

THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1986 – 91

SENATE

Wednesday, November 8, 1989

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, November 8, 1989, at 11.20 a.m.

PRESENT

His Honour Senator Sir Frank L. WALCOTT, K.A., O.B.E., LL.D., (President);

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 Mrs. G. L. EASTMOND;

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.

Prayers were led by Senator the Rev. Canon I. McK. Jones.

Mr. PRESIDENT: The Senate is in session.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL

Mr. PRESIDENT: A Message from His Excellency The Governor-General.

"His Excellency The Governor-General has the honour to inform the Honourable The Senate that accompanied by Her Excellency Lady Springer I will be absent from the country during the period October 22 to November 22, 1989 on a visit to the United Kingdom.

Under the provisions of Section 29 (1)(b) of the Constitution the Chief Justice the Honourable Sir Denys Williams, GCM, will perform the functions of the office of Governor-General during my absence."

PRESENTATION OF PAPERS

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

- (1) The Judges (Remuneration and Pensions) (Conditions of Service and Allowances) (Amendment) Regulations, 1989.
- (2) Guarantees granted under the Exempt Insurance Act Cap. 308A Section 32 to the following:-
 1. PVO Assurance Inc.
 2. National Transport Assurance Alliance Inc.
 3. N. I. Insurance Company Inc.
 4. Surety-America Reinsurance Ltd.

5. Certification and Guarantee Insurance Co. Ltd.

6. Galaxy Reinsurance Co. Ltd.

7. Myracorp Reinsurance Co. Ltd.

(3) The Annual Report and Financial Statements of the National Petroleum Corporation for the period April 1987 – March 1988.

(4) The Annual Report and Accounts of the Barbados National Bank for the year 1988.

(5) The Health Services (Psychiatric Hospital) (Encephalograph Machine Fees) Regulations, 1989

(6) Report of the Fire Service for the year 1988

(7) The Annual Reports of the National Assistance Board for the years 1984-1985, 1985-1986, 1986-1987 and 1987-1988.

(8) The Annual Report and Statement of Accounts of the Barbados Community College for the period September 1 to August 31, 1988.

(9) The Duties, Taxes and Other Payments (Exemption) Order, 1989

(10) The Duties, Taxes and Other Payments (Exemption) (No. 2) Order, 1989.

QUESTIONS TO MINISTERS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I wish to state that the replies to Parliamentary Questions Nos. 7 and 10 asked by Senator C. A. Blackman; Q.C. are ready.

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I would like to move the suspension of Standing Order No. 45(2) to permit us to proceed with the business as set out on the Order Paper. There are some six matters.

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

INTRODUCTION OF BILLS

On motion of Senator the Hon. L. V. H. LEWIS, the following Bills were read a first time:

(1) Bill to amend the Police Act, Cap. 167

(2) Bill to amend the Fire Service Act, Cap. 163

(3) Bill to amend the Parish Boundaries Act, Cap. 108

(4) Bill to amend the Central Bank of Barbados Act, Cap. 323C.

11.30 a.m.

PUBLIC BUSINESS

Order No. 1 was called – To move the passing of a Resolution to approve the compulsory acquisition by the Crown of a parcel of land part of Moonshine Plantation, St. Helens, St. George for the purpose of recreational facilities.

SENATOR A. MORRISON: Mr. President, this Resolution is seeking the Senate's approval for the acquisition of a certain piece of land at Moonshine Plantation, St. George. The amount is 2.741 hectares inclusive of 0.048 hectares in road. This is for the purpose, Sir, of providing playing field and other recreational facilities not only for the school children, but for the other people living in the area.

There is a new St. Augustine school being constructed and it is almost near completion which we hope will be before the month is out. There is a proposal which has already been approved to rename the school the Cuthbert Moore Primary School after a very well known educator in the parish of St. George. Probably that school will be dedicated some time in December when we will have the official naming of the school.

With those few remarks, I beg to move that this Resolution be concurred in.

The question was put to the Senate and agreed to.

THE POLICE (AMENDMENT) BILL, 1989

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the Bill under consideration to amend the Police Act will enable suspended police officers to receive not less than half the pay of their grade during a period of suspension. This is a matter which has been addressed by the Police Association, the request that the existing provisions be amended to bring members of the police force in line with other public officers. At present the provision that exists ensures that during a suspension or interdiction, and this is in accordance with section 28(3) of the Police Act, persons so suspended on interdicted receive half pay, that is gazetted members of the Royal Barbados Police Force; a similar arrangement applies also to the Fire Service.

Regulation 17(2) of the Police Service Regulations also provide for the payment of not less than one half of a salary to police officers of gazetted ranks other than the Commissioner, and Regulations 27 and 45 of the Public Service Commission Regulations provide for payment of not less than half pay to public officers including teachers and prison officers. It is considered to be equitable therefore to change the provisions relating to non-gazetted ranks of the police force and to fire officers to bring them in line with other public officers. In fact, the amendment for public officers was done in an amendment in 1978 which gave the public officers a more advantageous position when compared with police non-gazetted officers and fire officers. The proposal is supported by all the parties affected.

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

SENATOR N. W. BOXILL: Mr. President, in dealing with this Bill, I would like to draw to the attention of the powers that be, especially the police, that it is over two years that a police has been accused of some misdemeanour, but this case has been pending for the longest time, and I am glad to see this Bill before us, because I think that the Police Commissioner needs to speed up these investigations when police are accused and have been suspended. Over two years is quite a long time to keep people in abeyance. I don't think it is fair to the society and it is not fair to the accused, and it is not fair to us. I will not go too deeply into it because I am not sure if it is *sub judice*, because if something is *sub judice* it should be before the court. I think that this has been going on for too long, and there is absolutely no reason why something like this should not have been dealt with more expeditiously. It keeps the accused out of operation, we the taxpayers have to pay for this person not working, because it can be a man or woman, yet they don't know what will be the outcome, and there is absolutely no reason why a matter like this should be taking so long to have it rectified. These are things that need to be looked into.

I have spoken to one of the officers who was involved in the matter and I was told that one of the reasons why it was held up was because a witness refused to come back. You cannot hold up a situation like this and have people not know whether they are standing on their head or if they are on their feet as far as these matters are concerned. I will repeat that it is not fair to the accused, it is not fair to the accuser, and it is not fair to the taxpayers of this country. I am therefore hoping that what I have just said will be drawn to the attention of the Police Service Commission or the Commissioner of Police that I am not satisfied and I don't think the general public is satisfied that a matter like this that should have been dealt with is being dragged. Make a decision one way or the other, but don't keep the officer on suspension for so long. Two years is a long time. If he had gone to hospital for two years at least he would have got

some time off by now, and I don't think this is fair to us. I am therefore appealing to the powers that be to expedite not only this matter but all other matters where people are accused and they have a trial going on, but don't keep it held up like that and hold up the whole society. Thank you.

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

On the motion of SENATOR THE HON. L. V. H. LEWIS, the Senate resolved itself into Committee on the Bill, SENATOR M. deL. JORDAN in the Chair.

Clauses 1 and 2 were called and passed.

On the motion of SENATOR THE HON. L. V. H. LEWIS, the Senate was resumed and the Bill reported as having passed the Committee without amendment. 11.40 a.m.

On separate motions of SENATOR THE HON. L. V. H. LEWIS, the Bill was read a third time and passed.

FIRE SERVICE (AMENDMENT) BILL, 1989

Order No. 3 was called – To move the second reading of a Bill to amend the Fire Service Act, Cap. 163.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, this Bill is similar to the amendment just approved in relation to the Police Service and it provides that the suspended Officers of the Fire Service receive not less than half the pay of their grade during the period of suspension. This amendment will permit the appropriate Service Commission to determine whether an Officer should in fact receive half pay or up to full pay during a period of suspension.

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

Mr. PRESIDENT: The question....

