to be guided by the feelings of frustration etched on the minds and faces of those young persons in this country who would wish to start out in business, I would hazard a guess that these funds available to the National Development Foundation and to Women in Development are quite small. The Bank has a particularly important role to play here, Sir.

I note, Sir, Senator Dr. Clarke's statement that the Bank has now become involved in the provision of funds for loans for low income housing. To my mind, Sir, this appears questionable for a developmental bank especially in the light of the litany of woes which has been the history of the Barbados Development Bank.

Not that there is nothing morally right or noble about providing funds for low or middle income housing. But, Sir, if you were to look at developmental banking from a public point of view and in the light of the history of the Barbados Development Bank, it seems to me that it is a case of the bank going into new areas where they have not taken care of the old ones which need special attention.

I wish, Sir, to commend the Prime Minister and Minister of Finance in his recognition that the Barbados Development Bank needs a new recapitalisation plan, it needs to restructure its portfolio, it needs to improve systems and controls for financial soundness and, generally, to improve all other areas of the Bank and these statements are expressed in his Budgetary Proposals which were delivered April 26, 1989.

I think that most of us would have remembered that there really was no Financial Statement but there were Budgetary Proposals delivered on that date and that is why I said Budgetary Proposals were delivered on April 26, 1989. 12.55 p.m.

Sir, I wish to commend the Prime Minister and the Minister of Finance for recognizing that it is the way to go with the Barbados Development Bank. And in doing so, Sir, I wish to urge him to pay special attention to the small man in this society, to the young persons who have just left school who have ideas, who feel they can work. And in many cases, Sir, they will work with the necessary funding.

I think the Bank, Sir, has a role to play not only in being wise after the fact, as is now the position where we have to inject some BDS\$9.6 million for the ongoing functioning of the Bank. But, Sir, it also has a role to play in pioneering new areas for persons to become involved in commercial activity in this country. The young and the small businessman sometimes have ideas but sometimes they also need help in finding areas into which they can put their creative talent.

I wish to urge on the policy-makers at the Bank and the Prime Minister and Minister of Finance that in

restructuring, recapitalizing and improving the systems and control for financial soundness, that in doing those things, Sir, that they pay a little attention and look into those areas where they can give new ideas, new insights, help the young and the small to pioneer new ideas in frontiers in commercial activity in this country.

Thank you, Sir.

Mr. DEPUTY PRESIDENT: Senator Fraser.

SENATOR Mrs. V. C. FRASER: Thank you, Mr. Deputy President. I rise to support this Resolution and to say that I am supporting it because in the first area the then Prime Minister saw the need, and I am glad that Errol Walton Barrow was referred to, for a Bank to be set up for the development of people, especially small business people. In some areas we recognized that it appeared, maybe from public relations reasons, that it was not for some small people. A lot of people felt that it was not for them.

I think that always in setting up these institutions, we have to see clearly that our public relations machinery is properly oiled and that people understand what is the real purpose of the institution and what it has to offer them, as a people of a developing country.

Barbados like any other developing country has problems of unemployment. We are trying to encourage young entrepreneurs to go into small businesses. I think as far as the development bank is concerned, we need to look carefully at areas of not just putting money in people's hands but helping people by counselling them and training them how to utilize the money. I hope that some of this money will be used for that area. I do not think we could ever spend enough money on persons who would want to borrow money to help them to understand why they are borrowing the money and what is the purpose they are going to utilize the money for. Small institutions like the National Development Foundation does this.

As a matter of fact, you cannot get a loan except you are counselled and you are trained. You have a short training period and you are acquainted then with how you look after your accounting, how you go about your marketing, how you deal with people which is people management. These are some very important areas.

And therefore, I should like to see an area in the development bank especially in the micro area where people are not able to hire accountants or people of that calibre to look after their books for them, an area that can assist people who are going into micro business areas. They are small and they need help. I should also like to see them enter the area of purchasing raw materials for people. That is vitally important. People make loans and then the whole question of purchasing the raw materials becomes a real

bugbear. Not only getting it from the place, but the whole question of the cost, the whole question of the length of time it might have to stay in the Customs because they have not really tried to get additional money, they may not have put that into the loan at all.

So that is why I am talking about a division where people are trained to understand when you are coming to make a loan, there are certain things that you have to put in that budget. And you also have to understand that that money is money that is going to help you as an individual to develop. And therefore it is incumbent upon Government, since Government is a person who sets up a Bank like a development for the development of people to see to it that people understand that there is a good public relations job done. That people understand that this is my Bank, it is for me and therefore, if I love something I am going to see to it that I repay what I have borrowed from that Bank and that I understand why I have to repay by being trained to understand that there is a good reason for repayment so that other people can get loans to develop themselves just like you, that there is not that selfishness.

But as I reiterate these problems usually come about from lack of understanding, especially in the micro sector. If you just take money and put in a person's hand in a great amount and the person is not accustomed to having that quantum of money then the person goes with the money and say, well I now have \$10 000 in my hand, I never had \$10 000 before. But if the person is properly counselled and you help them by purchasing the raw material, advising them on the type of equipment that they might need. Some people often go and buy equipment that they really do not need. So we need persons with expertise who can help them.

I can cite the example of a person who wanted to make some cookies in a particular area and the person wanted to make a large quantity of cookies because the cookie business had caught on. But the person was looking for a very small mixing machine. Now that person had to be advised, you need a large mixing machine in order for you to get that output because you have supermarkets with demands on your particular business. And therefore, if that person were not advised, they would still be turning out a small amount of cookies, not meeting the market. And then the people would soon become fed up and say, well you are not meeting the market and therefore I cannot continue with you and I will deal with the big business again.

So these are areas I should like to see, as I reiterate, the purchasing, the area of training. And I should like to see the Bank helping others, not only the persons who are going to come to make the loan, but helping other small business people who, in the future, may be coming to them to make loans to get involved in these courses. I should like to see the Bank having a department for training persons in small business management. If they do not want to do that, I do

not think that the National Development Foundation would be less than happy, if they pass on the money to us and say, would you do the training because the training would be done for Barbados anyhow. That is vitally important. The important thing is that the people get the training and they understand that here is a developmental role from a Bank.

The Bank also must step up its public relations programme. I think we should be seeing on television how you make a loan, you know, and what are the reasons why some people want to make a loan, what they have done with the money, how they spent it, how they can get it, what is the time period. All of these things.

1.05 p.m.

All of these things I think the ordinary citizen should know about our Barbados Development Bank. A lot of people are ignorant to the operation of many of our Statutory Corporations and this is the reason why many people say things, because they do not know, and it is a fact. If I do not know about something I am prepared to learn, and all of us must be prepared to learn about our institutions. They are ours, we are Barbadians, they are there for the development of people, they are there for earning money, they are there for saving foreign exchange, because the more people we get involved in small business in Barbados the more foreign exchange, especially in the agro-industrial sector, we will save in this country, and that is vitally important.

Some people only talk about it, but we have to do it, we have to try and guide people's steps, we have to guide these small agricultural people who are the small farmers, people of that sort, fishermen. We have to teach them the techniques so that they in turn will be earning money to save this country, because one of the saviours we have in this country is agriculture. Whether people like it or not, the Caribbean is an agricultural community, and it has always been said throughout the world that small businesses keep the economies of countries going. Do not think it is the large businesses, the hawkers and hucksters, these small people, and therefore I am looking forward to a very wide and varied public relations programme. I am also looking forward to the programme of purchasing to assist the small people, especially in the agro-industrial sector and the training from the Barbados Development Bank.

Mr. Deputy President, I have great pleasure in supporting this Resolution.

