
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1991 - 96

SENATE

Monday, December 2, 1991

The Senate met in the Senate Chamber, Parliament Buildings, on Monday, December 2, 1991, at 1.15 p.m.

PRESENT

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

Senator the Honourable L. V. H. LEWIS (Minister of Agriculture, Food and Fisheries)(Leader of the Senate)

Senator A. MORRISON

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

Senator A. J. N. PHILLIPS

Senator the Honourable Dr. C. D. CLARKE
(Minister of Trade, Industry and Commerce)

Senator Dr. Frank W. ALLEYNE

Senator Mrs. M. BARKER-WELCH

Senator J. J. PAYNE

Senator Mrs. Ada STRAUGHN, G.C.M.

Senator C. O. WILLIAMS

Senator the Rev. Canon J. L. SPRINGER

Senator J. G. BELLAMY

Senator J. A. F. COLE

Senator T. E. BARKER and

Senator Miss M. A. MOTTLEY.

Prayers were led by Rev. Father Errington Massiah.

Mr. ACTING PRESIDENT: The Senate is in session.

MESSAGES FROM HER EXCELLENCY THE GOVERNOR-GENERAL

Mr. ACTING PRESIDENT: The following Message has been received from Her Excellency the Governor-General, Dame Nita Barrow:

"HER EXCELLENCY THE GOVERNOR-GENERAL TO THE HONOURABLE THE SENATE

Her Excellency the Governor-General has the honour to inform The Honourable The Senate that she will be absent from the country during the period 30th November to 9th December, 1991, on a visit to Ghana.

Her Excellency further has the honour to inform The Honourable The Senate that under the provisions of section 30 of the Constitution, The Governor-General, acting on the advice of the Prime Minister, has designated the Honourable Sir Denys Ambrose Williams, GCM, to be Governor-General's deputy during the period of her absence."

OBITUARY SPEECHES

Mr. ACTING PRESIDENT: Senator Morrison.

SENATOR A. MORRISON: Sir, I rise to pay condolence to a departed member of this Honourable Senate who departed this life some two months ago. I refer to the late Charles Asquith Phillips, Barrister-at-Law, Queen's Counsel, Barbados Scholar.

Sir I would like to let us go back a few years to his childhood having been born to the late Charles Phillips and his mother. He was educated in the first instance at Bay

Street Boys' School and then at Boys' Foundation School where he displayed at that time a very keen scholastic interest. When he wrote the Senior Cambridge, the certificate of that day, he was able to gain First Class in the General Cambridge Certificate. From there he moved on to Harrison College and after his sojourn there he won a Barbados Scholarship in the area of Modern Studies. At that time that was a very welcome achievement owing to the fact that the educational system at that time tended to favour people who did the classics. The classics was the predominant faculty at Harrison College where most people actually excelled. He was one of the first – in the modern sense – Barbados Scholars to have won the scholarship with history as a subsidiary subject. It is not easy to win a Barbados Scholarship using history as a subject. I do not think it has been repeated since then. He went on to do his training in England.

I think he was called to the Bar on his return to this country. Immediately on his return to this country he joined the Democratic Labour Party at that time under the Chairmanship of the late Right Honourable Errol Barrow and he had served in our Party as a General Secretary for a lot of years and he had served with distinction. He also joined the law firm of Mr. Barrow at the time – he along with Mr. George Moe who is now a Court of Appeal Justice who has just been elevated to the Court of Appeal Bench of this country. That is his other illustrious companion. Those two gentlemen as young Barristers were under the tutelage of the Right Honourable Errol Walton Barrow.

Mr. Phillips had distinguished himself at the Bar. The Democratic Labour Party owes a tremendous debt of gratitude to that young man on whose shoulders all the legal work to be done involving the Party fell when Mr. Barrow was called to be the Premier of this country in 1961. Mr. Phillips had continued, after we lost Mr. Barrow to the political world and to administer this country. Mr. Phillips bore the brunt as our chief legal adviser of the Democratic Labour Party without any signs of being weary or fatigued or being in any way put out. Whenever we had our legal problems both at the national level, by way of a general election and there were election petitions to be fought in the High Court, Mr. Charles Asquith Phillips was always there to carry the flag of the Democratic Labour Party. He carried that flag with distinction, with honour and with humility.

I am very glad to be able to make this kind of presentation on behalf of a very worthy gentleman, scholar, jurist, historian. It is not known, Sir, among us in this country that Mr. Phillips, had he not chosen the legal profession as a way to make his contribution to mankind, could have shone far brighter than most historians I know today, Sir. He was a historian of no mean merit. This aspect of Mr. Phillips' life is very seldom known. I

remember at Harrison College when he was a sixth former he had brought the historical background of Harrison College up-to-date dealing with all the previous Headmasters. He had done a lot of research on the actual foundation of Harrison College and had written a very nice synopsis on Harrison College, its Chiefs and the boys that went through that school. Having chosen the law he was lost to history. He had followed in this respect another very great historian who we had in our Party and who has gone on in time and I refer, Sir, to Mr. Hilton Vaughan who was a member of our Party and he served in this Chamber as Leader of this Chamber. Mr. Hilton Vaughan was no mean historian either. So he had followed in the footsteps of those great people who have contributed to the historical drama which has unfolded in this country and which people seem to forget or are not fully cognisant of their achievements.

1.25 p.m.

Sir, coming near to home now, Mr. Phillips has also served as a Deputy President in this Chamber and he has been able to distinguish himself in this Chamber with his quick grasp of the rules, his penchant for fairplay and his tolerance for Members who were making their contribution for the first time.

I would say, Sir, in my submission that he has been able to grace this Chamber as one of the most able Deputy Presidents we have ever had, notwithstanding, Sir, your own tenure of office now today – you also have a penchant for fairplay and also you are very tolerant. Do not think in any way that when I praise Mr. Phillips I am not, more or less, trying to play down your contribution, Sir, as being the present Deputy President of this Chamber. But Mr. Phillips has carried the flag in all of his various occupations and none so brightly as what he has done on behalf of the Democratic Labour Party as their legal adviser and the contributions he continued to make to the Party when he was called upon. But, Sir, he has shown a heroic attitude towards illness.

In the late days when he was sure that he was about to die, being somewhat terminally ill for a long time, he refused to succumb to his illness and he would day by day try to make it to his office, and in his words he told me that he preferred to die working rather than to die at home lying in his bed. I used to take certain things for him to sign. I did some research for him in the meantime on things that had to be done and in my own way as a legal researcher, being not a lawyer. I had the contentment of seeing him in his last days when I took things to him that he wanted done. He never gave up. As a matter of fact he worked down to the last. His brain was active; he knew what was going on and, like a true hero, he passed away from this life.

The Party is all the more destitute for his passing and we cannot replace that kind of legal brain which he possessed; his humility, his tolerance for the views of others and his simplicity in his approach to the legal problems and the political problems which we were confronted with in his heyday.

Sir, I think that he has done his course well and he has gone on to higher things, we would hope, and all I can do now is to wish his family and close relatives our sincerest condolences and to tell them that his work has not been forgotten and among the ones who have departed from this life his name will always remain very high in our memory and we wish that he will rest in peace.

SENATOR Mrs. V. C. FRASER: Mr. Acting President, I should like to say that knowing Asquith Phillips was a great pleasure for me and indeed a great pleasure for many women in Barbados who have been able to have their organisations' constitutions framed by this very humble and yet noble man Asquith.

I well remember his inviting us to the Senate, as a group of women, so that we should know more about what goes on in the Upper Chamber. He did not do it on one occasion but he continued to invite us, especially when certain Bills were going to be debated. He not only did that but he also invited us to have a cup of tea or coffee in the Senate.

I well remember the many Saturday afternoons sitting down at the house of the late Matron of the Mental Hospital with Asquith and a few of us drafting the constitution for the National Organisation of Women and as though this practice was to be followed, several other organisations to which I still belong and others to which I don't belong... I have always been able to tell them would you please ask Asquith Phillips to help you with your constitution. Not one cent was involved. He never asked for payment.

The situation about harassment of women at work, Asquith just wanted to get the first person. While that attempt failed because whenever we thought we were reaching some important point where the woman would say, this is the truth, let us go to court, they didn't. I think that was one thing, months before he actually took down worse that he regretted. He said to me, at least I wanted to get one of those scoundrels who had molested women on the job in the court before the judge.

He had a deep concern for all aspects of problems affecting women and indeed he did assist the Department of Women's Affairs and several women's groups in drafting Resolutions to Government. Perhaps many people may not know this because he did it very quietly. Sometimes on a Saturday afternoon we would slip over to

his office and Asquith would help you in drafting Resolutions.

I had a very long and fruitful association with him in the Democratic Labour Party. When he was campaigning he particularly asked me to come along and speak at his meetings.

One of the qualities that always came out from Asquith was loyalty. He also possessed other qualities like justice, fairplay and outspokenness. Asquith would never hide anything from you if he felt that you had done it or said it. He would forgive you but nevertheless he had to tell you. I think his life reminds us of how great you can become in terms of academia and yet remain very humble in terms of helping people and watching people progress. Nothing Asquith liked more than to see one of his young friends progress and he would do all in his power to see that that progress was a reality.

He told me that he had accepted Christ about two to three years ago and I was very pleased indeed. He said to me, I intend to live all of my life now for the Lord. And we are all sure that he was a man who held on to the Lord until the end. It is said that lives of all great men all remind us we must make our lives sublime and departing leave imprinted footsteps on the sands of time. I can say that his family can be assured that his living was not in vain. I take this opportunity to send deepest condolences to his family. I thank you.

SENATOR T. E. BARKER: I am unfortunate that I have never met Mr. Asquith Phillips. But from the speakers, I seem to have missed knowing a great man. What I would say is that his application in the country was always at a high level. In my moving around, I never heard anybody speaking ill of the late Asquith Phillips. In spite of the fact that he may have been on the other side, we held him in great regard.
1.35 p.m.

Sir, we would like to extend our condolences to his family at this time.