SENATOR C. A. BLACKMAN: Mr. President, the Objects of the Bill are not in dispute but however in contention. I wish however, Sir, just to take the opportunity while we are considering what can be regarded as an improvement of the terms and conditions of service of members of the Fire Service to advert to the work which they do in a particular way to draw to the attention of the Honourable Senate that there are public places in Barbados where there are large crowds congregating from time to time that seem not to observe certain basic fire safety regulations. The cinemas always have well illuminated exit signs and they are clearly marked and there space is available. But there are several public places particularly restaurants and nightclubs which seem not to be so well provided. I am wondering, Sir, whether in the context of the

renewal of liquor licences for these establishments or when applications are being made to the Town Planner for these places to be established if the Fire Service should not be involved in matters referred to that agency for consideration as to whether adequate fire arrangements are in place and exits clearly illuminated.

There was a letter in the Press recently which drew attention to a fire which took place a month ago, fortunately, I think after the place was closed. But the writer pointed out that it seems as if there were inadequate exits and if in fact had a fire occurred while the place was occupied there may have well been a tremendous tragedy taking place in the country. If I may just say, Sir, the hotel industry in Puerto Rico has not yet recovered from the Dupont Hotel fire a couple of years ago and I can just imagine the impact on our tourist industry if a fire should occur in one of these establishments. I draw this to the attention of the Leader of the Senate and hope perhaps that the necessary mechanisms are put in place to ensure that all public places of entertainment are inspected for adequate fire exits and that adequate measures are in place so as to give patrons the best possible chance to escape in the event of a disaster.

Applause.

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

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. PRESIDENT left the Chair and the Senate resolved itself into Committee on the Bill, SENATOR M. deL. JORDAN in the Chair.

COMMITTEE

Clauses 1 and 2 were called and passed.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. DEPUTY PRESIDENT reported the passing of one Bill in Committee, and Mr. PRESIDENT resumed the Chair and reported accordingly.

On separate motions of SENATOR THE HON. L. V. H. LEWIS, the Bill was read a third time and passed.

PARISH BOUNDARIES (AMENDMENT) (No. 2) (BILL), 1989

Order No. 4 was called – To move the second reading of a Bill to amend the Parish Boundaries Act, Cap. 108.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, this Bill seeks to alter a reference given to the Map of Barbados at Section 2 of the Parish Boundaries Act. It was discovered after the original Act and the amendment

that there was an incorrect reference to the Bill at Section 2. In view of the need to ensure that the references are altogether correct, this amendment comes before us and it seeks to revise the reference in Section 2 of the Act so that it refers to Series OSD 2960 on the sheet of Barbados Parish Boundaries as Edition 1 – OSD 1989.
11.50 a.m.

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

The question was put to the Senate and agreed to.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, SENATOR M. deL. JORDAN in the Chair.

Clauses 1 to 3 inclusive were called and passed.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. CHAIRMAN reported on the Bill and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of SENATOR THE HON. L. V. H. LEWIS, the Bill was read a third time and passed and cited as the Parish Boundaries (Amendment) (No. 2) Act, 1989.

Order No. 5 – Resolution to approve the Judges Remuneration and Pensions (Conditions of Service and Allowances) (Amendment) Regulations 1989

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the basic emoluments payable to Judges were altered earlier this year and a Resolution brought to this Chamber to amend the Regulations made under the Judges Remuneration and Pensions Act. This further amendment to those Regulations aims at increasing the Entertainment Allowance and the Transport Allowance for the Chief Justice and Judges of the Supreme Court, and in fact dates back to April of 1988. I believe these are the last persons who are benefiting from the salaries revision of 1988.

Although the Judges and the Chief Justice are provided with an official car, there can be occasions on which a newly appointed Judge may not be provided with an official car and the provision of an updated allowance from \$5400 to \$6900 brings him in line with the allowance payable to officers of a similar status grading in the Public Service.

This therefore is a simple amendment to those Regulations. I beg to move that the Resolution do now pass.

SENATOR C. A. BLACKMAN: Mr. President, the concerns I have had with respect to the Judiciary I think are fairly well known to Honourable Senators which I have aired in this Chamber over the past three years.

I would like today, however, to take a slightly different angle to the things I have said in the past. When we last met I think something relating to the Judges came up and the Leader of the Senate indicated that it was hoped that legislation would be put in place by the end of the year to provide for a separate Court of Appeal for Barbados, a matter of some concern to the profession. I think some assurance was given that something would probably be done by the end of the year but that the issue of space to accommodate such a court was one of the difficulties which the administration faced.

I have just returned from a visit to the United States on what was described as an international visitor's programme, during which I visited a number of law schools across the country in relation to my role as Chairman of the Council of Legal Education. One of the things I discovered on a couple of the campuses across the United States is that on the University Faculty buildings where they all have what is known as a moot court, which is a court constructed and equipped as any court will be in the United States of America, the Circuit Courts of Appeal for the area in which these schools are situated sit on the campus. They use the court facilities on the campus so that students have an opportunity of seeing the law in action on the campus without having to go off to town and finding a court complex.

It occurred to me, Sir, that this was an answer to prayer where Barbados is concerned, a country with small and limited resources, in that we have an excellently appointed moot court at Cave Hill which with some modifications may be the accommodation solution for the establishment of an independent Court of Appeal for Barbados.

12.00 noon.

Since I would like to cover as many bases as I can, I would like to say to the Honourable Leader of the Senate and to this Honourable Senate that I have made what could euphemistically be described as soundings in a way to say that I don't think the University would at all be unhappy with an approach to accommodate a Court of Appeal, and I think their Lordship the Judges would find that location equally acceptable, and certainly access to the law library which is second to none in the region for its excellent holdings makes an ideal venue for a Court of Appeal, that is, until the Judicial Centre is constructed in another two or three years. I should like to offer that, Sir, as a possible solution to the problem of separate Court of Appeal.

The other concern, Sir, is in relation to the Bench. I don't know if the point has been taken yet by the administration, but all the Judges of Barbados are within six months or so the same age; they are all within a range of 57 to 60 or 62 which means that they are all going to retire on or about the same time, and I think this has some serious implications for the administration and also providing for a

measure of continuity and balance for the Bench. While respecting that the constitutional provisions say that it falls within the ambit of the Prime Minister to make these appointments, I would urge that perhaps when vacancies next fall to be filled that it be taken into account that you need to provide a regime where at least someone is going to be there for, barring accidents, ten, fifteen years so that you would have continuity of judicial experience available to serve the community.

I come back, Sir, to the position of the Bar Association in that you need to look to the private Bar for appointment. There are members of the private Bar who would be willing to accept appointment. The issue of finance is not the inhibiting factor; many of them would not want to go to the Bench when the present constraints apply. We in this Chamber are serviced by the Reporters who take down our utterances; a Judge starts off on the Bench with the most beautiful hand writing which is reduced to a scrawl and a scribble by the time he leaves the Bench. The only Judge who maintained his hand writing for all the years he was on the Bench was the late Mr. Justice Ward, but then he used to write with very deliberate speed, so his cases used to sometimes last as long as anybody else's. But in 1989 as we go into the 1990s and the 21st century, the Courts must be given the mechanical equipment which is available.

The other thing is this, and I mentioned this at the judicial education symposium we had in Barbados two months ago, we need to provide their Lordships with legally trained law clerks to help them get their decisions out. I was told by a Judge that this could never work because if you have read the book called "The Brethren of the United States Supreme Court" you have people who go out there and say 'I wrote that judgment; you see that one there, I did it.' That is a load of foolishness. You need someone to do some basic research for you. Any practitioner of any seniority in this country has a junior who does the basic research; he has to fine tune it. At the end of the day the opinion which goes out in his opinion, he signs off on that opinion, but he does not do the donkey delving which the Judges are reduced to doing, and we need to find a mechanism where legally trained law clerks or call them judicial research assistants, whatever nomenclature you want to make it palatable, they must be provided in order to make it attractive for people to want to work in the Government. This does not only go to Judges, it also applies to the magistracy where 80 per cent of the judicial work in this country is done, and where the citizen, John Public, has that interface with the court system.