SENATOR L. A. WARD: Mr. Deputy President, I rise also to support this Resolution, and I would like also to be associated with the remarks made by Senator McClean and Senator Goddard especially, but I would not attempt to repeat what they have already said.

The Resolution before us says that this loan is for the purpose of on-lending to the Barbados Development Bank,

and as Senator Goddard has already said, this is not going to put the equity base of the Bank in any better position. The accounts I think Senator Goddard quoted were from the Barbados Development Bank's Report for 1988, and I presume that with the ongoing losses that they have had over the previous years the 1989 accounts most likely would produce another loss, which would worsen the equity base of the Bank.

Although this money will provide the means with which the Bank can support small businesses, and any businesses for that matter, that are to do with the development of the country, this money will be available to do this, but it will not solve the bankruptcy of the Barbados Development Bank.

Senator Fraser made a remark about some people not understanding that they have to repay loans. I suppose in my capacity as an agriculturalist, and with the loans that the agricultural industry owes the banks, it may be said that I should not be the one to say these things, but in the Barbados Development Bank it has been said that there are many of the clients of the Bank who feel that banks are put there to lend money but you do not have to repay it.

It is my understanding that many of these projects that have been financed by the Barbados Development Bank and have been going for several years have never produced financial statements on a yearly basis to the Bank or at any time at all, and I feel that this is an area which the Bank must get put right. This is something that the Bank should be able to see what is happening financially in any of the projects which it supports. Even in the sugar industry, Sir, financial statements are prepared on a yearly basis.

With those few remarks, Sir, I would like to support the Resolution.

SENATOR N. W. BOXILL: Mr. Deputy President, I rise to be, I would say, impertinent at this stage to be pertinent. I would hate to think a debate like this would come to a close without my saying to Senators McClean, Goddard and Dr. Shorey how much I appreciated what they said. This is not because they supported the Resolution. Whether they had supported the Resolution or not, I think they made a great contribution, and I would hate to think it had passed without my saying that. They have contributed and I agree with them, especially something that Senator Shorey said that seems to have been taken very lightly. I think Senator Fraser went on to stress the point.

In starting up a new business there should be some means of having what you call a test to find out if the product you are bringing on the market will be accepted, instead of the Bank or any other financial institution lending out money willy nilly. This is one of the things that Senator Shorey was stressing most, that you should have

some sort of investigation before you start to lend out this money.
1.15 p.m.

Now as I said already, I appreciate what the three Senators said, but I am not going to be long. I just wanted to ask Senator Clarke, the introducer of this Resolution if this \$9.6 million that we are getting will help us to put back the original amount to \$23.9 million or whether the funds have been so depleted that we are now starting with this \$9.6 million. Because if you are now starting with \$9.6 million, we really are not doing much; we are just skimming off the top. I should just like to know how low down we are, if anything is left in the kitty, and if this \$9.6 million would make any dent in the amount that we need.

I don't want to be too long on this because as I said already, Senator Shorey and Senator Goddard as well as Senator McClean said everything that I would have wanted to say, but only they said it much better than I would have been able to say it. But the reason why I talked about the \$23.9 million is because Senator Goddard mentioned that it started off and was financed by \$23 million, and I notice that we are only asking for \$9.6 million, and we all know, the Bank has been a source of employment up to a point to the whole community, despite having some bad loans. And a bank will always get some bad debts, no matter who you are; even your good friends sometimes come and borrow your money and forget to pay you back, so this will happen to these banks. I would like to know before you finish if the \$98.6 million will put us back to the \$23 million or if we have got to come back again for a little berry as you would say. Thank you, Sir.

SENATOR A. J. N. PHILLIPS: Mr. Deputy President, in rising to support this Resolution, on this occasion we are not in a position where we are trying to persuade the others on the other side to support us, because obviously the Resolution is getting full support. However, Sir, commenting on the contributions made particularly by Senators Goddard and McClean, although admitting that the Development Bank must be seen in an entirely different light from a commercial bank, yet there was a call for a very high level of prudence. Now, Sir, one appreciates a high level of produce but yet this has to be tempered within a given time span in order to effectively carry out the job of a development bank.

I feel, Sir, that there are some problems that were not raised this morning that I will make an effort to address in as short a time as I can, because I believe people are getting anxious for the adjournment. Sir, one of the problems I find with lending is the question of monitoring how the proceeds are used. I believe, Sir, that in many instances monies designated for certain purposes in the development of industry and manufacturing and so on have been diverted and converted for personal use. This means, Sir, that the industry is disadvantaged when monies are taken, and it is

my considered opinion that the Bank, apparently a new look Barbados Development Bank, should have a situation whereby loans should be monitored to see that the loans are used in the area for which the loans were made.

I have a concern too, Sir, for – and I believe Senator Fraser made some reference to it – the question of supporting importations of equipment and machinery. In the garment industry now, Sir, I believe one of the greatest problems is that the garment industry has a substantial amount of obsolete machines. And what has been happening is that we in third world countries have been taking from first world countries machinery that has already had its day. For us they are new, but really and truly they have had their day and cannot be expected to perform at the level at which new equipment can be used. It is for this reason that I believe that with certain industries, before the Development Bank lends, it should have some expert advice to see that equipment being purchased is the kind of equipment that would necessarily produce the product in as good a standard as required, and also as economically as possible.

I believe, Sir, that questions of letters of credit and letters of comfort should be considered by the Barbados Development Bank when it comes to assisting in the purchasing of equipment, and as I said before, that equipment should be tested and it should be determined whether such equipment can serve the purpose for which it is meant.

I am told, Sir, that a number of persons have sought loans from the Barbados Development Bank. These are persons now who have no money but have a number of ideas, but whether rightly or wrongly or whether it is just a figment of the imagination, such persons are reluctant in releasing those ideas because they say that these ideas may very well be traded off with people who have money, and before the loan is advanced by the Bank, those ideas have been taken by persons with money and programmes have been implemented to carry out their ideas. So that even if the Bank does make an affirmative decision, the money is of no use because the idea has gone running and it is then no use to the person who had the idea.

One of the problems, too, with the Barbados Development Bank, as I have been told, is that there is often a protracted period in deciding whether a loan would be allowed or disallowed, during which time persons become even frustrated, and during which time it is possible you may decide to leave it out because of the length of time the loan is taking to be processed. I believe, Sir, that in a new look Bank it would be important that the Bank possibly looks at increasing the number of persons that they have working in the loans division, that they make sure that persons who are employed to process loans are so qualified as to be able to make early determination of a loan in order to speed up the process of lending.

With those few comments, Sir, I lend my full support to this Resolution. Thank you.

SENATOR C. A. BLACKMAN: Mr. Deputy President, an observation made by Senator Phillips brought me to my feet because as a former Deputy Chairman of the Bank, it has been my experience that people treat the Bank as a bank of last resort, and they have taken their application around to all the commercial banks, have been turned down and then at the eleventh hour they come into the Barbados Development Bank and wish to hold a gun to the staff's head in order to have the application processed in an inordinately short time, and that is not fair to the staff of the Bank.

The other thing I wish to say in relation to the Development Bank and people who apply to the Bank is that it has had a checkered history of some bad debts. And unhappily, Sir, let us recognise this: there are people in this community who rise like a phoenix from the ashes with a new company – today it is ABC Limited, tomorrow it is DEF Limited and two days later it is XYZ Limited – but the same principles, principles with a track record of not necessarily utilising the funds that they have borrowed from the Barbados National Bank for the purpose for which they were intended or from another commercial bank for the purpose for which they were intended.

My words of caution to the Development Bank will be to require full disclosure of the principles behind the loan application and have thorough evaluations made as to that person's credit-worthiness in the community, if not you end up where he is taking from Peter to pay Paul and eventually nobody gets anything.