SENATOR THE HON. L. V. H. LEWIS: Mr. Deputy President, I would like on behalf of the Cabinet to associate myself with the remarks which were led off by Senator Morrison. Senator Morrison is far more familiar with the late Asquith Phillips than I have been, although I believe that I met him when we were both at school. Over the years, I was able to follow with a measure of pride the contribution which he undoubtedly made to this community, Barbados. He was one of the more dependable young lawyers in the Democratic Labour Party and his contribution will ever be remembered since it was doing his service as General Secretary that much progress was made in terms of development and expansion of the party as a vital force in this community.

Senator Phillips also for a brief period was a Minister without Portfolio. He was able in that short time to make an impact in the administration and affairs of this country. I would wish to join with all those persons who spoke in such glowing terms of his contribution.

SENATOR THE REV. CANON J. L. SPRINGER: Mr. Acting President, I cannot claim to have a constituency in the same way as the Honourable Members who spoke. If I may dare to do this, I would like to speak on behalf of the Independent Senators who are here as well as on behalf of the Churches of Barbados.

I have been fortunate to be associated with a number of organisations which were legally advised by the late Mr. Phillips. I learned two things about that: (1) you were better off on his side than being on the opposing side and (2) when he advised you, you had better take the advice and not go any further with it.

I, therefore, would like to associate myself with all the remarks made by the previous speakers and to express our gratitude for the life of such a person and also to extend our condolences to his family. Thank you, Sir.

Mr. ACTING PRESIDENT: I should like to be associated with all that has been said in favour of the late Charles Asquith Phillips. I have had the pleasure and honour of having known him from school days. Senator Morrison referred to his scholarship and his having been among the first to have been among the Barbados Scholars who got it in Modern Studies. I remembered that followed closely upon Eddie Brathwaite having been the first. I remember that very well because I was doing classics and then I started doing a little of the Modern Studies but that was the following year and formerly we were never allowed to write the Barbados Scholarship in Modern Studies. You are perfectly correct, Senator Morrison. I was just one year late for that. I must say that he was a man of great scholarship.

There is one aspect of his life which I do not think that you have touched upon and I can testify that I know quite a lot about. We were both working at the *Advocate* together as Sub-Editors; that is during the year before he went on to study at Oxford. We, therefore, got to know each other very well indeed because we sat at adjacent desks and we had in those days to study our journalism, believe it or not. For that year when he worked after having won the scholarship, we worked very closely indeed together. That friendship continued and, in fact, when he came back I think one of the first cases he worked on would have been one for myself, because I had a little difficulty in Italy in 1959 and Mr. Barrow, after having given over work to Mr. Phillips, allowed Mr. Phillips to see it through and, of course, he was very successful. I do not

want to go too much into that. All I need to say is that he was very successful on my behalf and I have known him to be a very, very capable legal luminary.

During his last days, I saw quite a lot of him because he would send for me on occasions to look after quite a bit of business for him and I am very happy to say that since his passing everything has gone well. His mind was very sharp to the very end and I have heard him give an opinion from his bed just about a fortnight prior to his passing. But his mind was as clear as if he had not been in any way afflicted.

I, too, should like to extend my deepest condolences to his many relatives and friends.

PRESENTATION OF PAPERS

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

- (1) National Insurance and Social Security (Collection of Contributions) (Amendment) (No. 2), Regulations, 1991,
 - (2) Calculation of Severance Payments (Maximum Basic Pay) Order, 1991,
 - (3) Consumption Tax Order, 1991,
 - (4) Consumption Tax (No. 2) Order, 1991.
- 1.45 p.m.

MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THE SENATE

SENATOR THE HON. L. V. H. LEWIS: I would like to move the suspension of Standing Order 45(2) to enable us to deal with this matter before us relating to the Companies Stabilisation Tax.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, I would like to move that the Companies Stabilisation Tax Bill be read a first time and that leave be granted to deal with it in all its stages today.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, I am rising to move the second reading of the Bill, the Companies Stabilisation Tax Bill.

This Bill is designed as a revenue measure which will be imposed in the form of a stabilisation tax of 5% on corporations except those engaged in the provision of hotel and restaurant services. This revenue-raising measure has become necessary to compensate for the estimated loss of revenue consequent upon the proposals to modify the original Letter of Intent which was submitted by the Government to the International Monetary Fund.

As you are aware, when the original Letter of Intent was agreed upon, there were certain areas which raised some concern. Among those areas were severance payments, unemployment benefits and the removal of concessions to the manufacturing sector. After submissions were presented to the Minister of Finance, it was agreed that if our manufacturers were to remain competitive within the CARICOM arena acting as a first step, then, of course, certain corrective measures would have to be taken. However, since as a condition for the granting of funds by the International Monetary Fund certain revenue measures had to be implemented to reduce the deficit, it was therefore agreed that if the concessions were reinstituted – and they were, word having been given to this effect – that they will remain in force through December 31, 1991, and thereafter from January 1 to March 31, 1992 the manufacturing sector will receive a rebate of fifty per cent of the applicable charges. If these concessions were to be granted, and remained in effect, then some other source of revenue would have to be found since a necessary first condition which had to be satisfied was the narrowing of the fiscal deficit, that is the difference between Government revenue and Government expenditure.

Throughout the discussions between the manufacturing sectors and the private sector, many suggestions were drawn up and the private sector had more or less indicated a willingness to have the concessions restored to the manufacturing sector and that that sector would be willing to accept as an offsetting measure some imposition, if it was absolutely necessary to raise additional revenue.

While it is true that the private sector did not indicate the form in which those revenues should be raised, it did agree that it was willing to share in the burden in order to make sure that the manufacturing sector remained competitive within CARICOM and within this market.

After careful consideration as to the numbers involved, it has been felt that a five per cent stabilisation tax imposed on the insurable earnings of employees will be nearly sufficient to close this budget gap. That is, the five per cent tax being now imposed on the insurable earnings would go a long way towards closing the gap. It is to be noted that the imposition of the five per cent is not on total payroll earnings but only on insurable earnings which, I

believe to be at this point up to a maximum of \$3,100 on monthly wages and \$750 maximum for weekly employees.

There can be no question that as a first condition if we must avail ourselves of the funds available to us under the IMF that we have to reduce the deficit. This is a necessary first condition.

Another factor that we need to bear in mind is that the longer we delay the final agreement on the letter, the longer it will be before funds can be disbursed to Barbados to strengthen our balance of payments position. We had hoped that by now an agreement would have been in place, firmed up, and that we would have started to draw down monies, but this Government, forever being receptive to the concerns and the hardships imposed on various sectors and, to the best of our ability, to redress some of those grievances – all of them we cannot, given the constraints under which we operate – is prepared and was prepared to tarry at least a little longer in concluding the final Letter of Agreement.

This is a matter that should not long detain this Chamber because we recognise that once we have embraced the first Letter of Agreement, and recognising that we are giving concessions to a sector which will enable it, and that if we disagree with it we are saying we do not need to give additional assistance to the manufacturing sector – if we are saying that, then we should say it. We do feel that the manufacturing sector is a very critical part of economic activity in Barbados. It is one of our major sectors. It is one in which we hope that with further guidance and direction we will get it to contribute to the gross domestic product something in the vicinity of about 12 per cent. Right now, I believe it is well under 8 per cent. We will hope that through these efforts as a first step that we will get them to consolidate the position, to go through the necessary restructuring to recapture a larger share of the CARICOM market, and thereafter move into the wider export market where the fluctuations in the demand for their respective products will not be as great.

As I said earlier, Mr. Acting President, I can hardly see any disagreement with this because this is one of the areas which the private sector had demonstrated and had also indicated its willingness to share the burden overall. We should note that in the imposition of this stabilisation tax we have been careful not to levy on the area of tourism which has been identified as the fastest growing area. It is a major hope of the industrial sector at this point if we are to sustain our standards of living.

I therefore beg Mr. Acting President, that this Bill be read a second time.
1.55 p.m.

SENATOR T. E. BARKER: Mr. Acting President, every time the Honourable Minister introduces a bill he does not see any area of disagreement but I can assure him that I have a lot of areas of disagreement with this particular legislation. My area also relates to the need for this tax at this time or at any time. My disagreement also goes regarding the Letter of Intent because I am sure the Government did not have a clue of what they were doing when they entered into this agreement with the International Monetary Fund as evidenced by the Letter of Intent and the lack of cohesion and common sense therewith associated.

Mr. Acting President, the Minister said that this tax was, in part, needed because the concessions which were to be taken away from the manufacturing sector was to be given back to the end of December. Then from January to March next year they would get a rebate of up to 50% of the duty that they paid under imports. Sir, the Budget of September 17 indicated that \$16 million was to be raised as a result of the removal of concessions on both import duties and stamp duties. That, Sir, is \$16 million in six months because these concessions were to be applied from October 1, 1991. Therefore, Sir, in three months, that is from January to March, one would expect a figure to be less than \$8 million primarily because a lot of importation would have been done for the manufacturing of goods for Christmas. So let us stick with the \$8 million figure. If you had given them a 50% rebate it means that the cost to Government would be no more than about \$4 million. So \$4 million is all that the Government is going to lose by its non-imposition of the reduction in concessions on import duty and stamp duty. Half of \$16 million is \$8 million. If you are giving them back 50% that means that the Government stands to lose \$4 million.

Sir, I see the Honourable Member is challenging me. I would be glad to hear him on a point of order.

Mr. ACTING PRESIDENT: You proceed.

SENATOR T. E. BARKER: Sir, \$4 million is what Government needs to give back the concessions. The Minister has not stated how much he expects to raise from the imposition of this stabilisation tax. That, to my mind, Sir, is a serious omission because I would like to know and I am sure the rest of Senators would like to know how much money Government expects to raise from this particular tax. I would be glad if the Honourable Minister could interrupt me and give me the figure.

Mr. ACTING PRESIDENT: Please continue with your debate.

SENATOR T. E. BARKER: Sir, I would like to know because it is going to be crucial to what I am saying. I feel that he should have given us that figure in his presentation.

Mr. ACTING PRESIDENT: Senator Barker, do not do that. He will conduct his presentation the way he thinks fit. You will continue with your debate.

SENATOR T. E. BARKER: Except, Sir, that if we are asked to decide on a matter we should be given all the relevant information.

Mr. ACTING PRESIDENT: You have made that point already. Please proceed.

SENATOR T. E. BARKER: So for \$4 million we are going to destabilise the companies especially those in the manufacturing sector. This Bill could have been easily renamed the Companies Destabilisation Tax Bill 1991.