Senator Boxill in an earlier contribution made reference to the delays in having matters resolved, and it is not because of any willfulness on anyone's part, but when you have to do everything in longhand and then find time to do the research, problems crop up and you always have other hearings to catch up on, and if we are to be serious

about dealing with the whole system of the judiciary and the rule of law, things must be expedited.

We have gone into a regime of international business and offshore business and trusts and the like, and in the course of so doing we are going to eventually have disputes to resolve which are going to call for an expertise that currently we have not been obliged to address. The Bahamas who have this sort of jurisdiction and interest are providing their judges with this sort of exercise; in fact Chief Justice Georges who has just retired has been experimenting with the use of research assistants in his courts in order to help move this backlog. I would urge, Sir, that while we give consideration and approval for this sort of Resolution, that we look at the issue now in its wider context and make provision to make it attractive for those who are not in the Crown service and therefore shrug their shoulders and say this is what I am accustomed to, that you provide the mechanics, the word processors, the research assistants and the like in order to improve the administration of justice in this country.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the Honourable Member who just spoke has not said anything that we have not discussed privately, and I have given him assurances that I would communicate with the appropriate persons in these matters and I now let the Senate know that it is my intention to draw these matters to the attention of the Attorney General and the Prime Minister.

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

CENTRAL BANK OF BARBADOS (AMENDMENT) BILL, 1989

Order No. 6 was called – To move the second reading of a Bill to amend the Central Bank of Barbados Act, Cap. 323C.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, this Bill is a relatively simple Bill which will seek to amend the Central Bank of Barbados Act, Cap. 323C in order to abolish the post of General Manager and create two posts of Deputy Governor.

In rising to move the second reading of this Bill, it would do us well to recapitulate the primary functions of the Central Bank of Barbados and examine how it discharges these functions with a General Manager, and how it now proposes to discharge its functions with the appointment of two Deputy Governors and the abolition of the post of General Manager.

It has been long recognised that an efficient monetary mechanism is a *sine qua non* to the steady and orderly development of the national resources, and an ever

improved standard of living. To these ends the Central Bank of Barbados seeks to foster a flow of credit and money that will facilitate and promote orderly economic growth, a stable currency and long run equilibrium in our international payments, that is, an adequate level or stock of foreign reserves.

Mr. President, if you will just bear with me a second, I will just take a little bit of your time to review the organisation of the Bank as it functioned with a General Manager and compare this with this proposed new structure showing the relationship with the two Deputy Governors.
12.10 p.m.

Under the General Manager, the organization chart was somewhat like this, a Board of Governors headed by the Governor of the Bank himself followed by a General Manager who had direct responsibilities for Credit Insurance and the Guarantee Division, the Budget Committee, Accounts, Banking, which included the Investment Policy Committee and the Financial Markets Committee.

Additional functions carried out by the Bank and which reported directly to the Governor and through him to the Board of Directors included International Audit, Bank Supervision and Inspection, the Research Department and the Management Information Systems. These reported individually and separately through the Governor to the Board of Directors while the other departments which I mentioned, Credit Insurance, Budget Committees, Accounts, Banking and Exchange Control reported to the Governor and the Board through the General Manager.

With the new proposal before us, what will happen is that the two Deputy Governors will be designated (1) Deputy Governor, Operations and he will have reporting to him Credit Insurance and Guarantees, the Accounts Department, Banking and Currency and Exchange Control.

The other Deputy Governor will be designated Deputy Governor, Research and Information and he will have reporting directly to him and through him to the Governor and Board of Directors, the Bank Supervision, Research and Management Information Systems.

It is proposed that by having these other divisions which before reported directly to the Governor will add to greater efficiency in carrying out the functions of the Central Bank.

Mr. President, before I sit, I would like to touch upon how well under the old system the Central Bank performed its functions especially with respect to the execution of monetary policy for which it has direct responsibility.

Over the last years, we have noticed that there has, indeed, been orderly economic growth of 3.5% within 1988

and the same has been estimated for the first 9 months of 1989, that is, January through September.

Another function of the Central Bank is to maintain the integrity of the currency, indeed, there has been a relative stable currency with changes in the price level of less than 6% per annum over the last two years.

Another function of the Central Bank is to ensure long-term equilibrium or an adequate stock level of foreign reserves and, I think, if you would just bear with me, it would serve us in good stead if we would review the levels of the stock of foreign reserves which we had over a 9 month period January to September and I would like to take you back through time beginning with 1981.

There has been much talk in recent times about the hemorrhaging or the loss of foreign exchange and we will discover that in this period, January to September period, that it is not a new phenomenon.

In the year 1981 the loss in reserves that occurred in that period was \$80 million. In 1982 \$30 million was lost and I am comparing the same period January to September. In 1983 the loss was less than \$210 million. In 1984 we sustained a loss in that period of \$60 million. In 1985 it was slightly less than \$30 million. In 1986 in the same period the loss was \$125 million. I repeat, \$125 million loss was sustained in 1986 in the January to September period. In 1987 the loss was \$116 million in the same period. In 1988 the loss was \$14 million, a marked improvement over the two preceding years and 1989 to date for the 9 months, January to September, the loss has been \$118 million.

As we look at it and compare the loss certainly for the period, it has not been as great as it has been in 1986, yet, we hardly heard during that period, the sort of furore or despair or any alarms raised in 1986 when we sustained a loss of \$125 million. In 1987 again we sustained a loss of \$116 million which was just 2 million less than the loss that we sustained today, \$118 million.

Mr. President, I would like to posit why the \$118 million. This assumes the sort of proportions that it has, has been due to the relatively small loss that we sustained in 1988, that is, the loss of \$14 million and the comparison as we try to compare 1986 with 1988 it stands out like a sore thumb.

What I am saying here, Sir, is that the history of changes within the foreign reserves tends to tell us that we sustained losses of varying amounts and within the last years 1986 to 1989 and with the exception of 1988 well over \$100 million within that period.

I would like to bring back, with your permission, Sir, the Senate's attention to the matter before us. It is a Bill to abolish one post of General Manager and put in its place,

two new positions of Deputy Governors to ensure greater efficiency and better management within the Central Bank of Barbados.

Mr. President, with those few comments, I beg to move that this Bill be read a second time.

SENATOR J. S. GODDARD: Mr. President, I would like to start by supporting what Senator Clarke has said in that the Central Bank of Barbados has served this country extremely well from its inception.

It has introduced appropriate monetary measures whenever they were necessary. It has provided reliable statistics on a regular basis and it has provided us, the citizens, with periodic reviews of the state of the economy on which we could rely. So I think all of us in this country owe a large debt of gratitude to the work that the Central Bank has performed, and is still performing.

I notice the proposal today is to amend the management structure and I hope and I expect that the two new Assistant Governors will help to maintain and even improve the very high level of service that we have become accustomed to.

I think, Sir, however, I should comment on some of the measures that the Central Bank has introduced within the last six weeks to two months.
12.20 p.m.

In the first case, it increased its bank rate to the commercial banks from 8 1/2% to 11 1/2% per annum on loans to the commercial banks. This was followed soon after by Central Bank introducing restrictions that affected the commercial banks and their making of personal loans and loans to the distributive sector. August 31 was taken as a yardstick and the commercial banks were asked to make sure that the facilities that they extended to the distributive sectors would be 5% lower as of December 31, 1989 compared to what they were on August 31, 1989.

The third monetary measure, Sir, taken more recently is that all interest rates except for residential mortgages have been increased by 2 per cent. Now these are three specific monetary measures that the Central Bank has taken to restrict business activity primarily in the private sector and they are aimed to improve the balance of payment position of the country and to safeguard and improve our foreign exchange position. I believe that most of us will support the intent of these monetary measures that have been taken. So far I have only been dealing with the private sector.