Secondly, we are all in an age where we say we wish to acquire something, some stake in the country. But it cannot be the role in my judgment of a Development Bank to lend for the acquisition of real estate as an initial venture with the Bank. To walk into the Bank and say I wish you to lend me whatever it is to buy a building to carry out a project is not in my view the right approach. At least you should be in business operation with something before you come to the stage where you have a track record.

1.25 p.m.

My experience when I was at the Bank as Deputy Chairman, there was a young man who made an application to buy a place ostensibly for the purpose of conducting a computer training workshop and the application went a fairly long way and then an inspection was carried out and then what one found out was the man was living on the premises with a little back room with one computer in it. We were lending money to acquire a home which was not the intention of the Development Bank. It was not to say he had a shop or anything. He had a back-room for this purpose.

I know we live in a climate where we say we must liberalize the rules in order to give people a stake in the country. But unless there are people who are making the investment who are going to put something in it themselves then the likelihood of their really being committed to the project is very, very slim.

A lot of them take the attitude, "if it does not work out, take the keys. Have the place", and that is no use to the Bank. It is of no use to the Bank to lend money on land that is running idle in the wilds of St. Philip or wherever it is and nothing is happening on it.

I, therefore, while supporting the Resolution, urge caution for those who come with schemes. Ideas are great, but it must be grounded on reality. It must be grounded with business-like approaches.

People go to the National Bank and the Development Bank because they feel they are Government institutions and they feel they have a right without any safeguard. You have a situation where people feel that because it is a National Bank, a Government Bank, they can use political influence to pressure a politically appointed Chairman to lend money that his staff might advise him is not a good loan and, sometimes, the Chairman is well advised to say "I know nothing about this. Let my staff make the recommendation". Because when the....

SENATOR A. J. N. PHILLIPS: On a point of order, Sir.

I do not know if I have understood the Senator to imply that there is some political interference on behalf of some Chairman of the Barbados National Bank or the Barbados Development Bank. However, Sir, I am in a position to say that there is no such political interference in the Barbados National Bank.

SENATOR C. A. BLACKMAN: I am not making any inference in any way and the fact that Senator Phillips is Chairman of the National Bank is no reason for my comments.

I am saying that as a general principle, the persons feel because it is a Government institution, the normal developmental bank rules are not applicable to that institution and it is for that reason I caution that discretion should apply in terms of these evaluations.

I support the Resolution.

Applause.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Deputy President, in rising to wrap debate on this Resolution, I would like to respond to a few questions raised during the course of the debate. One is from Senator

Boxill who wants to know where the \$9.6 million will be going.

It will not affect the equity position of the bank. It improves the liquidity of the Bank. It is going over to the bank. The whole question of recapitalisation will be undertaken and the Board of the Bank is now looking at the whole question and we soon expect to have a plan for it.

I support Senator Ward's call for financial statements for the clients of the Barbados Development Bank and I would also like to extend this on behalf of my colleague, Senator Phillips and I hope that he will also get them from the agricultural sector on the same timely basis.

Senator Brathwaite in winding up her debate said that we should pay more attention to the small man in society and I agree with this but prior to this Senator Brathwaite took issue with the BDB supplying money for on-lending to the Barbados Mortgage Finance Corporation for low and middle income housing.

I do think that the provision of an adequate housing stock is also part of a developmental effort. It is not only in the economic area but health and housing are factors of development and I hope that this point is not lost by Senator Brathwaite.

On the question of small loans, there is a cost involved in making small loans; not that they should be discouraged and I think that in order to reduce the cost of administering small loans, attempts are made to funnel some of the on-lent money to such institutions as the National Development Foundation and Women in Development who are best suited to deal with these small loans. Hence, by so doing, more money would be available for on-lending than would be utilised for administering the cost of service for these loans.

Senator Goddard wants us to take a look at the composition of the Board of the Development Bank because he would like to see people serving on the Board who have quite a bit of experience. I do not know that there are many people around in any part of the world with lots of experience in developmental banking. I think it is people who are capable of reasoning and understanding what we are trying to do in terms of the developmental effort who would be the people best suited.

Senator McClean wanted a few questions answered and I think he wanted the present loan loss position stated. In 1988 of a total long-term receivable portfolio of \$95.7 million, \$20 million was the allowance for doubtful loans, that was about 20.9% of the portfolio.

I have some tentative figures for the financial year ending in March and it looks like the portfolio will be \$94.3 million. The allowance for doubtful accounts will be

something like \$22.2 million, a 23.67 percentage. This seems very high to me, even for a developmental bank. Another way of saying this is to say that I think the provision here is adequate but, then, again, I do not know what the experience has been in the loan portfolio to date.

Another area that concerned Senator McClean, certainly, was the area of the maintaining the accounts. I think he was very concerned that in the financial year 1986/87 the bank had to write off, all in one year, bad loans rather than accruing them over time. The net effect of this, if I understood him correctly, was to aggravate the financial statements profitability of the bank for that year when the costs should have been spread over the life of the loan.

The policies which are in effect at this point in time consist of the allowance for bad debts. The allowance for doubtful loans is based on specific identification of doubtful receivables. An additional blanket allowance is made for accounts specifically considered doubtful.

Management's judgment as to the level of future losses on existing loans involves the consideration of current and anticipated economic conditions and their potential effect on specific borrowers and management's internal review of the loan portfolio. These are the comments from the auditors.

Recording of interest – interest is recorded on an accrual basis. Where, however, legal action is initiated on a loan, or where a borrower is in receivership, interest is recognised to the extent of cash received. This latter treatment is also accorded loans with installments of interest and/or principal 12 months or more in arrears.

The depreciation on the rate of motor vehicles, straight line method in use, the rate is 20% a year on motor vehicles, office equipment and furniture 10% a year, electronic processing equipment 20% and building 2.5 and 20%.

1.35 p.m.

There was one question raised by Senator Goddard implying that the bank should go after aggressively delinquent accounts, that is, to take them to court, sue if you will.

In the year 1988, in the same loan portfolio, loans under legal action, these are the notes, Financial Statements 1987, 1988, loans under legal action, that is, those put out \$13 564 000 which represents about 14.2%. And again, based on a provisional date I have for 1988, 1989 there are about \$7.8 million again. So efforts are actually being made to collect past due and delinquent accounts.

Mr. Deputy President, Sir, I move that this Resolution do now pass.

The question that this Resolution do now pass was put to the Senate and was agreed to.

RESOLUTION TO APPROVE THE MINISTERS AND PARLIAMENTARY SECRETARIES (REMUNERATION AND ALLOWANCES) (NO.2) ORDER, 1989

Mr. DEPUTY PRESIDENT: Senator Lewis.

SENATOR THE HON. L. V. H. LEWIS: Mr. Deputy President, earlier today, an Order entitled an order covering the Public Officers Loan and Travelling Allowances Regulations was laid. These Regulations are made from time to time by the Minister of Finance under the authority of Section IV of the Public Officers Loan and Travelling Allowances Act. These allowances were increased as a direct consequence of salaries' revision and as a direct consequence of negotiations conducted with the National Union of Public Workers.

The last revision of rates of public officers' travelling came into effect in June of 1984. At that time, alterations were made to the allowances payable to Ministers and Parliamentary Secretaries. Consequent upon the making of the Order by the Minister of Finance, Government has moved at the same time to alter the travelling allowances, these are fixed travelling allowances for Ministers and Parliamentary Secretaries under the Ministers and Parliamentary Secretaries Remuneration and Allowances Order, 1989.

These increases in allowances which, as I said, are based on negotiations carried out with NUPW with Public Officers provided for allowances of between 15% and 20%, and these allowances are also based on similar percentage increases between 15% and 20%. These allowances come into effect from the 1st July, 1988 and are indeed only a levelling off in relation to previously agreed salary increases.