Sir, I want to talk a little bit about the companies in the manufacturing sector because the Prime Minister and others have hinted that we should move from being just distributors, and I agree with this totally, to producers. In other words, the manufacturing sector should be the one that should be carrying the brunt for the revamping of the economy. Now, the manufacturing sector, as we know, has always been under-capitalised. They have never had the necessary stimulus to make them totally and fully viable. In the last few months look what has happened to the manufacturing sector. I am talking about what happened in the last instalment which is September 1970 and what is happening in the third instalment with the IMF.

Sir, the manufacturing companies who rent space from the IDC found that their rents went up by 33 1/3%. The arithmetic is clear. Take a company whose rent should have been \$4 000 per month. The Government gave them in times past a 25% rebate which meant that they were only paying \$3 000. Now, when this rebate has been taken away he is now called upon to pay the full \$4 000. He has now moved from paying \$3 000 to a situation where he is paying \$4 000. That is a 33 1/3% increase. That is killing some companies especially those who are renting from IDC.

Secondly, Sir, interest rates have gone up by over 2 %, in some cases more, in the last few months. As I have stated before, most of the businesses are under-capitalised and they exist on a hand-to-mouth basis with large overdrafts. The high interest rates are causing, as you would be aware yourself, tremendous problems for many of them. These high interest rates, in my view, totally unnecessary and uncalled for, are crippling these manufacturing industries.

Also, Sir, in the last couple of Budgets we had increases in the fuel as a result of the consumption tax movements. The increase in fuel charges would impact on the transportation cost. It would also impact on the energy

cost. In addition, water rates have also gone up in the last few months. Not only that, Sir, but these companies are being called upon to pay more and more national insurance contributions. It seems that the sectors which we are expecting to lead us out of our troubles are muzzled with heavy doses of taxation and we still expect them to perform as they were performing, or even to a greater extent, than a year ago.

This new tax comes at a time where, especially the small manufacturer, and most of the manufacturers in Barbados are small, is barely making out with high overdrafts, barely able to pay national insurance contributions and in most cases not able to pay them, and you are putting an additional burden on them. That is why I call it a companies destabilisation tax act.

Sir, the ones in the distributive sector are better able to handle this sort of tax because they are in a better position to pass on this tax to the consumer but the manufacturers are also faced with decreased demand as a result of cuts in pay and a reduction in disposable income of the citizens especially the furniture manufacturers.
2.05 p.m.

But the manufacturers are also faced with decreased demand as a result of cuts in pay and a reduction in indisposable income of the citizens, especially, Sir, the furniture manufacturers. They are really having it hard because people just do not have the money. For \$4 million you are imposing this unnecessary burden on the manufacturers.

Sir, I now want to touch on another problem, that is, the whole Letter of Intent. Last fiscal year our deficit was in the order of 7% to 8% which we all would agree was too high and it could not be sustained at that high level. That is nothing that we are going to argue about. It was too high. How it got there? We all know, the World Bank knows, the IADB knows how it got to such a level. But do not let us go back into that. Where do we go from here? We are close to 8% which is too high so we have to reduce the deficit.

I do not know who suggested it but between the IMF and the Government they have decided to reduce this deficit to one percent in this fiscal year and next fiscal year, the plan is to have a zero deficit. Sir, that sounds good in theory but my contention is that the adjustment was too drastic, far too drastic and that maybe a figure of 3% or 4% in this year bringing it down to about 2% next year would have made more sense than to go for a one percent deficit this year and zero next year.

What we must realize is that every percentage point means about \$35 million. Every time we talk about

adjusting by one percent we are talking about \$35 million. So that if we had gone for something like 3% this year that would be 70 extra dollars that we the people would not have been called upon to fork out at this point in time. The point must be made that over the last fifteen years or so the lowest deficit we ever had was in the 1989 to 1990 fiscal year when the deficit was in the order of 2.3%. All over the years we have been having something like 4%, 5%, sometimes as high as 9%. It has caused problems. I am not going to deny that. But we have been managing with that sort of level of deficit. Why all of a sudden are we called upon to bring down to the lowest level I can find and especially when we are not bringing down in one year but the adjustment was initially over 6 months? That, Sir, is the core of the problem. If we had stood up for our rights and got correct targets we would not be here today. I am saying that it was madness for Government to agree to have reductions of that order in such a short space of time. Because, Sir, remember that when you have this severe reduction you are putting the economy on the road of decline and when the economy declines when it contracts further you are eroding your very tax base which further compounds the problem because it must be noted that most of our tax revenue comes from indirect taxation which is based on consumer spending. So you cannot afford to adjust too much without throwing the economy into a massive decline. We are going to feel the effects of this next year and the year after. I know we had to protect our reserves by a contraction in consumer spending. I know that and we all are agreed on that. It is always a question of how far are you going to go along the road. In our economies it is always better to have a gradual adjustment process rather than one which is of the magnitude that the Letter of Intent demands of us.

So then if we had gone for either a longer adjustment process – I think that 18 months is probably too short a process because everybody is saying that this problem did not evolve overnight, that it took us a long time to get where we are. My argument is this: if it took us so long to get where we are then the road back is not going to be overnight. If we did not get into the problem overnight to go and solve it overnight may create more problems than you are solving. This is what I am afraid can happen to our economy. If the adjustment were not so rapid we would not have been called upon to introduce the Stabilization Bill neither would we be called upon to cut people's salaries and some of the other attendant measures. In the long run our economy would have been better off with a more gradual rate of adjustment. When we talk about the fiscal deficit there are two aspects to it, one is the revenue side and the other is the expenditure side. I want to talk a little about the revenue side. For the first six months of this fiscal year that is between April and September, 1991 records indicated that revenue rose by some 14% which is putting us on target – or maybe revenue of close to ten fifty or thereabout – for the first six months before any

measures were imposed revenue was on the increase. Some would argue fuelled by consumer spending but it was on the increase.
2.15 p.m.

I made this point the last time we were here when we had the mini budget in September that for a \$10 million increase in revenue we imposed \$62 million in taxes because, according to mini budget Government's revenue was supposed to have reached \$1061.6 million and the imposition of taxes was \$62.6 million. If you may remember, Sir, in the Budget of April 2, the Prime Minister was projecting that revenue, and, Sir, I am reading:

"This I will seek to achieve by raising net revenue of \$68.2 million, which will bring total revenue to \$1045.8 million."

That has been adjusted slightly, Sir. So \$1045.8 was what he was hoping to raise in April. This is what he said that his targets were, and he imposed \$62.6 million in September and only ended up with \$1061 million. I don't know much about that sort of arithmetic.

Sir, I want to make the point that there is a feeling that increased taxes always bring increased revenue. That, Sir, is far from the truth. When you increase the tax rate and you push the economy into decline you are in effect weakening your tax base and the result could very well be that when you raise the tax rate you could end up with less tax revenue, so that is what is happening over the second instalment in September and the further instalment that we are putting on. Because, Sir, I am not convinced... I note that the Minister could not give us a figure for the estimated take from this tax and that is....

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Mr. Acting President, that is an erroneous statement that I could not give it and I would wish Senator Barker to understand that.

SENATOR T. E. BARKER: I stand corrected, Sir, because the Minister is saying that he could give it but he did not want to give it because it may have been embarrassing.

Mr. ACTING PRESIDENT: I do not recall having heard the Minister make any such statement. I think you should be more careful in making your statements, Senator Barker, and be more accurate. You must withdraw that.

SENATOR T. E. BARKER: Okay, I withdraw it unreservedly. What I would say, Sir, is that I wish that the Minister would have given the figure even if it would have meant embarrassment for him.

Mr. ACTING PRESIDENT: You are entitled to say that if you wish.

SENATOR T. E. BARKER: I stand corrected, Sir.

Sir, on the revenue side, Government should have left things as they were and in my view they would have got more than this tampering with the tax base. Because, Sir, the companies cannot afford this 5 per cent stabilisation tax, especially those in manufacturing and the big ones, like BET and Brydens, they will survive because they make so much profit that they can afford to pay this tax...

Mr. ACTING PRESIDENT: Please refrain from mentioning names.

SENATOR T. E. BARKER: I am sorry, Sir. They can pay taxes but the small manufacturers, Sir, he is going to have to shut down. Some of them are going to have to shut down maybe for a part of the four months when this Bill is operational despite the protestations, the Honourable Senator knows that some of them are going to have to send home their staff for a part of this time. They just cannot afford it, especially at a time when they are having difficulty in getting their products sold. They are going to be in trouble. So I am not surprised that he did not give us the figure for the amount of revenue this tax is going to bring. I am not surprised at all because he knows, because he is Minister of Trade and Industry, he knows the situation with the manufacturers and he knows that very well and he knows in his heart of hearts and I know he has a heart, he knows that this tax is going to cause some of those men to have to shut down for the four months or part thereof.

Mr. ACTING PRESIDENT: You are repeating yourself, Senator Barker.

SENATOR T. E. BARKER: Sir, I want to hammer home the point.

Mr. ACTING PRESIDENT: But you are repeating yourself, you are not supposed to do that.

SENATOR T. E. BARKER: Sir, the problem has always been, as far as the fiscal deficit goes, with the expenditure side of Government operations and we have spoken on many occasions about the need for government to do something about the massive growth in their expenditure, growth way and above that of the rate of inflation. That has been our biggest problem - how to get Government to curb its tremendous appetite for the people's money. Government has felt that the only area in which they can control expenditure is by sending home people. But Sir, there are other ways that Government can cut its expenditure without all the massive layoffs that they have inflicted on the public service.

Sir, I will just mention one or two of them. Government spends a tremendous amount of money on goods and services and a large portion of this is through contracts. That is an area where Government can achieve a lot of savings by ensuring that the contracts that are being given out in the public service are given out in a manner which is consistent with the highest dictates of conduct.

because when you build a road for \$1 million more than you should have, the taxpayer ends up, Sir....

Mr. ACTING PRESIDENT: That is not relevant, Senator Barker.

SENATOR T. E. BARKER: With due respect, Sir, I was talking about ways how Government can curb its expenditure.

Mr. ACTING PRESIDENT: I still say that that is not relevant.