I must turn to the public sector and I see in today's paper where \$60 million is going to be spent over the next 4 1/2 years on new roads in this country. Socially, this is highly desirable and I am pleased for all the people in the

rural districts that will benefit from this. My question though, Sir, is: Should this be an economic priority at this time given the economic situation of the country in view of the measures that the Central Bank has imposed very recently? If the public sector has to invest, should they not be investing in projects that are going to earn foreign exchange rather than in projects that are going to utilize the in and out flow of foreign exchange? You see, Sir, we read of promises of fiscal discipline and financial prudence, but these are broad brush statements. These are not enough. We know specifically what measures the Central Bank has taken that will affect the private sector. I think the people in this country want to know specifically what measures Government intends to take to restrict current expenditure and capital expenditure in the public sector. I believe that people are looking for a higher level of accountability. I believe that people are looking for leadership from Government by example.

Thank you, Sir.

Applause.

SENATOR A. W. A. McCLEAN: Mr. President, I would like to begin by supporting the Bill whereby the post of General Manager will be abolished and two posts of Deputy Governor will be created within the Central Bank. I also wish to concur in the view that the Central Bank has been doing a good job over the years. Nonetheless, the good name of the Central Bank would have suffered not a little bit from certain recent events. As you are aware, sometime around the middle of August the Leader of the Opposition informed the country that Barbados was in the throes of a foreign exchange crisis and that the net available foreign assets of the Central Bank had become negative and we had a release from a Senior Officer within the Central Bank stating that the statement made by the Leader of the Opposition did not accord with their data that they had on the matter.

This volume here, Mr. President, the Economic and Financial Statistics, October 1989 has that information in it. It indicates that Dr. Haynes was indeed correct when he said that the Central Bank's position is that its net available foreign assets had become negative. Indeed, not only had it become negative, but it was in the process of becoming even more negative. If we consider the latest available information as published in this report, we will note that at the end of August, just about 15 days after the Leader of the Opposition spoke, the Central Bank reports that the total foreign assets held by the Central Bank stood at \$190.3 million. This is to be found in Table A-1 of this document, Economic and Financial Statistics.

We must recall of that \$190 million, \$140 million of it represents a claim that the Central Bank has against the CMCF, the CARICOM Multilateral Clearing Facility, a

defunct institution whose only claim is against Guyana and which they cannot realize. To all intents and purposes, therefore, that \$140 million cannot reasonably be regarded as part of our foreign reserves. It will have to be Classified as a non-reserve foreign "asset". It is an extremely doubtful asset. So that \$140 million is what one can call the bogus element of our foreign assets. So you need to deduct that first of all to get to understand the total availability of foreign assets of the Central Bank of Barbados at the end of August. When you take away that \$140 million, the Central Bank actually has \$50.3 million that it could utilize.

Now if you turn to the table on the International Reserves in the said document on Page 63, Table H-1, you will see there at the end of August the Central Bank's foreign liabilities adjusted, not their total foreign liabilities, to exclude those that are due within more than one year. This is only part of the foreign liabilities of the Central Bank – those that are due within one year. Those adjusted foreign liabilities are deducted when you are computing the reserves of the country which amounted to \$93.9 million. This means that when you take that away from the \$50.3 million the Central Bank was in the red by \$43.6 million at the end of August.

If you do a similar calculation for July, it was in the red at the end of July by a somewhat smaller figure of about \$20 million or so. Dr. Haynes was telling the truth and it is indeed unfortunate that an Officer of the Central Bank should have felt motivated to make a statement which conveys to the country that Dr. Haynes was not telling the truth that the Central Bank was in the red as far as its foreign assets position is concerned. The Central Bank owes it to the country to do its best to seek our forgiveness for that situation. They owe the country an apology. The Central Bank needs to rehabilitate itself. Right now if we contemplate a situation where a Central Bank is going to give false information which can only survive for a moment, information which eventually will be disclosed in their own documents, but they are going to be bold-faced enough to create an embarrassing situation for the Leader of the Opposition by denying information which they have to publish, one is left to wonder what else they would not do. One is left to wonder why they would want to behave like that and what kind of stress they were placed under. One would wonder what kind of men are manning high positions at that institution at the moment. It is a most sinister and a most unfortunate situation and the Central Bank must recognize this and seek to atone.
12.30 p.m.

The fact of the matter is that every word Dr. Haynes spoke on that occasion is true, and Dr. Haynes was monitoring that situation from month to month and wondering at what time should he speak. When I was in the island we discussed it and I always told him to hold back and see if they would correct it. We did not want to alarm

the country, we knew they had a problem, but they should have been able to correct it, because there are means of doing it.

June, they were in difficulty, July they were in difficulty, mid-August deep difficulty, and at that time Dr. Haynes thought it would have been better to let the country know about it in advance than to wake up one morning and hear all sorts of things being done to the country as though this thing had happened the day before.

We just heard a presentation from the Honourable Senator Clarke who is suggesting that the situation with the balance of payments is no different from in previous years, and he gave us a history running down from 1981. I had a look at all his numbers, but some of them were wrong, and I will deal with 1986. He said that between January and September 1986 the foreign reserves declined by \$125 million. That would have to be false, because the opening figure for January is the closing figure for December of the previous year. In December of 1985 the reserves stood at \$328.2 million to be found in Table H.1 on page 64, and in September of 1986 the said reserves stood at....

I am sorry, Sir, the one I am looking at is 1987. He said it had declined by \$116 million. In December of 1987 the reserves stood at \$296.8 million and in September of 1988 the reserves stood at \$390.3 million. That is an increase from \$296.8 to \$390.3 million, which clearly cannot be a decline of \$116 million, which is a rather substantial increase of almost \$100 million, so something is wrong with your figures there.

But going beyond that, when you make comparisons with the \$80 million in 1981, I do not have the full information in this document to look at that figure, because I do not have the September figure for 1981 here. They only give the quarterly for 1982 in this document. But let us say that \$80 million was particularly correct and that the \$30 million in the following year was correct, you must remember that in 1982 Barbados thought it had to go to the International Monetary Fund because of a problem with the foreign reserves.

You cannot just simply look at those figures from January to September without having regard to what happened in between the September to January months that are omitted to determine whether we are in difficulty or not. In the final analysis we are in difficulty not because of any particular decline but because of what we have at a particular point in time, and we are in difficulty now because the Central Bank has no reserves of its own. This is a new experience in Barbados, it has never happened before. So no amount of looking at what happened, going through the big declines and small declines and so on, can lead us away from that particular point. Beyond that, however, it is entirely more important to view the movement in reserves, say, from a peak or from a trough,

when you are talking about January to September the reserves during the period January to March 1989, this year, increased by \$50 million. So if you are telling us that they declined from January to September by \$118 million, you are telling us that in the period 1st April to 30th September they declined by \$168 million. That is indeed alarming. That is also a first for Barbados.

In 1982 when we went to the IMF, during the period May to September the decline was \$50 million. Here, according to Senator Clarke, January to September 1982 was \$30 million, but 1st April to the end of September 1982 it was \$50 million, and that was so alarming to the Government at the time that they rushed off to the IMF. At that time I indicated that it was not necessary that they should go to the IMF. I indicated that they were going to end up with a balance of payments surplus anyhow, and I told them within a particular forum of which I was a member at the time, the National Economic Council, that the reason why there was that decline was because they had not done what I had indicated they had to do to avoid that problem.