I beg to move, Mr. Deputy President that this Resolution do now pass.

Mr. DEPUTY PRESIDENT: Senator McClean.

SENATOR A. W. A. McCLEAN: Mr. Deputy President, it would have been helpful if Senator Lewis had indicated exactly what the percentage increases were. We are glad to hear that they are between 15% to 20%. We are glad for the information; but it would have been rather more helpful if we had the precise information as to how much each particular one has been increased by, for the Deputy Prime Minister, Other Minister and Parliamentary Secretary.

Aside.

SENATOR A. W. A. McCLEAN: Fifteen per cent? Each one. Are they are all 15% increases?

Now beyond that, there are a few matters which come to mind, the idea as to what principle informed the setting of these salaries. I do not accept that the travelling allowances for Ministers, Deputy Prime Ministers and so on should necessarily be increased at the same time and in the same proportion as senior Civil Servants. And if, perhaps, that is the only principle which informed this increase, I think it should basically be reviewed.

Going beyond that, at the time of revising travelling allowances and so on, it may be appropriate to give some consideration as to the way in which these allowances are viewed and the reason for the particular relativities between Parliamentary Secretary, Other Minister and Deputy Prime Minister. And I would perhaps like to request some assistance in interpreting these figures as to whether they are intended as genuine travelling allowances to defray the cost of travelling that the person is using his own car and it would probably last for only three or four years and you need to put in so much gasoline and so on. And these are the expenses so to speak that you can attribute to travelling on the part of a Minister. And then whether the differentials represent the difference in the quality car that the Deputy Prime Minister should drive, as opposed to a Minister. Or whether this is not the basis on which these things are formulated at all but they are just intended to be a way of arranging what is intended to be an overall effort at take home pay, overall take home pay, and is just a way of keeping the figures small in terms of this being entirely or at least substantially an interest free component to take home pay. We need to know these things to decide whether I want to agree or not with the increases.

It would seem to me as though it would hardly be based upon the amount of travelling that the various persons would be doing. I am not so sure, and again this presumably is travelling within the course of one's particular duties, and not just travelling. And I am not so sure that the duties of a Deputy Prime Minister would require him to have a travelling allowance which is 94% higher than that of a Parliamentary Secretary and that a Minister his travelling might necessarily require him to have one which is 42% higher than that of a Parliamentary Secretary.

So we would appreciate some suggestion, some explanation as to what is the philosophy behind these travelling allowances whether they are expressive of the amount of travelling and the type of vehicle people must travel in or whether they are just a matter of perks and therefore the senior person is entitled to a larger perk than the other guy. Until I have such information, I cannot really say that I either support or oppose these increases.

Thank you.

Mr. DEPUTY PRESIDENT: Senator Jones.

SENATOR THE REV. CANON I. McK. JONES: Mr. Deputy President, I am astounded by these figures, if I have understood them correctly. You know you always hear Governments telling you how they are here to look after the masses, and that is the phrase all Governments use, the masses come first. But according to these travelling allowances I do not see where the masses come in at all. Because I see here that the allowance that you are being asked for now is \$19 320 a year for the Deputy Prime Minister which I work out to over \$1 600 a month for travelling.

There are a lot of people in this country working day in and day out and do not get anywhere near \$1 600 a month. And I mean the masses. And not only the masses, the ones above the masses like me who are not getting that kind of money either, poor pensioners. And you can give a Deputy Prime Minister \$1 600 a month for travelling in Barbados. What kind of travelling is he going to be doing that would warrant that sort of car. And Other Minister over \$1 000 a month and Parliamentary Secretary \$800 and odd a month, in travelling plus the salaries that they are getting. And then you tell me that you are looking after the masses or you are interested in the masses? You cannot be interested in the masses with that kind of money for travelling. I do not mind how much travelling you have to do, it cannot come to that. We all have to travel.
1.45 p.m.

I do not get a halfpenny for travelling, although I do a lot of church work and visit hospitals, and you have people here getting all this kind of money. The thing is this. I am saying, Sir, that as this stands I cannot in conscience support this, because I think it is most unfair to be increasing the travelling allowance to this extent, 15%, when you tell me you cannot give more than \$3 per person to the old age pensioners and so on. I know you are going to tell me that there are only a few of these, the Government can deal with them, and there are thousands of old age pensioners, but I still feel that if you did without increasing this 15% you might be able to do something more for the old age pensioners.

On that I cannot support this Resolution.

SENATOR THE HON. SIR JAMES TUDOR: Sir, this is the kind of subject on which all the arguments for or against would be extremely good ones, cogently put, because they would represent, naturally, different and perhaps even conflicting points of view. I think, however, it is useful to reflect on one or two things.

I notice Senator McClean asked some questions which, if the statistical evidence is at hand, would throw

light on a lot of things that would be important for us to know, so I do not want to go into the specifics, but I have had some experience of this whole argument about ministerial pay and I have always been on the side of increased ministerial pay and increased ministerial allowances, on the ground that in all my own public life I have never shirked from any duty which was required of me in the context of the office I held, and therefore if I was prepared to do the work I had no objection to receiving the money. That was my point of view. Errol Barrow and I never saw eye to eye on this particular matter and I think that Mr. Sandiford and I, and possibly Senator Boxill, were probably the only three people in the Democratic Labour Party who used to say "if you can afford to work for nothing, we will not."

There is, however, something which has also to be said. I do not know what the figures in total would be for these increases, I mean in quantum, but I remember last year – well, not last year, it seems so long ago since I was in Government, but it was not last year – a few months ago when we were looking at the possible cost of the salaries revision I myself was very astonished to discover that in point of figures, of the total package of whatever it was, \$40 million or whatever, I cannot remember, only about a little more than a quarter of a million was involved in the increases for parliamentarians over the two year period.

But I think that the public may conceivably have some reason for disquiet, if you like to put it that way, simply because we have not yet managed to find a particularly useful formula for dealing with this question of the emoluments of politicians. What disquiets the public, I believe, is the fact – and it is a fact – that we pay our own selves. There is no way in which you can escape that, if it is a charge against us, because nobody can be paid out of the public Treasury unless, in most instances, both Houses of Parliament, but at least one of them handles the particular appropriation. So that even for ourselves, no matter what formula we deduce, it would be a fact that we would in the last resort have to pay our own selves.

But for some time I have been thinking that we ought to find a formula which absolves us as much as is humanly possible from that responsibility in terms of frequency. What I should like to suggest members might wish to consider is this. Why not have a system which does three things? First of all, enact a comprehensive law which makes provision for emoluments and all the fringes. That should not be beyond the wit of drafting authorities to do, but in that Bill make a provision that, say, 30 days before any dissolution of Parliament a five or six or four or three percent should be added to the emoluments of parliamentarians to come into effect, obviously with those provisions, once every five years, whatever the percentages are that have been agreed on.

This, I think, does two things. It absolves sitting members of Parliament in a particular Parliament from having every year or every 18 months or every two years or three times in a five year session to be dealing with this matter, and the second thing it does – this is a particularly interesting point – that people at the end of a Parliament would not be forced to consider running again, at least for the elective House, purely on the consideration that they want one more session to get an increase in salary to make their pension provisions better.

This is the point I am making. If Parliament were to be dissolved today and you had a law in place which said that 30 days before this day a 5% rise or 2% rise went on, then of course all who are retiring, for whatever reason, whether by reason of losing their seats, or by reason of age or whatever, would know that the automatic increase would apply to them and the computation would be taken into account in respect of their pensions, and new persons coming into a new Parliament would not be faced with the obloquy of it being said that they have not well landed before they are voting themselves money.

I think you have to have some such system in place and I cannot refine it now standing on my feet, but it would be, given human frailty, the best sort of system I can think of.