SENATOR T. E. BARKER: Sir, so Government has to be very careful with its contracts. I am thinking of people who are supplying Government with all sorts of goods and services, make sure that we get the best quality at the cheapest price available because the savings that you achieve there would mean that there will be no need for a Companies Stabilisation Bill that we have before us.

Sir, it was interesting to note that the National Housing Corporation said recently, that their maintenance cost exceeds the rental that they receive. Their maintenance cost – they did not talk about the administrative cost – they said their maintenance cost was in excess of the revenue they received from rents.

Sir, we have been talking for a long time about the need for Government to sell some of the houses because, Sir, if you sell the houses at least you would be in a plus position because apart from the cost of housing you don't have to repair them, so even although you are not getting any income ...

Mr. ACTING PRESIDENT: Senator Barker, have you finished your speech?

SENATOR T. E. BARKER: I thought the Honourable Member ...

Mr. ACTING PRESIDENT: Senator Barker you will address the Chair. Or if you have terminated, well then, let it be clear that you have terminated your speech.

SENATOR T. E. BARKER: Sir, I just thought that I should be heard in silence.

Mr. ACTING PRESIDENT: Senator Barker, you will proceed.

SENATOR T. E. BARKER: So that is one area alone where Government can get savings by doing something about the NHC houses. Sell them or even if you give them away you will be making a profit because you would not be incurring the maintenance cost which according to them is less than what they are getting for rentals. There are other areas where Government can save money but we would not go into that at this point in time.
2.25 p.m.

Sir, I want to come to the area of deficit financing because in the last year deficit financing proved to be the most difficult area of Government's operations. According to the Central Bank's Report, in 1990-91 Government financed most of its deficit through domestic sources especially through the Central Bank. That, Sir, is the cause of most of our problems that we are having today. Any economist will tell you that one of the surest ways of having a foreign reserve problem is by financing your deficit through the Central Bank. That is a known fact and nobody on this side will argue about that. Sir, what we found is that towards the end of last year Government exceeded the 10 per cent overdraft limit which was there since the Central Bank was set up.

Mr. ACTING PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir. I believe that the time and occasion in this Chamber when we debated the ceiling of the Ways and Means Committee is known. I do not see the need to bring up that very issue again in this Chamber. It was fully ventilated at the time that it was raised from 10 per cent to 17½ per cent.

Mr. ACTING PRESIDENT: Thank you.

SENATOR T. E. BARKER: Mr. Acting President, I hope the Honourable Senator is not telling me what I can say.

Mr. ACTING PRESIDENT: Senator Barker, you may proceed. You are aware, of course, according to Standing Orders that you may not refer to a matter which has already been settled by this Chamber. Anyhow, you may proceed.

SENATOR T. E. BARKER: All I was saying is that by illegally exceeding the overdraft limit last year Government put the economy in serious problems. In December, the limit went up from 10 per cent to 17½ per cent. In spite of all the protestations from people who understand these things, we had a problem with that and the limit went up to 17½ per cent.

Mr. ACTING PRESIDENT: You have said that three times, Senator Barker. Do not repeat it.

SENATOR T. E. BARKER: Sir, but the point that I want to make now is that although the limit was raised to 17½ per cent that in September 1991, that is this year, the Ways and Means Account was at \$177 million which was in excess of the \$17.5 million limit that Parliament passed last December. That is what I am saying, Sir. Furthermore, I have been told that since then the limit has been breached in excess of \$40 million. That, Sir, is about \$30 million above the legal limit.

Sir, we make laws in this Chamber and in the Other Place. We have to be law abiding citizens. I cannot drive my car over the speed limit without suffering the consequences. Government in the same manner should respect the law and I am sure all of us agree on that. Government should respect the law. This is a moral question. When Parliament decides on a limit, Government should respect the wishes of Parliament. If Government so desires, they can come in here and raise the limit to 30 per cent. That is Government's prerogative. If the limit is set, Government has no right in exceeding that limit.

I call on the Government to bring the Ways and Means back within the legal limit. They are breaking the law and that should not be condoned. It is on record that they have broken the law and this Chamber must make a strong statement that Government must respect the law.

Sir, the role of the Central Bank in our economy is of such tremendous importance that the law given in the Central Bank Act is very clear on its directorship and all of that. So we have a case where three directors have resigned in the last two or three months.

Mr. ACTING SPEAKER: That is totally irrelevant. It is still irrelevant of the directors resigning from the Central Bank. That has nothing to do with this.

SENATOR T. E. BARKER: I am talking about deficit financing and I am saying, Sir, that the Central Bank must have its independence that it should be able to bounce Government's cheques when they exceed the overdraft limit. The Central Bank must have that independence. Sir, I wish that the Central Bank would use its legal powers that it has and bounce Government's cheques to send a signal to Government not to destroy the Barbados economy by exceeding this Ways and Means Account. It must be done otherwise we are not going to have sound financial management in this country, not with the Central Bank which encourages Government to break this very important legal stipulation.

The Directors of the Central Bank must stand up on this matter and say to Government that you have put us

here for three years or whatever time and we have a duty to the people of Barbados to ensure that sound financial management is practised. Otherwise, Sir, we will end up with a situation again where our foreign reserves will be wasted 2½ years ago.

Sir, for all of these reasons, I cannot support this Bill because I cannot be party to anything which will put more Barbadians out of work. I will not be party to anything that I have shown to be unnecessary for \$4 million. Sir, I want this Chamber to make a strong statement to Government that you did not have to bring this tax. You have achieved your revenue targets without the imposition of this tax. I am not sure that Government is not using this as an excuse to inflict more taxation. Otherwise, why are they bringing this Bill which may raise more than \$16 million? The Honourable Senator will not give us the actual revenue. Nothing can be more shameful than a big Bill coming in here and we do not know how much revenue is being raised from that Bill.

Aside.

SENATOR T. E. BARKER: The Honourable Senator interrupts me all of the time, but he will not interrupt me and tell me how much this tax is to raise. He will not interrupt me in this case but he will interrupt me on frivolous matters.

Mr. ACTING PRESIDENT: Address the Chair. Who is he?

SENATOR T. E. BARKER: Sir, I was saying...

Mr. ACTING PRESIDENT: Senator Mottley, you are not supposed to be feeding Senator Barker of what he is supposed to say. Senator Mottley, you will be silent. You will take your seat, Senator Mottley.

SENATOR Miss M. A. MOTTLEY: On a point of privilege, Sir, as I am entitled as regards the rules of this Senate.

Mr. ACTING PRESIDENT: Yes, tell me, Senator Mottley.

SENATOR Miss M. A. MOTTLEY: I do not believe, Sir, that you can impute that I am doing anything. With all due respect, even in a Court of Law, it is hearsay.

Mr. ACTING PRESIDENT: This is not a Court of Law.

SENATOR Miss M. A. MOTTLEY: Sir, it is hearsay to impute something on my intentions that you have no direct knowledge of.

Mr. ACTING PRESIDENT: I can hear you, Senator Mottley. I will not allow you to do that.

SENATOR Miss M. A. MOTTLEY: Sir, I am addressing the point of privilege. I am saying, Sir, that you are infringing my rights and privileges in this Chamber when you seek to impute something onto me which I have not stated is an intention of mine.

Mr. ACTING PRESIDENT: You will take your seat, Senator Mottley.
2.35 p.m.

SENATOR Miss M. A. MOTTLEY: I am saying, Sir, you are infringing my rights and privileges in this Chamber when you seek to impute what I have not stated as an intention of mine.

Mr. ACTING PRESIDENT: You will take your seat, Senator Mottley.

SENATOR T. E. BARKER: Sir, I rise on a matter of privilege also.

Mr. ACTING PRESIDENT: No. This is your substantive speech and you will continue.

SENATOR T. E. BARKER: I take offence at the remark that somebody is feeding me.

Mr. ACTING PRESIDENT: The Chair rules and I will not have you telling me what I must say, Senator Barker. You will continue your speech.

SENATOR T. E. BARKER: Sir, with all due respect, I do not think that I should be spoken to in that manner.

Mr. ACTING PRESIDENT: Senator Barker, you will continue your speech.

SENATOR T. E. BARKER: Sir, I have certain rights.

Mr. ACTING PRESIDENT: I repeat, Senator Barker. You will continue your speech.

SENATOR T. E. BARKER: Sir, I have a right not to be denigrated as you have done.

Mr. ACTING PRESIDENT: I repeat. You will continue your speech, Senator Barker.

SENATOR T. E. BARKER: I have been insulted, Sir.

Mr. ACTING PRESIDENT: Senator Barker, if you do not take your seat now, then you will not be allowed to continue. That is all.

SENATOR T. E. BARKER: Be that as it may, Sir. I will not be insulted in this Chamber.

Mr. ACTING PRESIDENT: You have not been insulted.

SENATOR T. E. BARKER: Sir, I have been insulted.

Mr. ACTING PRESIDENT: Senator Barker, you do not argue with the Chair. Either you continue with your speech now or you will take your seat altogether.

SENATOR T. E. BARKER: Sir, I am not arguing with the Chair, but I have certain rights and, in my view, they have been trampled on.

Mr. ACTING PRESIDENT: Senator Barker, you will continue your speech now or you will not be allowed to continue.

SENATOR T. E. BARKER: Sir, you have that power but I am requesting on a matter of privilege that those statements that I am being fed by somebody which are insulting to me...

Mr. ACTING PRESIDENT: Senator Barker, I repeat. I have made a ruling and you are out of order. You will continue your speech.

SENATOR T. E. BARKER: Sir, with all due respect you have not made a ruling.

Mr. ACTING PRESIDENT: I have told you. I now rule that you are out of order and you will continue your speech.

SENATOR T. E. BARKER: Sir, in what regard am I out of order? In saying that I am insulted by your statements?

Mr. ACTING PRESIDENT: I have told you that you are out of order and that you will continue your speech.

SENATOR T. E. BARKER: Sir, I was insulted by that statement, "I am being fed."

Mr. ACTING PRESIDENT: Senator Barker, you will take your seat. Thank you. Senator Clarke.

SENATOR T. E. BARKER: On a point of privilege, Sir, when I came into this Chamber I was told that I must be respectful of the Chair and also of the fellow Senators. Sir, I took this to mean that the Chair would also be respectful of me. A few minutes ago, when I was speaking, I was cut short and a statement was made in this Chamber to the extent that somebody was feeding me. Sir, I take

offence at that statement and I ask you to rule that that statement which was not in the best traditions of this Chamber and was insulting...