I had spoken to them earlier in the year, immediately after the Estimates. I had indicated to them that the level of expenditure they were seeking to undertake was all right if they put the loans in position early and draw on those loans early and do not rely on the Central Bank for any interim financing of the deficit. The Governor of the Central Bank at the time could not understand that point and it was not done. They did not put the loans in place and the funds went down, and they thought they had a structural deficit. Before telling anyone about it, they went to the IMF, and I told them that all the figures they had taken to the IMF about a \$68 million balance of payments deficit that year were wrong, that they would get a surplus based on what they had projected by way of Government financing. That is exactly what happened. They had a surplus in 1982, so they did not have to go, but they thought that the situation then was sufficiently alarming, not having a sufficient understanding of what was going to come after.

This situation is ten times as alarming as what they confronted then, and the difference is compounded by the fact that at the time Government had loans in place, project loans and other loans basically in place that they could draw down on eventually. The Government now has no loans in place.

The present Minister of Finance has been criticising the loans raised by the former Ministers of Finance and to all intents and purposes, based on his utterances and based on how Government has been operating, it looks very much as though he was endeavouring to go through this financial year without borrowing any money from overseas. Eventually he went off some time in early October or late September and raised a loan for Bds. \$50 million on the basis of a Resolution introduced into Parliament some time

in early August, a loan which to my best understanding would have been accessible to the Barbados Government any time during the course of this year based on preliminary work done by the Ministry of Finance as far back as two years ago, 1987.

We are now hearing from the Central Bank that they do not believe Government needs to borrow any more. Those loans that they borrowed, together with the measures which they have put in place, should be enough to keep the foreign exchange position all right. That will have basically to be a joke. Unless Government should proceed to borrow at least \$100 million very soon from overseas, and on top of that, unless Government should restrict its expenditure to levels that are absolutely necessary for the rest of this fiscal year, our situation is going to continue to deteriorate, and those measures about credit restrictions and high interest rates will have absolutely no impact upon that situation.
12.40 p.m.

Do you know why I say Government will have to borrow \$100 million? I am not talking about US dollars. In Barbados when you speak of dollars without any designation as to what type of dollars, this is our country and we mean Barbadian dollars. If you see in the newspapers a dollar sign without anything in front of it, that means the Barbadian dollar; so that when the editorial writer in the *Advocate* writes \$100 without any indication and say that was US dollars, that was his misunderstanding of what is appropriate in a sovereign country when you are talking about dollar bills.

So the figure that I was referring to was \$100 million Bds. The reason why they need that is because they have already spent it. You see the need for borrowing is related to the size of your deficit, so to speak. You don't just borrow for the sake of borrowing; you borrow in relation to how revenue and expenditure should come out. If you are going to spend more than you receive in revenue, you will have to borrow it in one form or fashion from somebody, and what Government has been doing is that they have been borrowing it from the Central Bank.

The said document here, if you look at the same Table A1, you will notice under the heading, Claims On Central Government, the Central Bank claims on the Central Government increased from \$47.46 million as at the end of March this year to \$153.9 million at the end of September this year. That is in the vicinity of \$106 million that the Government has borrowed from the Central Bank. If you look over to Table A2 on the deposit side, you will notice that Government had about \$10 million in special deposits in March and by September that amount had declined to \$5.8 million; that is another \$4 million. All in all the Government has borrowed or drawn down from the Central Bank \$111 million in the period March to September, six months in this financial year, and that is why the Central

Bank is in the red, and no credit restrictions, no increase in interest rates, nothing other than the Government paying back that money will reverse the situation. So Government has to borrow \$100 million and pay back the Central Bank. When they borrow that \$100 million, it is not to finance any project or anything, it is just simply to pay back the Central Bank in relation to money drawn from the Central Bank to be applied to various purposes.

This has happened in a situation in which taxation in this country is higher than ever before in our history. The increases in Government revenue even in this six months' period are unreasonably high having regard to the growth in the economy, outstripping the growth in the economy. Last year and the year before Government taxed away 63 cents of every additional dollar generated in the country when you relate to the gross domestic product at market prices, not even at factor cost, when you factor in the direct taxes into that. For every additional dollar by which the gross domestic product at market prices increased, Government tax take increased by 63 cents and the rest of the country had to make do with 37 cents, and this year it is going to be higher than that because you had more taxes put on this year, and yet for all that Government still has to look to the Central Bank in a six months' period for \$111 million, and do you know why this has occurred? (1) Current expenditure is altogether too high rivalling the revenues. Our Minister of Finance made a boast yesterday according to reports in the press that all that has been happening with expenditure is that it has been keeping pace with revenue, so what is the problem? There is no squandermania, we are only spending what we earn. That is true, but the point of the matter is that revenue is growing too fast as a result of over taxation, and the whole idea of increasing the taxes was to try to generate some kind of surplus on current account anyway, not to turn around and spend it as you see it materialise. So current expenditure has been increasing too fast.

We have a situation where only yesterday the Other Place was asked to approve a Resolution allowing Government to replenish a vote for delegations to overseas conferences and so on; almost \$1½ million or thereabouts was allocated in the Estimates, and in six months it is nearly all spent. Items like that should really never be burst except some unforeseen situation should emerge; you plan, you decide how much you are going to spend on conferences this year to send delegations and you sit down and work out what are the important conferences you should attend right through the entire year, estimate how much and then what is on top you decide what other fringe things you are going to do. You don't just spend like blind Elder and at the end of the six month period recognise that all the money has gone and you have to go for some more. That is a total absence of planning. That is squandermania. That type of thing has to stop. If you sit down at Estimates time and you say I have \$1½ million to spend on conferences which is a lot for a place like Barbados, stay within that figure. And if

they do not sit down now and plan to spend the \$1 million that they have there now, the \$800 000 voted yesterday and the small change that was left back, they will probably be here again by January. That type of thing is wrong. Beyond that you found that Government as I said is only after the foreign reserves got into distress, almost when Parliament was about to go into recess for the summer that they rushed and brought a Resolution in here dated August to allow Government to borrow the \$50 million, which means that they did not plan that, otherwise that would have been there in a more timely fashion, like last year when they had the one in there for Japan right after the Budget debate. Based on what the Central Bank is saying, it looks as if they do not have any plans to borrow any more money now. So at the same time the amortisation of Government foreign debt is very high in this particular year, including the Japanese loan. They do not want to borrow any money overseas, what they are trying to do is to use the tax revenue and loans from the Central Bank as should be necessary to finance the extensive current expenditure, to finance capital expenditure which is about \$67 million in the first six months. Again that is altogether too high; that is what you spent in a year not so long ago – so they want to do all that and they also want to reduce the external debt. The external debt of Barbados as reported here is about \$20 million lower than it was round about May or some date earlier in the year. I have to get the exact figures. In August it was \$769.6 million as compared with \$790.2 million at the end of March, so that is about \$21 million lower, and the Japanese loan has not been repaid yet, so they want to do all this out of taxation and borrowing from the Central Bank. It just cannot be done, and any Minister of Finance who believes that he can attempt it really does not understand anything about finance, and that is the particular problem facing the country at the moment. We have a Minister of Finance who is daily showing up his limitations.

I cannot understand how a Minister of Finance can glibly look at some figures and indicate that three years ago expenditure in relation to GDP at factor cost was 37 per cent and now he is projecting it to be about 42 per cent by the end of this year, it was 40 per cent last year and so on, and using those figures to show that he is not spending more than people are accustomed to spending. He does not understand that an increase from 37 per cent to 42 per cent, though a five percentage points increase, when you express that five as a percentage of 37 itself, it is 13.5 per cent, and that is no small thing. He does not understand that if the prices in Barbados remain static over that period and the real growth in the economy was, let us say, 5 per cent or even 6 per cent, that the movement from 37 per cent to 42 per cent would have taken up all of that and nothing would be left for anybody else to spend.

12.50 p.m.

He does not understand that what he did last year led to a situation in which he appropriated .63 cents out of every dollar. He does not understand why people do not

feel that the Government of Barbados should have spent increased expenditure on the foreign diplomatic travel – and that is not the people living abroad, that is some people living here too who travel abroad on Government and diplomatic type business – increased from under \$5 million to \$13 million in one year. He does not understand why people regard his excessive expenditure as squandermania. He ought so to do.