1.55 p.m.

I do not agree with Senator Jones. We always say that whatever politicians get is too much, and if Errol Barrow is a good example of that kind of feeling, he himself was a Prime Minister and he used to say so too. But he had some very eccentric points of view which were not shared by all of his colleagues; but in this particular one I think that some of us did make our differences felt and our disagreements. So I really commend this not because I have been through the system, but because I think we are always going to get this sort of difficulty unless we find a formula which allows us to do what is right in reasonable terms without burden to the taxpayers, but which spares us all the necessity of having to appear as if we are voting our own salaries. Therefore legislation which makes an increase automatic at the end of every Parliament but dating back to a particular time before a dissolution would, I think, cover that particular difficulty. Thank you, Sir.

SENATOR Miss V. P. BRATHWAITE: Mr. Deputy President, I have some trouble in supporting this Resolution for these reasons. First of all, if my memory and my brains serve me well, I seem to understand from Senator Lewis when he was introducing the Resolution that there seems to have been some measure of negotiations in the coming about of these figures here. That is what troubles me, because that knowledge is not in the public domain that there were any such negotiations which led to any conclusion within the process of the collective bargaining process in this country.

SENATOR THE HON. L. V. H. LEWIS: On a point of order, the General Secretary of the National Union of Public Workers made it loud and clear up and down this country when he said that negotiations finished since March and he can't get the money, and I could not understand what he was talking about, because as far as I knew negotiations were finished since March and he knew they would get the money.

SENATOR Miss V. P. BRATHWAITE: Sir, like Senator Lewis, he could not understand what the General Secretary was talking about and I too cannot understand what Senator Lewis is talking about. Let me explain where my confusion lies. Is the Senator saying that these travelling allowances were negotiated by the National Union of Public Workers on behalf of civil servants? Were these negotiations part of the general salary negotiations that were entered into? I stated that that knowledge is not in the public domain, because what I seem to recall is that civil servants' salaries were legislated, and therefore not negotiated. If the travelling allowances were negotiated, then that is no problem, and this is why I asked Senator Lewis to solve my confusion.

Asides.

SENATOR Miss V. P. BRATHWAITE: Okay, then, well we are *ad idem*. The civil servants' salaries were legislated; these travelling allowances were negotiated.

The next area of concern, Sir, is that I have to share Senator Jones' views. I cannot understand why a Deputy Prime Minister would have some \$10 000 worth more of travelling than a Parliamentary Secretary or another Minister having some almost \$5 000 worth more of travelling than a Parliamentary Secretary. What is the nature of the travelling? What index is used to determine the level at which we must pin these travelling allowances? I just want to voice those two concerns, and I am sure that those among us who regard ourselves as the champions of the masses and the working class like Senator Prescod and Senator Comissiong might also wish to share Senator Jones' concern. Thank you, Sir.

SENATOR C. A. BLACKMAN: Mr. Deputy President, it is a little unfortunate that the issue of allowances usually create a matter of contention in that people get embarrassed in talking about money and benefits of office. I hold the view that really perhaps the provision made for persons who are Ministers or Deputy Prime Minister or Parliamentary Secretaries should be that they all should be provided with official cars for the purpose of their official duties, because I have difficulty really in according to persons whom we entrust with the Government of the country in an independent Barbados a different criterion of value or worth than what perhaps was in place when we were governed under other times.

I think, Sir, that within the resources of this country a Minister as Minister in the performance of his official duties should be assigned an official car with an official driver to do his job. We do it for our Judges, we accept it for the Commissioner of Police, we accept it for the Chief of Staff of the Defence Force, we accept it for the Governor of the Central Bank and no one bats an eyelid.

The head of all statutory boards in Barbados have an official car at their disposal as part of the emoluments, and I take a different position from what has been stated. I feel that we should not really be having this perennial debate on what are proper accoutrements of office for our leaders of Government. I go further, Sir. I think that in the context of Barbados as we have it, once we have accepted the principle of universal adult suffrage, every man Jack in this country who runs for office has the right to be appointed to the office of Minister. Within the housing stock of the Government of this country, there are several houses which could be utilised to be made available to a Minister while he holds that office; but no Minister should be embarrassed or put to a disadvantage because he is made a Minister and does not have a home that is commensurate with the office which he is holding, and I think the same thing applies to a car.

Now the allowances appear high. Sir, they are high in relation to what the Commissioner of Inland Revenue sets as a deduction for those of us who file income tax returns, in that the allowance permitted is \$7 200 for travelling allowance; but I would like to urge that perhaps, and I agree with what Sir James said, that we really ought to have some review mechanism to take this acrimony out.

2.05 p.m.

I think that in the United States they had a provision that the outgoing Congress fixed the emoluments for those who were coming in but it was one of those sleights-of-hand that really did not do anything. It came into force automatically but it took a negative Resolution to send it out. I do not remember in total all the details but it could be researched.

I know, Sir, when I look around the Caribbean, Caribbean Ministers, for the most part, enjoy qua Minister official travel in terms of official cars. In fact, in Jamaica, a Minister may have two official cars because he always travels in a convoy anyway.

In Trinidad it is the same. In Guyana it is the same and I think that, really, the question of the dollars should really not be the issue. What we should look at to make the decision is what is the position of our Ministers.

While I am on my feet, Sir, I want to raise another issue that has occurred to me in relation to the position of Ministers and what I want to say is not in any way personal

nor should it be construed as personal in respect to the Ministers who are present in this Chamber.

Years ago, Sir, when the system of ministerial Government was introduced in this country, there were gradations of Ministers. You had a Prime Minister or Premier, then you had Ministers, then Ministers without Portfolio and then Parliamentary Secretaries.

Aside.

SENATOR C. A. BLACKMAN: Well, they came after. They came after Independence.

I have a recollection that Ministers without portfolios who, sometimes, sat outside the Cabinet, were paid a different salary from a full Minister.

Aside.

SENATOR C. A. BLACKMAN: Oh yes, I researched it. A Minister without Portfolio had a different salary than a full Minister and it just raises the question, whether, with due respect and, as I said, it is not a personal critique of Senator Clarke or Senator Lewis, it is justifiable for a Minister of State, without a full departmental responsibility, to be in receipt of the same full emoluments of a full Minister.

SENATOR Dr. L. L. SHOREY: Mr. Deputy President, two things, one is that I am myself very favourably disposed to the idea which Senator Tudor has put forward before this Honourable Chamber and I trust that the matter will receive very serious consideration in appropriate quarters and one hopes that in due course it will come back to this Senate and I hope we will be able to give it our support.

The other matter is that with respect to the present subject of debate, I find myself in the court of Senator Jones, Senator Brathwaite and, indeed, Senator McClean. I do not see the justification for this.

I think that Senator Jones in his statements expressed very clearly the kind of concern that must be in the minds of most, if not all of us, how come in a country like ours with all kinds of poverty and what not, we could be seriously considering providing something like \$1 600 a month for travelling allowance for a Deputy Prime Minister. I think that is unreasonable and I cannot support the measure.

SENATOR A. J. N. PHILLIPS: Mr. Deputy President, in supporting the Resolution, first I am a little bit disappointed at the turn the debate has taken. Except for the contribution of Sir James, I find that there has been a high degree of nit-picking in this debate because all of us know in this Chamber that when it comes to the question of

money, there is no real guideline as to what is enough, what is too little, what is too much?

Senator Canon Jones speaking made mention of what substantial increases this was in travelling allowances and he made mention of the masses not, for instance, remembering that the masses in his congregation think that he is being paid too high.

The same thing, we had Senator Brathwaite opposite me here her clients, most of them, are concerned about the fees so what I am saying, Sir, is how do you relate what is too much, when it comes to money and what is too little and what is enough?