Mr. ACTING PRESIDENT: I ruled, Senator Barker, that you are completely out of order. You do not argue with the Chair.

SENATOR J. G. BELLAMY: Mr. Acting President, I rise in connection with this bill. To be totally honest, I rise with some reluctance, but I do understand that this bill has become necessary as a result of the need for Government to raise funds in order to offset the estimated loss of revenue by the removal of the manufacturing concessions. I don't really like that word but that is the word that is being used on a regular basis in relation to the duty and position of manufacturing inputs. On that matter, I would just like to request, if it has not already been done, that Government do a careful analysis of similar duty structures, particularly in our neighbouring CARICOM countries, since I am under the impression that most of the countries with whom our manufacturers have to compete do not have to pay taxes on the importation of raw material and machinery for their manufacturing enterprises. I believe that it is in our interest that we try to make sure that our manufacturers are not in any way disadvantaged in being able to compete particularly in CARICOM, but with a view to the outside world as well.

Carrying that point a bit further, I know that Government is in possession of several studies and we may also want to do comparative analyses in respect of inputs to manufacturing such as the cost of energy which I am informed is extremely high in Barbados in relation to our competitive neighbours. It is, of course, true to note that Trinidad is a country blessed with considerable oil reserves which affords them the opportunity of improved energy. Again, I would like to be assured that the best possible price that can be afforded for our energy, particularly energy in the form of natural gas of which we have an abundant supply in Barbados, that those manufacturing industries which use it or can make use of it are encouraged in every way by Government to use this natural resource of ours at a price that is reasonable and competitive.

Having said that, I will continue on the bill itself. Five per cent of insurable earnings of a company's payroll will of course add to the overhead costs but as Senator Clarke mentioned in his opening remarks the private sector has been consulted on these measures and have accepted in principle the need to assist with the financing of these measures. My Honourable colleague, Senator Barker, gave us some figures about the loss of revenue on concessions. I am not going to take issue with those at this point in time, except to say that I think that the mathematical calculations may have been slightly off since he referred to

half of \$8 million in three months being \$4 million. Between the October 1, 1991 and December 31, 1992 when the concessions are not in place at all, there would be on that lodging the loss of \$8 million, which would mean that we would have to offset a total of \$12 million if that computation was in fact the correct one. However, for that reason, and since I understand that we have now reached the stage of serious consultation with the social partners involved in Barbados and the Government – the private sector and the unions – which is something that I personally have been calling for for a number of years. I am very pleased to see that we are moving in this direction albeit due to circumstances of a very sad nature.
2.45 p.m.

As I said at the start of my contribution I rose somewhat reluctantly because, quite frankly, I would wish not to have had to rise here at all. But that would only have been possible had we been able to avoid the economic circumstances in which we find ourselves today. In this regard I think this underscores very seriously the need, when approaching the International Monetary Fund for assistance, to make sure that this is done in a timely manner.

There have been several comments about this over the last year or more. There have been continual references recently to the fact that this is not the first time that Barbados has approached the IMF. However, on the previous occasion the approach was made, funding was received and we did not have to face the furore that we are now facing. It is unfortunate that we have reached this stage and there have been circumstances which have contributed to this. This has been well outlined in other fora as well as in here, such things as the Gulf War, recession in our main support countries for tourism and the fact that the world economy is basically undergoing several hiccups all around the place.

I am pleased to see that this new measure has exempted those businesses involved directly in tourism, hotels and restaurants. Tourism has been identified as our main source of foreign exchange earnings at this point in time. I think we must all work very hard to make sure that we succeed in that area. I sincerely hope that we will not only take the view of exempting hotels and restaurants from taxes but we would also heed seriously the calls for improvement in those things that are proving to be inhibitors of our tourist development such as criminal activity, harassment, etc. I hope that we can expect strong action to be taken in this regard to protect what may very well be our really only great source of survival to bring us through this crisis.

Manufacturers in Barbados, I am convinced, are as capable as any in the region, if not more so, of

producing the finest quality goods. But manufacturers in Barbados must be allowed to play on the same cricket pitch, to use an analogy which is familiar to all of us in the Caribbean. I hope that we can look forward to that.

We have also the recognition by the Government coming out of the discussion with the IMF which resulted in the preparation of the Letter of Intent, that our Government, as it exists today, is excessive, expenditure is excessive and manpower is excessive. I am heartened to note all of the comments coming from Government to the effect that this is an area which will be rationalised. We have heard several comments about considering using contractors from the private sector as opposed to maintaining Government arms for carrying out functions. I seriously encourage this in the hope that the taxpayers of the country will be relieved of some of the burden that we are now carrying.

We have, along with this proposed Bill, noted increases in the contributions to be made under the National Insurance and Social Security Scheme. As has been mentioned previously, we are all aware of the fact that interest rates have gone up considerably and may even go up further. Costs of other inputs are also up which means that the cost of operation of all businesses has increased substantially. At the same time, as a result of recent budgetary measures, the purchasing power of all Barbadians has been reduced and prices have been increased. This has been done with a view to dampening consumerism which is something we must do at this point, but at the same time, as far as our local manufacturers are concerned, it will impact on them from the point of view of reduction in demand for the products they produce. This will also increase the difficulties of covering the overhead costs due to the increases that would be warranted by means of these various measures that have all been put together.

I am heartened to see that this tax on insurable earnings runs only for the period from December 1991 to March 31, 1992 for four months as it says, both dates inclusive. I would hope that this is indicative of a necessary short-term measure whereby Government needs this money since the public purse would not be able to fund the manufacturers' concessions as well as the unemployment and severance benefits for laid-off workers unless this money is raised. For that reason I am very supportive of the measure. I hope that when we reach March 31, 1992 we do not have to replace it with something more burdensome.

I am fully aware of the fact that the Letter of Intent which is being much talked about has embodied in it a strong proposal from Government to study the entire tax base system in Barbados with a view to rationalising and

making sure that the tax burden is more equitable thus making sure that our finances are in better working order.

The largest expense that Government faces which was identified by the IMF and also I recall mentioning it myself in this Honourable Chamber when we debated the Estimates earlier this year is wages and salaries. This is an area that is being seriously looked at and worked on which, unfortunately, results in increased unemployment. I hope that the suffering aspect of these measures, especially the unemployment, will be short-lived.

2.55 p.m.

This will only happen, in my opinion, if all of us in this country come together in a very real way to work out the best possible means of developing our abilities to overcome this difficulty and place ourselves on a firmer footing for the future. All Barbadians can look forward to improvement.

At this point in time, I feel I should also make a comment on the question that has been discussed quite a lot in recent times, the whole question of confidence. This is something I think we should all be concerned about. One of the worst ways to introduce confidence or to support the whole idea of confidence is constantly to have to chop and change any agreement. I hope that we can avoid chopping and changing agreements that are made. I believe that the way to do this is through a serious tripartite consultative mechanism established between Government, the unions and the private sector. It is particularly unfortunate that over the last couple of months Barbadians have had to resort to protest marches, strikes, shutting down of businesses, virtual shutting down of the economy for a couple of days. But as a result of those representations we have received this Bill which will fund the shortfall estimated from the removal for three months of the measures of duties and taxes on manufacturing inputs and will also afford the means for the payment of unemployment benefit. It is particularly unfortunate that we could not have had those discussions prior to reaching the situation that resulted in the recent demonstrations. It would be in our interest and would go a long way towards the re-establishment of this confidence that is constantly talked about. The people in Barbados and outside in the wider world would look at us as a model to be held up to the world, as people who can come together and discuss our differences and arrive at a reasonable resolve which can work and that we put our all into it. I would hope that that is the situation we will reach.

So, Mr. Acting President, I will support the passage of this Bill for the funding reasons that have been outlined as I have already stated.

Thank you.

Mr. ACTING PRESIDENT: Senator Cole.

SENATOR J. A. F. COLE: Mr. Acting President, when we first came into this Chamber earlier this year I remember Sir Frank Walcott, the President giving us a little welcome and giving us some hints. I remember him remarking that we would find that perhaps 90% of all the business transacted here would be either motivated by politics or related to politics. I said to myself at the time that it sounds like a pity but we will see. I am disappointed to say that it really is 90% and perhaps more. It is a pity because if we had more of the broader view I think more information would be feeding back down. In the House of Assembly we have 100% politics and up here we have 90%. I cannot really see that as an ideal situation. It is disappointing. However we will have to live with it. On this present topic, the topic we are on here is by no means simplistic but it is straightforward. I think today we have had a contribution from Senator Barker many points of which are very valid. We have had quite a comprehensive introduction of the Bill and Senator Bellamy has raised quite a lot of things which we have talked about over the last six months throughout Barbados.

I would just like to zero in closely on how this thing is going to affect some businesses. I would not really go on the broad front right now. I see it really as three parts. One, some companies will be able to make the contribution and would be able to accept the hand of Government and help pull out of this situation. Some would not be able to do it because they will start with a big heart and they would not make the course, never mind Mr. Short, Mr. Sprint. The thing that worries me is that, at the end of the day, after we have made our sacrifices, after those have fallen by the wayside, are we going to make it? It seems that we really are not sure whether we are going to do this. But if this will get the IMF from around our necks and away from our shores so that we can settle down and get on with this work I think it will have served the purpose.

We have all been doing some sums over the weekend. I cannot talk generally but I have taken my family company, I have looked at it. We have a working force of about 80 employees. It is in the printing industry and the printing industry is more vibrant and rather better based financially than many of the other industries in Barbados, yet we know that no substantial money is going to be made in printing in Barbados in the foreseeable future. This was last week, before this Bill. This is going to cost a manufacturing company with about 80 people over \$60 000 over the four-month period. Before, when that happened, you might say we could lean on our overdraft but my bank manager rings me every day that ours goes over and we have to get back to him and tell him how we plan to put it back the same day. There is no leaning on bank managers. We have high interest rates, sales are already down, there are additional overheads. I would like to know what is

going to happen to those companies that Government owes money to where the companies may be able to use that sum to help finance the next four months. Are they going to get this money in four months? There is great concern out there about this 50% on manufacturing inputs. As I say, Sir, many are going to set out on this course. They say it is only four months. A lot are not going to make it, Sir. I believe I have heard people even saying that they perhaps will close down temporarily, let it blow over and business as usual from April 1. My great worry is that in trying to put it right may in fact start a downward spiral and Senator Barker has talked about that.