A Minister of Finance, to be a good Minister of Finance must instinctively be inclined towards wanting to save money, not to spend it but our Minister of Finance says that nothing can stop him from keeping on the same spending path that he is on now once it is for the good of the country.

Now, you can think of one million and one things that would be for the good of Barbados that you can spend money on. If you use that criteria as the basis for spending you would never stop spending because you are viewing the particular area of expenditure in isolation from anything else and saying it is good to paint over there, it is good to do whatever else you are going to do so let us spend the money not recognizing that that is going to set up a requirement for revenue and that revenue is going to come out of the pockets of the people. If Government is going to spend all of the money people would not have any to spend themselves, not recognizing that it is that type of behaviour that has caused the Central Bank to have to impose the credit restrictions in their understanding of things. They did not have to do it and not recognizing that that has led to the higher interest rates and so on and that Barbadians will be harmed rather more by those measures than anything that Government has done in the last two years.

It is entirely important that our Minister of Finance should be able to see the full effects of his policies, both on the expenditure side and on the revenue side. It is important that a Minister of Finance must accept that expenditure should be restrained by revenue considerations, that taxation should be restrained by a concern of what the country can bear otherwise we will suddenly wake up one morning and discover that the economy has totally collapsed.

The path that we are on now is the path towards collapse and the measures which have been introduced are measures which are going to accelerate that movement towards collapse. It will do nothing to improve the conditions in this country and given the perception of the Central Bank on this particular point and the behaviour of the Minister of Finance as the situation deteriorates, you are going to impose more harmful measures on the country.

The increase in interest rates and the restrictions on the personal and distributive sectors were not necessary to a solution of the problem that we face now and they are not

sufficient to solve that problem, hence, they should not be applied. They are inappropriate measures.

The only way in which you can reverse the balance of payments problem is for the Central Bank to reduce its present net holding of local assets. The local assets of the Central Bank represent the claims that it has against the Government. That \$153 million which I just mentioned is a local asset of the Central Bank and the money that it lends out to the commercial banks and so on to rediscount certain instruments, those are local assets of the Central Bank and, of course, the building over there is another local asset of the Central Bank. You cannot really reduce that because I do not think anybody would buy that for half what it cost them to build it so they are stuck with that but they need to reduce the other elements and, in particular, the claims that they have against the Government. If that is not done, no miracle can turn around the situation and if that is done, that is all that is required.

In the year of tax reductions when people were saying you were going to damage the balance of payments, and Owen Arthur was parading and all of that, we got a surplus on the balance of payments and you got the surplus on the balance of payments precisely because Government did not look to the Central Bank to finance any part of the Government deficit. On the contrary, Government reduced its net indebtedness to the Central Bank during the first year when the Barrow Administration was there. It is not the same Government. You have a different Government now all together than from 1986.

The Barrow Administration was the Government and this is another one elected around the same time and the vagaries of certain things led to this one but this is a different Government entirely. Under the Barrow Administration when you had the tax reductions, as I said at the time, you can reduce taxes and protect the balance of payments through monetary measures. I explained that all you had to do was not to finance the deficit through the Central Bank. People felt that if you did that you were going to have a problem. It turned out that we did not have one.

When we said that basically even if you have a small deficit and you go and borrow from the Central Bank you can create a problem, people did not feel so. They could borrow from the Central Bank, they believed, and you can do other things and get away with them. They discover now that Barbados last year had the biggest current account surplus for a long time and this six months is even greater and yet for all of that we have a problem and the problem is because the Government has felt that they can borrow money from the Central Bank willy-nilly in the hope that they, in the fullness of time, would say that they spent all of this money and did not have to borrow a cent overseas. They are not like the other Ministers of Finance. That is our

problem and I think it is incumbent upon the members on the other side to try to explain these things to their Prime Minister and Minister of Finance.

I think it is incumbent on the Central Bank also not to fail in its responsibility to explain such things to the Minister of Finance. No Minister of Finance should be able to borrow \$111 million from the Central Bank in Barbados. Long before it reached that he should be getting very stern words from the Governor of the Central Bank that you are going in the wrong direction and you have to put an end to it and if you do not these are the consequences and you would be to blame and month by month show him the consequences as they unfold because you can look in here and you can see month by month some marks of deterioration in the reserves in the country matching the borrowings of the Government as it went down the line. That is what the Central Bank should be doing.

They should be trying to ensure that the affairs of this country, as far as they are responsible, are properly managed and to the extent that they are principal advisors to the Government, they should be urging Government in a more general way to be responsible, not coming out and making false statements denying things said by a Leader of an Opposition.

Mr. PRESIDENT: Who are you accusing of making false statements?

SENATOR A. W. A. McCLEAN: The Central Bank made a release which was false.

Mr. PRESIDENT: You have to be careful with those statements that you make Senator McClean. When you make these statements that you accuse people of making false statements in this Chamber you have to be careful.

SENATOR A. W. A. McCLEAN: I am being careful, Mr. President,...

Mr. PRESIDENT: While saying you are making a broad statement, I am only saying that you have to be careful. Do not let words run away with you....

SENATOR A. W. A. McCLEAN: They are not running away with me.

Mr. PRESIDENT: ...that you are accusing people of making false statements from this Chamber. That is a very serious statement you are making.

SENATOR A. W. A. McCLEAN: Mr. President, earlier in my address I did comment on the same matter. I do not need to repeat it now but I was referring to a situation where when the net available finances of the Central Bank were in the red and the Leader of the

Opposition said they were in the red, a release came from the Central Bank saying that their figures do not support what....

Mr. PRESIDENT: That is a different thing from saying the person is making a false statement.

SENATOR A. W. A. McCLEAN: No, that statement was incorrect and hence false.

Mr. PRESIDENT: A false statement that you accuse a person of making is a different thing from your saying you do not agree with the statement. I am not teaching you anything but I am only saying what you have just said and I call you up on it immediately so you cannot say "too late". Do not from this Chamber say in my presence that someone made a false statement because it can lead to other problems.

1.00 p.m.

SENATOR A. W. A. McCLEAN: What type of problem, Mr. President?

Mr. PRESIDENT: Whatever problems they may lead to I would have to say what you said.

SENATOR A. W. A. McCLEAN: Well.....

Mr. PRESIDENT: There is no point in misusing this Chamber to accuse any person of making false statements, statements that are not true.

SENATOR A. W. A. McCLEAN: Mr. President, I presume that I have the privilege to draw attention to statements that are not true made by anyone.

Mr. PRESIDENT: Yes, you have that privilege.

SENATOR A. W. A. McCLEAN: I have done so. I have drawn attention to a statement made by the Central Bank in contradiction of a statement made by the Leader of the Opposition.

Mr. PRESIDENT: No, no, that is not a false statement saying that you have drawn to the attention of the Chamber something. If you want me to have it read back, I could have it read back for you. So if you are challenging the Chair, I can challenge you too. I can have the statement read for you that I challenge you on. If you want it, you can have it as you like. If you are fighting it out, go ahead.

SENATOR A. W. A. McCLEAN: Mr. President, I am not fighting out anything. I am just indicating that my particular reference to false and incorrect statements was to the statement made by the Central Bank. You said that you had no problem with that particular statement and that is where the matter rest. I am not talking about anything beyond that.

I think, Mr. President, however I was more or less at the end of what I had to say and I will thank you very much for your indulgence.

I thank you.

Applause.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I believe this is an opportune time for us to suspend.

Asides.

SENATOR A. J. N. PHILLIPS: Mr. President, in rising to support the Bill before this Honourable Senate and following the presentations by three persons with trained minds, I believe it is opportune to have a presentation from a person without a trained mind but nonetheless a practical person with a practical outlook.