Those, Sir, are my main comments. But I must, before sitting down, express my personal view that I could never support Senator Blackman in his call for Ministers driving about in state cars with policemen or whatever driving them and that sort of living. That would be more or less a distortion of what this political party set about to do in assuming office in 1986.

It was that same kind of living that caused the Barbados Labour Party, or a substantial part of it, to lose the last election because the masses in this country were not at all impressed by that sort of living and I think this party would be taking a derogatory step and a backward step to return to this sort of living for its Ministers.

Without any doubt, Sir, the increases, looking at it from a business point of view, is the sort of normal increase given a business executive on a yearly, or two yearly basis, in the houses in Bridgetown so I do not see why you should want to relate an increase in travelling allowances for Ministers and Parliamentary Secretaries with increases of another nature because talking about it may sensitise people and we are merely politicking when we do this.

I think, Sir, we must be rational in our outlook and we must not allow ourselves to be drawn into a situation where we find ourselves arguing loosely as such in a matter I consider to be trivial.

Thank you, Mr. Deputy President.

SENATOR N. W. BOXILL: Mr. Deputy President, I did not expect this debate to take this turn but, however, I have to add my little bit to it. I am really appalled at some of the statements I heard coming from the other side and the reasons given.

What the Members on the other side fail to realise is that the price of a car today has skyrocketed. The car which I am using now I gave \$24 000 for it and this is just a few years ago and a similar car now has gone all the way over \$40 000.

Ministers do not get money to buy cars. If they get a loan they have to pay it back but you do not want to see a Minister riding about – for instance, if I were to come to you on a bicycle, or any of the members over there, if I rode up to any of them on a bicycle begging for a vote, they would laugh at me. They were not going to vote for anybody on a bicycle, or a fellow just walking with a briefcase in his hand asking for a vote. We have to look at things realistically.

I think, as Senator Phillips has just said, that it is just nit-picking talking about "in this day and age". In this day and age a Minister has to have a proper looking car, not only a Minister but Senator Jones drives a pretty looking car too, all of us.

Aside.

SENATOR N. W. BOXILL: Nobody helps a Minister buy his either so do not let us be so nit-picking on this. Nobody helped me buy mine. It was in 1985 when I bought mine and the Democratic Labour Party was not in power and I bought my car so do not think that I waited until anybody came in to buy a new car. I bought my car out of my own money too, and I was not working any place. I am not like you because you are working.

The point I am making, Sir, is that we have to look at things realistically. We cannot go on with this kind of behaviour. But, formerly, when Senator Jones was a member of the Senate, and Senator Ward too, was a member of the Senate, when the other Government was in office Ministers used to get travelling allowances and then use the Government cars and they used to fill their cars at Transport and Works. They were not only using Government cars, but they were using gasoline and they would never put tyres on the cars.

Now, remember, if you have to buy a tyre today, before you would get a tyre for maybe \$50 or \$60. You cannot get any kind of tyre today under \$100. I bought one week before for my wife's car and I bought the tyre the Monday and by the Friday the tyre blew out, dry rotted. 2.15 p.m.

You do not want to see, because a Minister has come from among us, you do not want to see a Minister on the road patching the tyre. And as you would know, at one stage, the roads were not conducive to driving about here. I know where a Minister drove a car from down in the country, I am not going to say where because I do not want you to know who the person is, he found that the red light was on meaning that it wanted oil. You know he drove up to Highways and Transport. While he was doing that, he could have mashed up that car completely. The bearings could have been burnt out. He would not put in half pint of oil in it.

Aside.

SENATOR N. W. BOXILL: Yes, a former Minister. I am talking about a former Minister. I am speaking about a Minister of the former Government. And he was not alone. He was not the only one who did it. They used to get travelling and they got a big amount of travelling and still were using the Highways and Transport facilities to replenish the gasoline, the oil, wear and tear, the tyres and so on. So if you are paying a Minister travelling – and do not tell me that because the Parliamentary Secretary might have to do as much travelling as the Minister that he should be getting the same amount of money, because then you would be telling me that the Parliamentary Secretary should get the same amount of money as the Minister. The Minister has a great responsibility.

I heard Senator Tudor make a pertinent point here. I know when I was a Minister, I refused to travel out of this country going anywhere unless I was going first class for the simple reason, but let me make it quite clear when I was going to Trinidad I used to pay, I used to have to pay because I did not want anybody dropping a basket with a breadfruit on my toe, trying to save something and then lose my toe. It does not make sense.

You see, we always have this kind of idea here in Barbados that Ministers should be treated as though they were the boy in the yard. You cannot run a country that way. When I went overseas, I used to be embarrassed to see how the other fellows could spend money and I always had to be doing the shoe lace act whenever it came up to spending. I would be tying my shoe lace.

Laughter.

SENATOR N. W. BOXILL: We have to stop this set of nit-picking. I will get to some serious business. Ministers come from among us. And you cannot expect to have a Minister driving about a car with a piece of board patched up at one side. Why I say this is because I remember the last time we were speaking some time ago, we were talking about the union and I remember the union car, when it rained somebody had an umbrella stopping the window. You cannot have things like that because if you look that way, people are going to start looking down on you. Even if you are not big, you are going to have to start looking big. I am not saying that you have to be driving about Mercedes-Benz and that kind of thing about here. But at the same time, you do not want to see a Minister going along with a motor car with the muffler dropping off, and the fender raked off from another side. You want to see your Minister looking proper. I want to see you looking proper too. When I say you, I do not mean anybody in particular. I mean all of us, because you are a representative.

And whilst talking about that, I am going to make a point here now. Now do not think that I am, what you

would say, suffering with any cupidity or anything like that. I do not suffer with greed. But I think the time has come too when the Senate should at least be considered. Now tell me the truth. I think we get – I am not sure how much we get. I think it is about \$600. What would you do with \$600? Tell the truth.

Aside.

SENATOR N. W. BOXILL: It is \$700. I did not even know it was that. But you realize that when you go to the gasoline station and you fill up, you are in natural trouble.

Laughter.

SENATOR N. W. BOXILL: You are laughing but I am serious. I think the time has come when the emoluments of the Senate should be taken more seriously. All of us here are – well not me – but all of you over there are business people, not me, I do not have any business. All of you give up your thing to come in here and serve the country. Why should you come, you mean in this day and age? When I first left sailing to come into public life, I left working for good money – I was going to sit my Engineering Certificate – to come here. You know how much I used to get, \$200. That was the pay of Parliament at the time. But maybe you might say that in that day it might have gone a long way. It never went far with me because I had to pay income tax, I had to pay constituency vote and I had to give the constituents a little something out of that, so you know I did not get anything for myself. So I was making a contribution to this society from ever since.

The point I am making is that we are all Barbadians. And who knows when one of you over there will become a Minister? You have the ability to become a Minister. Do not feel that you cannot be a Minister. You have the ability. Who knows when one of you over there will become a Minister? When you have to go out to represent your country and you meet other Ministers outside and you see the way how these fellows – I am not saying you have to live a big sumptuous life, because we are not accustomed to it. But when it comes to buying a drink, you go into to either one of the hotels here today, you take a friend into either one of these hotels and make the mistake and call for a rum and coke. Do you know that when it comes to the second drink, you have to go to the washroom.

Aside.

SENATOR N. W. BOXILL: You are ducking out. You are ducking like a boxer. You cannot afford it. Let us be realistic. Do not let us get on with this nit-picking thing about the Ministers are getting too much on this money.