3.05 p.m.

I am also very skeptical when we try to use legislation where market forces usually do the work. In other words I can think of no truer force in commerce than market pressures and so on. When we try to legislate and get things right and conceal market pressure which is really human nature personified as it were, I worry about that. This is why I ask, will it work?

I would like to say that the mercantile community is looking towards Government. We have seen a lot of movement to streamline things, to get things more business like in Government. They are still looking for it and they are looking for examples. They are mindful of the fact that tourism did not deliver last winter but they also remember that they have been asked for control on beaches. Those jet skis, an harassment now, when you go to park your car etc. They want to see these things happen, otherwise they will never ever be able to deliver. The wicket is pretty raw really.

I read an amazing article in the paper here the other day where a senior police officer was saying there were lawless people pestering visitors, forcing them to park their cars in no parking areas and then demanding heavy tips and so on and his comment was that something would have to be done. How nice would it have been for him to say, we are doing something or I am seeing to it that something is being done about this. That is the sort of positivity which people in business expect of the other side. After all we are trying to get away from the adversarial approach. We are social partners. The wheel must go in one direction and I think we have to find that we will look at each other's performances a little more.

One last thing, Sir, and it is this. The wage earner and the salary earner are expecting a little more in terms that he will come to realise that the politicians who represent them and the people who command the platforms are his servants and he should be giving the orders instead of *visa versa*. I think we have come to that, so we are looking at accountability and all of these things will help to put the producers, the manufacturers, the traders in a better

frame of mind. I think on this rather broader front I will close here.

I would like to say I will support the Bill. I am not in the happiest mood about it but I see absolutely no other alternative.

SENATOR Miss M. A. MOTTLEY: Mr. Acting President, Sir, we were summoned here today, having adjourned *sine die* on Wednesday, at short notice to deal with a Bill that is entitled the Companies Stabilisation Tax Bill, where this Government seeks to raise additional revenue we are told to compensate for the modifications that have to be done within the Letter of Intent to the IMF Programme.

It is unfortunate, Sir, in two regards. Before I deal with the substance of the Bill the Honourable Minister in this Chamber who was charged with the responsibility of introducing this Bill has found it possible to do so and indeed has introduced the Bill without any indication whatsoever of the revenue this Bill is likely to raise.

Sir, I believe that this Chamber is entitled to that information and indeed, Sir, if I were to quote something from the newspapers of Barbados now, Your Honour would rule me out of order if I were to seek to take the front page of today's paper and read something Your Honour would rule me out of order.

Mr. ACTING PRESIDENT: Yes, so please do not.

SENATOR Miss M. A. MOTTLEY: Therefore I can only, Sir, be cognisant of information that is led to me, but here am I being asked to support and debate a Bill that is a substantial revenue raising measure and have not had the courtesy of being informed what it is likely to raise. Sir, that is the manner in which this Government operates. It is a manner that is contemptuous of the position of the other people in this country, whether they be the social partners, the political partners or whatever other partners, it is a like it or lump it attitude, or as it is now being modified to 'day does run til night catch it', to put it in a bajan way, Sir.

I am also being asked to support a Bill. Today is the 2nd December, this is not law yet – I am being asked once again in this Chamber, Sir, to support and debate a Bill that is retroactive. Last week it was bad enough that I was asked to support a Severance Payments Bill on the 27th November to come into place on the 1st December. Today on December 2 at 3.15 p.m., and this still has to get the assent before it can become law, I am being asked to support legislation that once again is retroactive in the manner of BCCI, in the manner of the Financial Administration and Audit (Amendment) Act and the overdraft, to adopt it once again, Sir, in the style of this Government and the contempt that it has for the people of this country, Sir.

I submit, Sir, that any Chamber seriously has to look at itself when it is being presented with a number of pieces of legislation that comes before it seeking to pass retroactive legislation. It is a dangerous precedent and it is one that I will not condone, Sir, especially in this light and especially in the light that Government knew that the measures that they were proposing in the form of the severance payments and the unemployment benefits were unfair and wrong in their perception and wrong in the aim that they tried to achieve.

They knew from as early as six weeks ago, especially after they had discussions with the manufacturers that something had to be done to remove or give back the manufacturers the concessions that had previously existed. And what do we find, Sir, that only half the concessions are being given back but instead a Bill that can only be dubbed as a rip off destabilisation tax and that serves to benefit nobody else except the Minister of Finance to try and get him out of a financial jam and the big businesses in this country who will use the opportunity to try and lay off as many people as possible and to streamline their operations, particularly, Sir, when the cost of laying off people in this country has now been almost halved, given the legislation that was passed through these Chambers in the last week, Sir.

But you know, if the Bill at least was going to streamline their businesses and help them to earn foreign exchange for Barbados we might say there was good merit in it. But with the interest rates as they are, with Government's inability to put other measures in place to deal with the productive sectors and to make anything and any opportunities available to them worth it, all that they are going to succeed in streamlining the is the personnel who suffers as a result of this Bill? The people who will have to be laid off and who instead of four weeks severance a year, are now getting two and a half weeks and who instead of 60 per cent unemployment benefits for 26 weeks are now getting 60 per cent for 10 weeks and 40 per cent for 16 weeks. The same people who are faced with the other part of what can only be described as Budget No. 3 delivered last Friday with the raised consumption tax that was laid by the Honourable Senator this morning, by 2 percentage points in effect a 12 to 20 per cent increase in the price of goods.

3.15 p.m.

Sir, this Government has a death wish when it comes to the operation of business and the survival of the poor man in this country, Sir, and it is preparing itself only to assist the very strongest of those businesses who can survive the attack being levelled against them. When the small businesses fall, Sir, then it is the people who are out of work. When the medium range businesses fall, Sir, those people are out of work. It is only the "big six" in this country who will survive this kind of onslaught. What is

dangerous, Sir, is the deliberate misinformation that seems to be emanating to the effect that with this piece of legislation and the other increases that are taking place or allowed to take place we can stave off our deal with the IMF in some manner, and they are not going to prejudice us or take control.

Sir, the Right Honourable Prime Minister in the Other Place admitted in his introduction to this Bill on Friday that he could not give notice of it before because he only got a response from the IMF late Tuesday night. Sir, it is proof that the decisions relating to the economy of this country are no longer being taken in this country. In the interim, between Friday when the Prime Minister spoke and today, we are celebrating 25 years of independence. What a shame! But you know, Sir, I have taken a line in this Honourable Chamber before that it is easy for us to come in here and take party lines because the party says that you must do this and to be glib about what does not affect us personally. When I do so, you hear other comments that I am preaching social disruption. Sir, I am not preaching social disruption. A two percentage points rise in Consumption Tax preaches social disruption. A rip-off in the Stabilisation Tax preaches social disruption. An increased National Insurance Contribution for decreased National Insurance Benefits preaches social disruption.

Sir, all of this is in the context of what took place in Budget No. 1 and Budget No. 2. It is not even to say that these are the first and only set of measures the people of this country are being asked to bear. Sir, when it comes to the principle of taxation, it pursues a principle that is inevitable and heinous, because it pursues a principle that you are taxing a company regardless of whether it is making a loss or a profit. This is in the context, Sir, of companies when they exceed the overdraft having to pay interest rates ranging from 36 per cent to 40 per cent, Sir. This is in the context, Sir, of companies already having increased costs of production as a result of Budget No. 1 and Budget No. 2 and now this.

Sir, I hear that the Government implemented this because it is something some of the private sector organisations deem acceptable. Of course, they are going to deem it acceptable because it allows them, Sir, to streamline their personnel. If there was ever a time for them to lay off people, it is now. Their cost is down and they are still getting the rebate from the Severance Payments Fund.

Sir, let us understand what we are doing in here. We are being asked to deal with pieces of legislation and revenue raising measures in a piecemeal fashion. One does not get the impression that Government knows what it is doing. You have a situation, Sir, where this Barbados Government under the same Letter of Intent that it is bringing this Bill here to modify has agreed to clear all the

arrears, both local and foreign, that it owes. In fact, that is probably Government's biggest problem now because, before it can draw down an amount of the IMF money, it has to clear the \$33 million in arrears that it owes. It would be interesting to know whether those arrears emanate from the same year 1989 that the Honourable Minister of Finance said was such a bumper year and we are paying for now and whether the IMF said: "No money for you, Jack, until you clear that."

We have also agreed to enter into a Letter of Intent programme where our foreign reserves, which is the cause of our entering into the programme, are not forecast to increase over the life of the programme. The foreign reserves in March 1991 will be the \$4.1 million that it will be when we reach March 1992. Do you know what is so wrong about this, Sir? Let us think. The same IMF is asking us to clear our arrears. They have dealt with other countries in the Region and they have not demanded, or certainly we have not seen the evidence of that demand, the clearing of their arrears. If we did, Sir, the same CARICOM Multilateral Clearing Facility that you only hear the echo of coming from this side of the room all of the time would not be a problem. The IMF would have required that the Guyana Government clear the CMCF owing to Barbados. But no, Sir, we have a Minister of Finance who is prepared to accept terms that can only be described as ludicrous, unreasonable and murderous.

Mr. ACTING PRESIDENT: Sir, Senator Mottley you may not impute improper motives to any Member of either House.

Aside.

Mr. ACTING PRESIDENT: Never mind I do not need the comments. But I am telling you something. I am just telling you that you may not impute improper motives to any Member of either the House and I should like you to withdraw that remark.

SENATOR Miss M. A. MOTTLEY: Sir, I withdraw the remark "murderous". I believe it is extreme and I am glad that Your Honour has found it necessary to remind me of that rule.

Mr. ACTING PRESIDENT: I do not need the comments. You may proceed.

SENATOR Miss M. A. MOTTLEY: Yes, Sir, I am continuing to say that we have also seen us agreeing in the Letter of Intent to the IMF to the fact that we are not to borrow any money for purposes other than amortisation payments. We cannot borrow money even if it means that we are prepared to put developmental structures in place to further fuel the growth of the productive sectors, Sir.