It has been accepted by the two speakers on the opposite side that the Central Bank of Barbados is not a willy-nilly institution. The General Manager of the Central Bank has been the General Manager of the Central Bank, Sir, I believe for 5 years. The Governor of the Central Bank has been the Governor of the Central Bank for 3 years. At no time have I heard the competence of the Governor or the General Manager questioned either in this place or any other place. The only comments I have heard, Sir, and this is done by way of comparison, is that the present Governor of the Central Bank does not talk as much as the former Governor. But Sir, I have never heard his competence being questioned.

The Central Bank has found it necessary to implement certain restrictions in order to take care of the problems that may have arisen with the foreign reserves and in doing so has stirred up a lot of discussion in this country, which I suppose is healthy for the country to have open discussion on matters of finance. It gives those persons too with trained minds an opportunity to match their wills and skills with other persons of trained minds.

However, Sir, I heard Senator Goddard make reference this morning to the restrictions as they apply to the distributive sector. I believe, Sir, that comment was made because it affects him more than the other areas. It would affect me too, to some extent. But Senator Goddard knows quite well that business people perform best when there is a challenge. There is going to be no problem of any lay-offs in any distributive sector. The distributive sector through prudent management of their operations and organisations could easily survive the period on which these restrictions may apply. There are managerial practices and managerial efforts which can correct the problems and which would easily take us through the period. So it is no question of people being out of work and that is some sort

of cheap talk in order to impress somebody that the Central Bank has instituted some measure which would put us in some serious trouble. There is no serious trouble.

However, Sir, no reference has been made to the fact that there have been no restrictions from the Central Bank to the commercial banks in the area of agriculture, tourism, or none in the area of manufacture. Those are the three areas, Mr. President, that are the employment generators. There may be a small slow down in construction. But I can say it is only small because it is clear that loans that have already been approved will be disbursed. There is enough of those, Sir, to take the construction area of our economy through for a long period of time. There are some companies who obviously do not run their businesses well and may find themselves having to displace a couple of workers. That is because they were inefficient in the beginning. I read the statements from the efficient managers this morning and there really are no complaints; so that the Central Bank's restrictions are opportune as far as I am concerned. They are not creating any serious disruption of employment and I do not know, Sir, what all the noise is about. It is, obviously, noise to get political mileage, but it is a little bit early for that.

They talk, Sir, of the reduction of Government's spending on its current and capital expenditure. I am yet to find out where will Government reduce its spending. I have not been able to satisfy myself that I can put my finger on any particular area of spending that Government could reduce. I see the Hon. Senator is laughing. But Sir, I believe that he will speak after me and tell me where Government can cut on expenditure.

Government through the NCC is doing a wonderful job. Every Barbadian whom I met that came back here for the Crop-Over Festival their first observation was on the sort of change in the environment as seen by the work that the NCC is doing. I do not see why Government should even think of it. Some comment was made this morning about the question of a news release of \$60 million to be spent on new roads and whether it is a priority. I say that it is a priority.

Government has made the people of this country a promise that the road work in this country would be almost completed by the end of 1992. I feel that it is very important, it is socially desirable and the people who live in the tenancies of this country are looking forward to Government completing this road programme which has been promised to them and there must be no turning back on this.

1.10 p.m.

You see, Sir, the Opposition parties want to set up the Government to stop the road programme in order that in 1991 they can say well, you see, they promised you roads and they had to stop the programme because they did not

have any money. Sir, I really cannot see why Government should veer away from this path. In other words, there is a planned road programme, the planned road programme must continue as long as finance is available.

In the Other Place while debating the Bill on the Police there was a lot of talk about the quality of the Police Stations, which are unquestionably in a bad state, but when the Barbados Labour Party Government was in power from 1976 to 1986, as far as I remember, Sir, there was only the Oistins Station that was upgraded, and obviously all of us understood why that one was selected to be upgraded, although it did not help, but it is the intention of this Government to upgrade all the Police Stations and to construct the Hall of Justice somewhere in the area of Country Road, and this Government will be proceeding on the programmes which we have promised and the programmes which we know will be to the benefit of all the people in this country, and we must not be sidetracked by the sort of comments that are coming from the Opposition parties.

The Opposition parties are only playing politics. They do not wait us to proceed with our programmes, because at election time they will be able to say we promised this and we promised that and we have not produced. We must be in a position to say that we have produced. We must be able to point to all those tenantry roads in the country and say to the persons who live out there, we have made life better for you. You can walk in and out, hopefully we will have the street lamps in, the water services in. That is the sort of Barbados that this party sees developing.

The Central Bank, as I said before, saw it necessary to implement a measure. I think since then they have said that some of these restrictions may probably be raised by the end of January or thereabout, so what is wrong with people holding a little strain and keeping our country in a good state? We have certain examples in the Caribbean of places that were supposed to be the leading lights in the Caribbean. We have Jamaica, Trinidad and Guyana. If we can hold the horse up in the straight to win the race, then you hold him up and you come late and win, and that is what Barbados has been doing and doing successfully.

I think we must give some measure of support to the Central Bank for the action it has taken. We must compliment the Central Bank in seeing the wisdom in adjusting their management structure in order to further improve the efficiency of that institution which we know must work to the better interest of this country.

Thank you, Mr. President.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, in winding up the debate on this Bill, there are a few matters I would like to bring to the attention of this Honourable Chamber. The data I read out dealt with the

international reserves of the monetary authorities less borrowings. I think Senator McClean took issue with those figures.

Again I will repeat them for the benefit of the Chamber. Again I will state that for the nine month period, and I am dealing with a loss over time and not with points in time, I am dealing with matter over time, over a nine month period, there were losses of \$118 million in 1989 for the period January to September, compared with \$116 million in 1987, compared with 1988 of \$125 million.

SENATOR A. W. A. McCLEAN: On a point of order, Mr. President. Apart from just reciting the precise figures, if he could give us the corresponding figures, the figure as at 31st December and the figure as at 30th September which gave rise to that change, so we can better follow.

SENATOR THE HON. Dr. C. D. CLARKE: I have to stretch to find this point of order. Anyway, I will turn the attention of this Chamber to page 64 of the Economic and Financial Statistics. The disagreement raised is between what was reported and the Central Bank. There are two things we are talking about here. In the past it had been fairly common to talk about the foreign assets of the Central Bank and equate these with the foreign reserves position of Barbados. Normally this has been true. In 1988 when the Japanese Yen loan was borrowed, the \$40 million yen loan, prior to 1988 such funds would go directly to the Central Bank. In 1988 the \$80 million did not go to the Central Bank but was kept in the Central Government's account. I will read the figures for you to show the change and I will give way to Senator McClean, if he likes, to question this. I am quite prepared to do this.

In 1988 the international reserves held by the Central Government, and I will read them for you, in January 1988 it was \$1.0 million; February 1988 it was \$1.0 million; March \$700 000; April \$600 000; May \$400 000; June, when the proceeds from the Yen loan came in, \$81.3 million, and those figures carried through to \$81.1 million in July 1981. Had those funds been placed with the Central Bank, as had been done in the past, the position of the Central Bank would have been different. It is a matter of how you treat the data at this point in time.

I think it is not really playing cricket when we observe these things to indicate that the reserves of the Central Bank were really worse off. It is a matter of how we bring these things to account, either within the account of the Central Bank or within the Central Government.

At Table A.1 we talked about excessive lending of the Central Bank to the Government of Barbados. I am sure this Chamber is well aware that there is limitation to which the Central Bank can accommodate the Central Government, and that the constraint placed upon such accommodation is

up to 10% of estimates revenues for the year. This is under the Ways and Means Account.
1.20 p.m.