They deserve to get something because a fellow is a Minister today and tomorrow he is back like me, he is Mr. Nobody. And I am going to tell you something I find with

this society. This society is very happy when you are a Minister, everybody is everybody's friend. But when that little Ministry goes from under you, people pass you like you have leper, when you are on the other side of the fence. I am sure none of you over there want this to happen to even your worst enemy. So let us be realistic. Do not let us nit-pick over a few cents talking about the Ministers getting too much and the Parliamentary Secretaries should get a little more.

Because then, if you go on like this What I am saying, I am saying for all of us. I feel the time has come when the Senate should be considered more in the lines of the honorarium we are getting. Well give us a little better honorarium, not that we are waiting on it. But everybody who comes into the Senate is not going to be a business person. They are going to be people from among us. I do not think that the time has passed when we should be treated a little better. So let us think differently when we are dealing with Ministers. We know how you feel. You cannot like everybody, but at the same time remember that the Ministers are from among us. Nobody sends for a Golgotha and brings him here or somebody from Timbuktu. They are from among us. And as I said earlier and I repeat again, a man could be a Minister today and he is Mr. Nobody tomorrow. And therefore you do not want to see a man who was Minister of this country walking about with a big saddle patch and a patch over the saddle patch. You want to see him carrying himself in a decent way in life.

Thank you, Mr. Deputy President.

SENATOR D. A. COMMISSIONG: Mr. Deputy President, I think it is important certainly for me that I state my personal views on this issue, even though those views might be stigmatized by certain people as either too eccentric or too idealistic.

I think that I can glean a certain mechanism from the matter before us today for the fixing of Parliamentarians' salaries and allowances. It is clear to me that what is emerging is that that salaries of Parliamentarians are going to be tagged on to the salaries of the high level civil servants, that there is going to be a certain relationship between the two, and that therefore, the increases in salaries of Ministers and Parliamentary Secretaries would always bear a certain relationship to the increases for senior civil servants. This seems to me to be what is emerging.

Now that mechanism I suppose cannot be faulted for being unreasonable or irrational. It seems to be a rational mechanism and I do not think anyone can say that it is unreasonable. I get the impression that the thinking behind it is that from a psychological standpoint, it is important that people are able to see that their Minister or their Parliamentary Secretary is earning a little bit above their subordinates which would be the senior civil servants. In the contemporary ethos of Barbados, I suppose that one

would not say that that is an irrational or unreasonable way of looking at the whole matter.

My concern however is that we are not led down the path of seeing politicians and political leaders simply as the highest level of civil servants. I believe that political leaders have a role and a dimension that is beyond that of even the most senior of civil servants. I am one of these people who strongly believe that politics is a vocation and that one must bring to that vocation a spirit of self sacrifice, a willingness to give yourself to the people whom you claim you want to serve, and a willingness to make the sacrifices in that service.

2.25 p.m.

Many people claim that I am overly idealistic, and perhaps even eccentric, but those are my deeply held views. The historical figures that I most admire are people like Marcus Mosiah Garvey and Mahatma Gandhi, men who gave of their all to their people.

My concern in Barbados today is that as I go amongst ordinary Barbadians it is clear that a lot of our people have become very cynical about politicians in general. I am not talking BLP, DLP or NDP here. In fact, that attitude of cynicism goes way back beyond 1986, and indeed I believe a lot of the blame for that prevalent attitude of cynicism about politicians has to be laid in the lap of the last Barbados Labour Party administration, those years between 1976 and 1986, but it is clear that many people have developed a cynicism about the motives of politicians.

Many believe that a politician is simply in it for what he or his family or his friends can get out of it, and we should be aware in this Chamber that this is a fairly pervasive attitude in Barbadian society today, particularly among poor, disadvantaged people in our community. They are suspicious about politicians and I believe that we have a duty to correct that deficiency, for want of a better word, and we can only correct that in one way.

We can only correct that by perhaps even bending over backwards to demonstrate that we are different, to demonstrate that we are bringing a spirit of genuineness and willingness to serve and to make sacrifices. This is my personal position.

As I say, I can understand the rationale for the mechanism of tagging parliamentarians' salaries and allowances to those of high level Civil Servants. I am not going to berate it, I can understand that many people will see that as a rational and reasonable way of going about the matter in Barbados today. I am not going to knock it, but I want to state my personal position. I personally would prefer us, rather than taking that type of approach, to take a different approach where we are going all out to demonstrate, perhaps correct a lot of the wrongs of the past 12 or 13 years, the bad impressions that were created during

that last regime. Perhaps we have to bend over backwards to correct those bad images that were erected in the minds of our people, but this is the approach I would prefer to see us taking. It is very necessary, because we have to rebuild that trust now, and that trust will only be rebuilt by solid, honest work. I think it would be very unfortunate if we lose sight of this dimension.

This Democratic Labour Party has as part of its duty the rebuilding of the faith in political leadership by the masses of this country, and it is something we should think about, because sometimes it may mean, depending on the situation in the country, that parliamentarians will have to take the lead and say we are not going to accept any increases. Sometimes you may be placed in that situation where that is what you have to do, but I am saying let us not simply conceive of our role as being the highest level of Civil Servants. We have a task to transform society, and not just transform it in terms of its economic structures, but in terms of its thinking, in terms of the ethos of the society, values in the society, and this is a dimension of the politicians' work that the politician must not lose sight of. The politician is a leader, he is not just simply a Civil Servant. He is a leader in all respects and he has to lead, especially after our experiences in the past, by example.

Just to conclude let me reiterate. I am not knocking the present system if I am correct in seeing this type of system emerging. I am not going to knock it, but I am just going to draw our attention to other aspects of the issue. For example, in 1986 when we came to office and Mr. Barrow and the members in Parliament voluntarily took a 5% wage cut, I think this is what we were signalling. We were signalling that after the excesses of the past, and in view of the cynicism that people had come to feel about politicians, we were going to send this message that we know we have a role to play in rebuilding the trust of the people, and we know that part of our duty is to bring to our work a spirit of self-sacrifice.

I hope we never lose sight of that. If Sir James says there are two camps, I want to place myself in the Errol Barrow camp in that respect. As I say, people call me eccentric and idealistic, but that is where I stand.

SENATOR A. MORRISON: Mr. Deputy President, I should like to support this Resolution from my own experience as a Parliamentary Secretary.

The principle of entertainment allowance and transport has been well established for a very long time in the running of this country. It grieves me to see whenever we talk about an increase in this Chamber involving anything for a politician you always hear it is too much. I have never yet debated in either Chamber that Civil Servants should not get more money or that teachers should not get so much money. It is not fair to say that because there is going to be an increase that that is wrong. What

people should do is to ask for increases for themselves rather than criticise increases without bringing more facts to bear on why you criticise increases.

Right now there are some Permanent Secretaries who draw more money in salary than Ministers. There is nothing wrong with that.

2.35 p.m.

They work hard; and I am saying that for the sacrifice I make as a Parliamentary Secretary, no amount of travelling allowance can compensate me for that sacrifice on behalf of the public in the execution of my duties. I feel that the increases are justified for what they are worth.

We heard reference being made to the gap between the Ministers' allowance and the Deputy Prime Minister and the gap between the Parliamentary Secretaries and the Ministers. I also heard from the other side that they are still too high, yet you come back and say that the Parliamentary Secretary's allowance is too high. You cannot have it both ways. The concept of a Deputy Prime Minister was created by the last administration, and the level of remuneration was held at that time; and all that has been going on in recent years is to top up these allowances and salaries to suit what has been going on in the civil service.