But I have a short time here and I do not want to dwell upon it. So all I will say is that the Minister of Finance, as well as the other Members of the Cabinet, when perhaps they send off the modified Letter of Intent should take instruction by reading Hansard 1967, Page 476 where the then Minister of Finance, a gentleman by the name of Errol Walton Barrow said: "Anybody who was not prepared to borrow on behalf of the Government must stand up and be counted as being opposed to development or they must instead of slinking away from the Chamber and preying upon the financially innocent outside that borrowing was a bad thing." Let them go back and look at Hansard 1967 on Page 476. But you know, Sir, there is no consistent line of thought in the Democratic Labour Party.

Sir, we are also being asked to support a modification, as a result of this Bill, of a Letter of Intent that shows no distinct change in the policy and the role of the Central Bank of this country, Sir, in terms of the whole question especially of deficit financing which my friend, Senator Barker, dealt with most capably today.
3.25 p.m.

The question of printing of money and allowing money to go into circulation creating a false sense of prosperity, especially within an economy such as ours which has a high import content and is without foreign exchange being earned to back it up, must lead to serious trouble. As if this is not bad enough, exceeding the overdraft limit last year helped to put the icing on the cake in terms of the country's economic decline. We now see, and I want the Minister of Finance to challenge me and tell me that I am wrong, that the Ways and Means Account shows that Government has exceeded their Central Bank overdraft by over \$30 million. I would have asked Senator Alleyne to help us clarify it, but I believe I am a week too late in being able to do so unless he is sitting on the Board in the meantime. Nevertheless, I hope the Minister of Finance will deny what I have said. I honestly hope that Government has not been mad enough to run up that amount again, and that the Central Bank has not been incompetent enough to allow Government to take that line again and print money when they cannot now pay the arrears of \$32 million.

Sir, the other point of serious contention is this: People ask what can be done. I know that I will hear, for the rest of the afternoon, that we cannot do anything different. Sir, we have stated, from as early as September this year, that there were certain things we in the Barbados Labour Party thought were fundamental to this whole relationship to the International Monetary Fund and the whole question of the adjustment programme. We have stated quite clearly that we find that it is unacceptable for the Minister of Finance to try and adjust this economy by reducing the deficit to one per cent in six months. He,

himself, in April of this year, said that he had been advised to reduce the deficit from 6.1 per cent to 2.5 per cent but that he thought that was too draconian. He reduced it then to 4 per cent. What is he telling us now, Sir? I am asking him, when he is modifying the Letter of Intent, to modify that too. Do not subject the people of this country to an adjustment that goes down to 1 per cent in six months and indeed to no deficit next year because 1 per cent of GDP is as much as \$35 to \$38 million. The 8 per cent pay cut the civil servants had to take in pursuance of the reduction of that deficit is \$26 million. That gives you an idea of what we are saying. If he had taken the advice of his advisors in the Ministry of Finance as would have given him the same advice over the years, he would have refrained from carrying the deficit down from 4 per cent to 1 per cent in six months and it would have adjusted itself to 2.4 per cent.

A lot of the reasons for the additional burden of taxation in this country have come from the fact that the Minister of Finance either has no bargaining power or feels that he has no bargaining power with the International Monetary Fund to stand up like a man and say, "No. We are not going down to 1 per cent in six months. It is going to be an action that will wreak havoc upon the people of Barbados and I am not prepared to preside over that havoc." No, we have a Minister of Finance who has accepted that it is a given that our fiscal deficit must go from 4 per cent to 1 per cent in six months and, indeed, to zero per cent in the next year. So look for another \$36 million in taxation at least come April 1992. That is only five months from here.

The country cannot take revenue-making measures dropping on it like rain from the sky every three or four months. You cannot continue squeezing it until it runs dry. It is almost like a dry sour orange now. There's no more juice to come out. If the Ministry of Finance was prepared to stand up and tell the IMF we do not want to reduce that deficit in such a short period of time by such an amount we would not be seeing the kind of terror wrought upon the backs of poor people and people within the middle income group as well in this country. Those are the ones who have the most to lose, the teachers, the policemen, the nurses.

Tied to that fact is the whole question that, if the Minister of Finance was prepared to stand up and ensure that we didn't go down to 1 per cent, it meant that over 1992/93 we would not be committing ourselves to Government not borrowing any money except for debt repayment. In other words, the Barbados Government cannot only borrow money to benefit our creditors overseas but it cannot borrow money to benefit 250,000 people here. The Barbados Government once again seems to have forgotten, and the Barbados Labour Party has been

resolute and certain and open on this point, that we will support any programme of debt rescheduling particularly during the life of the IMF programme, that will allow foreign exchange that we do earn during the life of the programme to be used for development reasons and not for paying debt.

Sir, we do not subscribe to becoming an international pariah by just not repaying the debt repayments. We don't subscribe to that. We are saying that it is perfectly acceptable practice in international financial circles to allow debt rescheduling and debt restructuring, to place the debt that we would have to pay in our hands as foreign exchange so that the country would earn during the life of the IMF programme and, instead of putting the foreign exchange towards paying people overseas, employ it in building our foreign reserves and getting confidence back into this country; although the absence of confidence is no longer in the economy but in the personal embodiment of the Minister of Finance and the whole Government.

One only needs to look at the table at the back of the Letter of Intent that was there initially to see this point, that at a time when the IMF has agreed to Mexico and Guyana – I won't read it now, Sir, it is paragraph 31 of the Letter of Intent – and other countries in this hemisphere using foreign exchange, as they get towards it, developmental reasons on behalf of the populations of their country rather than repaying debt, we are being forced to use ours to repay debt to the benefit of the lenders outside but not to the benefit of the people living in this country.

Sir, I don't even want to get into the fact that the national economic cake is contracting more and more. As I have pointed out in here already, at the end of December we had, in effect, \$11.2 million in reserves. We were in the same crisis position as we were in August of 1991 when the Prime Minister said we had a week and one-half's reserves, in fact, worse off, because \$11.2 million really only represents about three or four days' imports. Were it not for a lot of short-term borrowing on the part of the Central Bank we would not have been able to get through that period. One would have to be a madman not to realise that the national economic cake started to contract from last year, from the third quarter of 1989 and not this year. That is all I have to say for all the comments that will come as to who is a madman not to realise that the national economic cake has contracted.

Let me make this basic point. One of the reasons why IMF programmes find it very difficult to exist is because the kind of social cohesion and confidence that is necessary for a programme to succeed is usually whittled away by the absence of welfarism, the absence of the human face in bringing along the programme.

3.35 p.m.

Mr. ACTING PRESIDENT: Senator Mottley, you have two more minutes.

SENATOR Miss M. A. MOTTLEY: Thank you, Sir. To say that you want to reduce a deficit to 1% sounds great on paper but it erodes any social support and any confidence in the programme that you might otherwise get because the measures are too draconian in terms of how they allow you to continue dealing with your population. We have made the point over and over that there needs to be a basket of goods exempt from these tremendous and horrendous increases in the consumption taxes so that things like walking sticks, basic food items, basic items that people need for living, are not subjected to the kind of horrendous increases we are seeing take place now, particularly in the case of lesser people working within the economy.

I am saying that is an example of this Government's inability to have a human face in its implementation of structural adjustment programmes. Whether it is a combination of lack of bargaining power and failing to stand up on behalf of the people of this country, or whether it is an inability to have a human face in exempting a basket of goods basic for the survival of people in this country, it is symptomatic of a Government that is incompetent, that is uncaring and is wishing to continue to set bad precedents by bringing retroactive legislation, by implementing a rip-off destabilisation tax and by failing to accept that the only people who will benefit from this are the Big Six in this country, if even they, but certainly not the majority of Barbadians and, in their own parlance, not the majority of poor black Barbadians nor the poor black middle-class Barbadians.

Thank you, Sir.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, I have to confess that I share the view echoed by Senator Cole that much of the time in this Chamber is taken up in debate which is too intensely partisan. I have to confess that I can live with debate on Wednesday, in the middle of the week. I can put up with vacuous statements at that time because by that time in the middle of the week I have got done more than half of the work I want to do. But to be invited to this Chamber on the first day of the week to hear vacuous statements, statements which have absolutely no value in terms of content is, for me, the ultimate.

I have heard several contributions today. I have to confess the contributions of Senators Cole and Bellamy make common sense. They have merit. They show an understanding of what is happening in Barbados. They show that and to that extent the country owes them a debt of gratitude. They have not pushed their heads in the

sand. They are prepared to face reality. It is that type of common sense which Barbados will need in the months and years ahead.

Mr. Acting President, I am concerned that this Chamber is becoming a forum for bad behaviour. I appeal to you in the strongest terms to put your foot down on bad behaved Senators in this Chamber because I am not prepared to tolerate bad behaviour too much longer inside here. I prefer to withdraw from this Senate. I do not want to have anything to do with people who have no manners at all. My mother and father did not bring me up that way and I am not going to mix with uncouth, bad behaved people.

SENATOR Miss M. A. MOTTLEY: Sir, on a point of order. I do not know to whom the Honourable Senator is referring but I know that when a blanket accusation like that is made to Honourable Senators in this Chamber I am one. I am not prepared to have any kind of accusations about uncouthness and bad behaviour recorded against me. I am sure that other Honourable Senators who care and do not wish to have that same reference will take a similar point of order because it emanates....

Mr. ACTING PRESIDENT: Speak for yourself Senator Mottley. Thank you.

SENATOR T. E. BARKER: Mr. Acting President, on a point of order. I would like that statement to be withdrawn.

Mr. ACTING PRESIDENT: Which statement?

SENATOR T. E. BARKER: The statement about uncouth and unmannerly.

Mr. ACTING PRESIDENT: Senator Barker, I am in the Chair and I will rule. You will take your seat. Senator Alleyne you may continue.

SENATOR BARKER: Mr. Acting President...

Mr. ACTING PRESIDENT: I have ruled that you will take your seat, Senator Barker

SENATOR T. E. BARKER: I have not finished my point of order.

Mr. ACTING PRESIDENT: Continue.

SENATOR T. E. BARKER: Sir, that statement reflects on the Members of the Chamber, including myself, especially as I have spoken. It also reflects on the Chair...

Mr. ACTING PRESIDENT: Thank you very much, Senator Barker. I have heard enough.

SENATOR T. E. BARKER: Sir, I am not finished my point of order.