This is the normal short term borrowing of the Central Government from the Central Bank, a kind of overdraft account, a safety valve of up to 10 per cent. Turning to Table A1 this Chamber was led to believe that the only accommodation which the Central Bank extended was to the Central Government and very little if any at all to the private sector. I draw attention to Table A1 page 2, Economic and Financial Statistics, September – I have not received my October copy yet – but in August of 1988 the claims on the Central Government amounted to \$87.8 million compared with \$119 million for August 1989, for a difference of \$32 million rounded compared with advances to commercial banks. The accommodation which the Central Bank gave to commercial banks for the same period – in August 1988 it was \$10.7 million and in August 1989 the accommodation was \$72.5 million for a change of \$62 million.

I have cited those figures, Mr. President....

SENATOR A. W. A. McCLEAN: Mr. President, on a point of order, starting with the last point, there are three things I want to speak to. I was trying not to get up, but the errors kept accumulating. The last one, I did not lead anyone to believe that the only person that the Central Bank accommodated was Government. Indeed I suggested that the Central Bank have also had to restrict its other local assets apart from those claims against the Central Bank. Again it is wrong to suggest that the Central Bank can only finance Government or accommodate Government through the ways and means advances. The Central Bank can also hold treasury bills, and indeed during the period March to September the Central Bank increased its holdings of treasury bills from zero to \$49 million. And to find the full accommodation that the Central Bank advanced to Government, you have to add those two elements and you will find that that led to an increase over the period March to September of \$111 million in Central Bank claims against the Central Government.

On the question of the \$80 million, I did not exclude that because if you go back to to the Table on page 64 on the International Reserves I am addressing the extreme right column, total reserves, and that \$80 million like the \$1 million is included in that far right column. Also the reserves held by the commercial banks are included therein. I was not speaking solely of the Central Bank holding, otherwise the picture would be rather more grim than what I had indicated. Again these figures are not beginning of period figures, they are end of period figures. So if you want to compare January to September, you really have to go to December and compare the end of December with the end of September.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, I reiterate that the accommodation to the commercial banks by the Central Bank was greater than it was to the Central Government for the period I cited, and again I state without fear of contradiction that the limit of the ways and means as it stands now is 10 per cent, and this account is used as an overdraft account between the Central Bank performing its function as fiscal agent for the Central Government to accommodate the Government so that it can even out the collection of revenues with its expenditure as it goes on.

What I am saying here, Mr. President, and what I am seeking to correct is that in the discussion led by Senator McClean he should have gone on to point out that not only lending to the Central Government would create money, but also lending to private commercial banks, and it should not be left to the Chamber to imagine that the Central Government has been the villain. The net result of lending to the Central Bank has been to finance the Central Bank who in turn lend to the distributive sectors which in turn have the leakage into the foreign exchange. That is the loans to the commercial banks went to the distributive sector for imports which aggravated the position of our reserve position.

Further that is not the end of that lending. We must deal with it at the time to become very profitable to borrow at very low rates. We just moved the interest rates, but before then the loans were very low and in the distributive sector loans are fairly high except to the prime customers, then at the time of profits to the commercial banks, the profit picture should look very rosy and then Government will be faced with having to find foreign exchange so that they can repatriate earnings....

SENATOR A. W. A. McCLEAN: Mr. President, on a point of order, I think that the Honourable Member is misleading this Chamber. It is incorrect to suggest that any lending by the Central Banks to the commercial banks would have been responsible for any deterioration in the reserves of this country during the period March to September. That is the period of decline, during the first six months of this fiscal year. That is the period during which we experienced decline. Prior to March, coming from January to March we were experiencing increases. As at the end of March the amount outstanding as advances to banks by the Central Bank stood at \$66.4 million. At the end of September that stood at \$60.9 million. There was a reduction, not an increase, and the process works both ways. The increase leads to deterioration in your foreign position, and a reduction contributes to an improvement; so it is entirely false and misleading to suggest that the commercial banks borrowing from the Central Bank during this period had anything to do with the deterioration of reserves.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, I do not want to debate monetary economics at this point in time.

Mr. PRESIDENT: I would like to suggest to Senator Clarke, as we are not now dealing with a matter of substance so far as the measure before us is concerned, not to allow us to use the time of the Senate in what I would regard as peripheral matters. This is something for when you are sitting down in a drawing room and you have had a good dinner when all of us cannot imbibe the drinks and therefore we can sit down and see what we can do. But at this time when we have not had any dinner or lunch yet, I think it is better for us to prepare to proceed towards that end.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, your advice is taken. On the question of Senator Goddard on Government spending – and this has been an area that has been coming under scrutiny – Government has been looking at the area of personnel expenditures which account for the largest part of the budget. We are looking not at laying off people or cutting back on programmes but rather the acting appointments and the filling of vacancies at higher levels as soon as they occur, and I think that we mentioned this some time before.

Getting back to the point, I am sorry that we short-circuited on this one.

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

On the motion of SENATOR THE HON. Dr. C. D. CLARKE, the Senate resolved itself into Committee on the Bill, SENATOR M. deL. JORDAN in the Chair. 1.30 p.m.

Clauses 1 – 9 inclusive were called and passed.

On the motion of SENATOR THE HON. Dr. C. D. CLARKE, Mr. CHAIRMAN reported to Mr. PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On separate motions of SENATOR THE HON. Dr. C. D. CLARKE the Bill was read a third time and passed.

PRIVATE MEMBERS' BUSINESS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, earlier in the sitting we indicated that we would respond to two questions, Question No. 7 asked by Senator Blackman as follows:

Will the Minister please state:

- (1) the number of parcels of land compulsorily acquired under the provisions of the Land Acquisition Act Cap. 228, from 1st July, 1984 to 30th June, 1987, for which compensation has been paid by Government, and
- (2) the number of unsatisfied claims for compensation for land compulsorily acquired during the period stated in (1) above?"

The answer is:

- (1) "Government has paid compensation for 281 parcels of land which were acquired under the provisions of the Land Acquisition Act, Cap. 228 from 1st July 1984 to 30th June 1987.
- (2) At present there exist 215 unsatisfied claims for compensation for land acquired during the stated period."

SENATOR C. A. BLACKMAN: Mr. President, can I ask by way of a supplementary, is there any indication of the reasons for the delays in settling the unsatisfied claims?

SENATOR THE HON. L. V. H. LEWIS: Some of the reasons include the failure on the part of the Crown and the vendors to agree on a purchase price, non response from vendors to Government's offer of compensation and a failure on the part of vendors to provide clear evidence of ownership of property even after agreement on compensation has been reached.

SENATOR C. A. BLACKMAN: I am obliged to the Minister.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, Question No. 10 asked by Senator Blackman.

SENATOR C. A. BLACKMAN: Mr. President, to ask the Leader of the Senate:

- "(1) Will the Minister please state whether the construction of the Examination/Convention Centre at Sherbourne, Two Mile Hill, St. Michael is being undertaken by the Ministry of Transport and Works?

- (2) If the answer is in the negative, will the Minister inform the Senate by whom will the work be undertaken"

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the answer is as follows:

"(1) No.

- (2) Construction at the Sherbourne Centre is being undertaken by Rayside Asphalt Paving Co. Ltd."

SENATOR C. A. BLACKMAN: Mr. President, if I may ask by way of a supplementary, could the Minister indicate to the Senate whether the problems which have been identified in relation to some of the buildings have been resolved?

SENATOR THE HON. L. V. H. LEWIS: The problems have, for the most part, been resolved and special arrangements have been made for the project to be monitored with greater frequency by a Minister specially assigned to projects of this nature.

SENATOR C. A. BLACKMAN: Mr. President, I am somewhat regretful that it has taken 50 weeks for a response but I thank you for the answer nevertheless.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. President, we have completed the Order Paper.

I therefore would like to move that the Senate be adjourned *sine die*.

The question that the Senate be adjourned sine die was put and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.

SENATOR THE HON. L. V. H. LEWIS: Sorry, Mr. President.

I am advised that we have facilities on the premises for lunch. We shall be using the new dining room downstairs.

1.40 p.m.

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