Sir, the idea of a travelling allowance does not arise too often; it happens almost every four or five years; it is not an annual or biennial exercise as such; it is only when it has gone on for a long time and civil servants feel they have been travelling out of the ordinary and the cost of gasoline has gone up along with other things that they would ask for an increase in travelling allowance, and this takes place every four or five years. The fact that we have approved an increase in travelling allowance for everybody should not create any problem since we have settled that principle ever since, that Ministers and Parliamentary Secretaries are entitled to entertainment allowance and travelling allowance, and the same money was paid from four years ago until now. It is only this year that the increases are going to take place to regularise the position *vis-a-vis* the civil servants. I have no quarrel with that. As far as I am concerned it cannot compensate me for what I have to do, but I am thankful for small mercies.

The idea of a Minister getting a big salary is a whole joke as far as I am concerned, because when you look at your take home pay, you are worse off than most people in the society, and you are supposed to do this and that otherwise. It is one of those things. I only get money from one source; I do not have any investments otherwise; I am purely salary, and I know when I was a Minister back in the Seventies the money at that time was \$2 800 a month and everybody thought it was big money, but I never took home more than \$1 200 in any one month or \$1 100 a month. So to distribute that between my constituents and my family, you will understand that many days I went without anything

for myself in my pocket. That is the kind of life that a politician has to endure. He has to endure that kind of sacrifice; he cannot complain and nobody insures him against that kind of eventuality, and eventually when he loses his seat you will understand he would have had to acquire anything by way of savings in those kinds of situations. So anything that you get as a Parliamentarian by way of a little increase to my mind is very much justified, because you have to operate in a kind of situation where you do not have any money at all in most months for yourself or your family, because income tax takes half of the money and you have bare paper salaries as far as I am concerned; and you have a very small take home pay which you then have to distribute between being loyal to your constituents and loyal to your family, to raise your children.

Sir, I don't have any other source to get money from, and I am not going to do anything out of the way to get money other than what is right and upright. I have lived that way all my life and when I see these increases come along I am very thankful.

Sir, I would like again to say I support these increases. I would wish that we as Parliamentarians would be more generous to each other when these occasions come along and not reduce us to the stage where we feel that we might be trying to breach our trust to the public and try to bleed the public funds to get more money. It is not like that at all. We deserve to be paid, we deserve to have some compensation for the uninsurable risks that we run in the discharge of our duties from day to day. I thank you.

SENATOR THE HON. L. V. H. LEWIS: Mr. Deputy President, I believe that enough has been said. I really find it difficult to attempt to say anything. The defence has been there, the alternatives have been there, and one of the points made by Senator Comissiong which I believe a lot of persons fail to recognise is that when the Democratic Labour Party assumed office, one of its first acts was to reduce the basic pay of Ministers. That has not been put back in place. The consequence of that is that Ministers draw less emoluments than several public officers including several persons at the University of the West Indies as Senator McClean would know. So to look at these allowances which are more than the Commissioner of Income Tax would allow, they represent an attempt to adjust the balance. I do not have any constituency although I have the whole constituency of Barbados, but there are persons who have constituencies as Senator Morrison was saying who end up, I am sure, in a minus position at the end of every month. If I don't have one and I have difficulties in fending off the persons who are on the bread line who come to me, they would have to be in a far worse position. So I think it is really difficult to want to debate something like this, when the arguments made on the other side are made without a clear understanding of really what we are talking about, and in some instances with some knowledge but yet speaking with tongue in cheek.

I would hate to see us revert to the day that Senator Blackman would like, although I can assure you that there are several difficulties and some of us end up by providing drivers for ourselves when we have to work under pressure. Some of us just could not keep up with some of the things that are required, like when we come to the 350th anniversary on the 26th June. Some Ministers you will see with police drivers, others driving; the ones that drive themselves are going to be in a difficult state.

There are the pros and the cons. There are many sides of the coin.

Asides.

SENATOR THE HON. L. V. H. LEWIS: I know you may be genuine and indeed Barbados may be one of the only countries in the Caribbean that does not go for the system of providing a vehicle for Ministers, but the Democratic Labour Party is committed to what Errol Barrow stood for, that humility and the avoidance of that sort of show, that self-sacrifice.

I should like to move, Mr. Deputy President, that this Resolution do now pass.

The question was put to the Senate and agreed to, the Senate dividing as follows:

Ayes: Senator the Hon. L. V. H. LEWIS; Senator the Hon. C. D. CLARKE; Senator A. MORRISON; Senator N. W. BOXILL; Senator Mrs. V. C. FRASER; Senator A. J. N. PHILLIPS; Senator T. A. PRESCOD; Senator D. A. COMMISSIONG; Senator Sir James TUDOR; Senator J. C. W. WICKHAM; Senator L. A. WARD; Senator C. A. BLACKMAN; Senator Mrs. P. Y. FORDE and Senator J. S. GODDARD – 14.

Noes: Senator the Rev. Canon I. McK. JONES and Senator Dr. L. L. SHOREY – 2.

Abstentions: Senator Miss V. P. BRATHWAITE and Senator A. W. A. McCLEAN – 2.
2.45 p.m.

RESOLUTION TO APPROVE THE REVISION OF THE TRAVELLING ALLOWANCES OF THE PRIME MINISTER'S PERSONAL STAFF

Order No. 3 was called – To move the passing of a resolution to approve the revision of the Travelling Allowances of the Prime Minister's Personal Staff.

SENATOR THE HON. L. V. H. LEWIS: Mr. Deputy President, this Resolution hangs like the other one on the negotiated increases and the percentage increases in this instance are 20%, the same percentage that was negotiated

by the National Union of Public Workers for persons in those categories. They represent increases of \$74 a month and \$59 a month for the Personal Staff of the Prime Minister.

I beg to move that this Resolution do now pass.

The question that the Resolution do now pass was put to the Senate and agreed to.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. Deputy President, we persisted with the debate today to complete it at one fell swoop because of the necessity for us to travel to Pelican Village for lunch, those of us who, at this stage, are still able to partake of lunch.

I am not aware of any public business which we wish to do today, Sir, and I would, therefore, beg to move that this sitting be adjourned *sine die*.

Mr. DEPUTY PRESIDENT: The question is that this sitting be now adjourned *sine die*.

SENATOR THE HON. SIR JAMES TUDOR: Speaking on the Adjournment I am wondering whether the Leader is in a position to tell the Senate what arrangements we might have to know about before we are summoned to the ceremonial session.

SENATOR THE HON. L. V. H. LEWIS: I regret that I am not yet in a position to say because the committee is still continuing, I think, today, and we are still in the process of fine-tuning the actual activities.

What I can say now is that a session is contemplated for the Bank holiday morning, June 26, beginning around 10:00 a.m., or 9:45 a.m., slightly earlier, that it is proposed to have a Joint Meeting of Members of the Senate and Members of the House and that Joint Meeting to take place in the precincts of the House of Assembly, that it is contemplated that there will be visitors visiting, Presiding Officers who will be guests of Parliament, that there will be visiting Heads of Government who will be guests of the Government, that they will all be invited to that meeting in the Other Place, that at an adjournment of that meeting there will be a procession from Parliament Building to the corner of Roebuck Street and Spry Street where a monument is presently being erected and at which location a plaque will be unveiled by the Prime Minister who is the longest sitting member in the Other Place, that after unveiling of the plaque the procession continues across Spry Street into St. Michael's Row and back into these premises where the two sittings will be resumed and then concluded but the actual timing of these events, I am not certain.

It is expected that there will be speeches during the meeting in the House. The precise numbers of persons who will speak have not been determined but there will be, at least, one spokesman from the Senate in addition to the President of the Senate. That is as much detail as I can give which is, probably, a great deal of detail but the actual timings are not completed and the number of speeches are not completed and whether there will be a visiting speaker has not yet been completed. Planning is continuing.

The question that the Sitting be adjourned sine die was put to the Senate and agreed to and Mr. DEPUTY PRESIDENT adjourned the Senate accordingly.
2.50 p.m.

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