Mr. ACTING PRESIDENT: Senator Barker I have heard enough. I insist that you sit at this point. I will rule that you have had enough. You may continue Senator Alleyne.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, it is a fact that for quite some time Barbados has been confronted with a liquidity problem. By a liquidity problem I mean that for quite a number of years the country has been forced to borrow for balance of payments support. It has been forced to borrow to even out timing differences between the receipt of foreign exchange earnings and expenditure which require foreign exchange. For quite a number of years Barbados has been faced with that liquidity problem.

Within the last two years the problem has changed from being a liquidity problem to being an insolvency problem, insolvency in the sense that the productive sector of the economy today is unable to support the demand for foreign exchange being made on that economy. Whenever an economy reaches that stage a fundamental structural adjustment is required. That is the condition in which the Barbados economy finds itself today.

Mr. Acting President, this structural adjustment which the Barbados economy is grappling with today should have commenced in the early 1980s. In the early 1980s we postponed it. What did we do as a country? The facts are there. We were able to maintain our level of consumption and growth in this country by resort to massive foreign borrowing. The evidence is there. The Government of the day was able to do that because in 1976 Barbados had an insignificant foreign debt, somewhere in the region of about \$50 million. We had the leverage to borrow and the external markets were accommodating. There comes a time when you have borrowed to the point where external creditors will be reluctant to lend further, particularly when that foreign borrowing has not been channelled into directly productive investment which earns foreign exchange. That is the situation with the Barbadian economy.

I am not here this afternoon, the first working day of the week, to indulge in rhetoric. I am not going to do that. The fact of the matter is we have a crisis in the economy. When you have a crisis you have to take action to manage it. It is not going to go away.
3.45 p.m.

An economy in the condition of Barbados has no alternative but to go to the International Monetary

Fund. Those commentators in Barbados who will suggest to Barbadians that you can break off negotiations with the IMF and go elsewhere are deceivers. They attempt to mislead the Barbadian people. In our situation we have to go to the IMF. The IMF is going to examine, and it has examined, the state of the Barbadian economy. When you go to the IMF you are looking for short-term money. In the short-term, when you are dealing with a problem like the one we have, you have to deal with demand because in the short-term you cannot deal with supply. If you are going to reduce the demand for foreign exchange in the short-term it is a basic in economics that you have to deal on the demand side. The only way to deal on the demand side is to reduce the disposable income, the purchasing power of people who can demand goods and services. I know of no other way. How you do it is a matter which is left to the philosophy of the particular Government.

Having gone to the IMF and gotten into this Agreement, the IMF is going to set up with the Government of Barbados what I prefer to call a set of conditionalities which are interlocking in nature. The IMF will say to Government that they require, at the end of a particular quarter, to ensure that net domestic assets in the banking system are at a minimum level and they will stipulate what that level is. I have no doubt that, in the case of Barbados, the IMF has made no such exception. The Letter of Intent which is available to all Honourable Senators will specify that there is a level of net domestic assets which the Government will have to operate so as to make sure that level is achieved by a certain time.

I say all of that to say this, Mr. Acting President, the Government of Barbados has entered into that preliminary Agreement which has not yet gone to the Board to have the final ratification. If the Government of Barbados should go and renegotiate any of the arrangements for severed workers or workers who would receive payments from the Unemployment Benefit Fund, or if it should go and renegotiate with respect to the manufacturers any arrangements it was planning to enter into with the Fund it will stand to reason that to change one aspect of those conditionalities creates a disequilibrium in the case of the others. Therefore there is a need to find some countervailing measures to restore equilibrium. Mr. Acting President, that is what we are dealing with today, measures to restore equilibrium to that Agreement.

I am not going to enter into the worthwhileness or otherwise of that Agreement. The Government has a responsibility to govern. You have one government in a country at a time. It is the responsibility of the Government to enter into negotiations with the International Monetary Fund and work out the best possible Agreement for Barbados.

As Senator Bellamy said, if you change the planned arrangements with respect to severance, with respect to unemployment benefit and with respect to the imposition of duty and taxes on the manufacturers, you have to find other means to restore balance to that Agreement. You cannot have it both ways.

Much has been said this afternoon about slashing the fiscal deficit to 1%. I have to say that those who make the point that slashing the fiscal deficit to 1% is bad economic policy and should never have been done but at the same time say that the country had just over \$11 million in foreign reserves are speaking with forked tongues. I would not like to believe that they do not know what they are talking about.

SENATOR Miss M. A. MOTTLEY: On a point of order, Sir, I believe the Honourable Senator is referring to statements which I made in here and to refer to me as having spoken with forked tongues is to say that I am deliberately misleading the House.

Mr. ACTING PRESIDENT: Senator Mottley...

SENATOR Miss M. A. MOTTLEY: - and I am saying, Sir, on a point of order...

Mr. ACTING PRESIDENT: Senator Mottley I repeat that the Honourable Senator has not named you, therefore you are completely out of order. You may continue...I repeat the Honourable Senator has not named you therefore you will take your seat.

SENATOR Miss M. A. MOTTLEY: Sir, I am on a different point of order.

Mr. ACTING PRESIDENT: Yes, let me hear it.

SENATOR Miss M. A. MOTTLEY: Sir, the Honourable Senator is misleading the Senate to talk about foreign reserves and the fiscal deficit, when \$11 million in foreign reserves relates to foreign reserves and the fiscal deficit refers primarily to Government's domestic position. I am not an economist, Sir.

Mr. ACTING PRESIDENT: Senator Alleyne.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, I am not going to go down a road which leads to nowhere. I recognize that, in terms of economics, the Senator has not even started the ABC. I am not going to deal with Senators at that level just to say that a fiscal deficit has got to be financed and any fiscal deficit has to impact upon the balance of payments and the foreign reserves. That is all I would say.

Asides.

Mr. ACTING PRESIDENT: Senators Mottley and Barker, refrain from interrupting the Senator while he is speaking. You are not on your feet and I will not have those constant interruptions. You may continue, Senator Alleyne.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, I pray that you would take note of the number of interruptions and restore to me the time which I have lost.

I have just to say that the impact of a fiscal deficit is to fuel domestic expenditure. If you did not have the fiscal deficit you would not have had as high a level of expenditure in the public sector. Once that fiscal deficit is there and therefore raises the level of expenditure in the economy, it automatically increases the demand for foreign goods and services. So much for the uninitiated. Senator Barker spoke about the Government needing \$4 million and not \$16 million. If you go and make changes with respect to severance, with respect to the planned arrangements for the manufacturers, with respect to an unemployment benefit, if you go and do all those things, Mr. Acting President, those things cut much more than \$4 million out of the Agreement.

SENATOR T. E. BARKER: On a point of order Mr. Acting President, I was speaking specifically on the concessions to the manufacturing sector. I was not talking about severance.

Mr. ACTING PRESIDENT: Thank you.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, the point I am making is that there are two things about the arrangements relating to the manufacturing sector. One thing which this Bill sets out to do is to find the funds to compensate for the 50% staggering in the imposition of duties and taxes on the manufacturers. My understanding is that it also seeks to find funds to pay for the concessions on severance and unemployment which some Senators here marched in support of. That is my understanding. So to say that Government needs \$4 million is to misunderstand the nature of the problem. I was making the point, Mr. Acting President ...
3.55 p.m.

SENATOR T. E. BARKER: On a point of order, Mr. Acting President, the Honourable Senator, in spite of what I just said is still misleading the House. That \$4 million was only spoken of in reference to the concessions to the manufacturing sector.

Mr. ACTING PRESIDENT: Thank you, you may not continue. You make a point, you do not develop it under a point of order.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of privilege, Mr. Acting President, I do believe in all fairness that a speaker should be allowed to continue his speech.

SENATOR Dr. F. W. ALLEYNE: I was on the point of fiscal deficit earlier and the point I wanted to make at that time is that any fiscal deficit, in a context of very weak foreign reserves, any level of fiscal deficit will aggravate that foreign reserves position. I don't know where some of these people went to school at all. Any level of fiscal deficit in a context of very weak foreign reserves is bound to aggravate the foreign reserves position. I don't understand. Common sense is not very common.

Aside.

Mr. ACTING PRESIDENT: You will not shout across the House, Senator Barker. Senator Barker, if you do not desist from this behaviour I shall not hesitate to invoke some more serious measures within the Senate and I shall certainly do so with regard to your behaviour. Do not mistake my leniency for weakness.

Senator Barker and Senator Mottley, I am addressing both of you. If your behaviour in this Chamber does not improve I shall certainly have to invoke some very serious measures. You see, freedom of speech I value very highly and only because of that have I permitted you to continue so far, but that same freedom can degenerate into licence. It is obvious that the two of you are continuing to behave in a most reprehensible manner and I take very great exception to it. The Senate is not a place to come and show off and show how badly you can behave.

SENATOR Miss M. A. MOTTLEY: Sir, on a point of privilege. I really am very, very interested to know what are the particulars as to my alleged bad behaviour.

Mr. ACTING PRESIDENT: You do not argue with the Chair, Senator Mottley.

SENATOR Miss M. A. MOTTLEY: No, Sir, I am not arguing with the Chair and if that is what you mean by my bad behaviour then I will sit down because I understand therefore the understanding of the Chair.

Mr. ACTING PRESIDENT: Senator Mottley you will take your seat. I have had enough of your nonsense.

SENATOR Miss M. A. MOTTLEY: Sir, I am asking you to particularise how I am infringing the behaviour of this Chamber.

Mr. ACTING PRESIDENT: Senator Mottley I have had enough of your bad behaviour and you will take your seat now.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, the point which I want to make, and I hope it is a point which will be heard, not only by this Government, but by all Governments in Barbados, is whether the level of fiscal deficit should be linked not to GDP but rather to the availability of foreign exchange, because it is in that context that we will determine how sustainable it is.

The other point which I wish to make, and I don't have a lot of time to develop it, Mr. Acting President, is that a lot of comment has been made by Senator Barker about this Agreement. The Agreement which the Government is entering into is projected to last 18 months. It is a short-term stand-by Agreement and all of us and all persons of goodwill in Barbados would hope that we do not have to enter into an extended Fund arrangement and go the road of Jamaica which, for 14 long years, is under the tutelage of the International Monetary Fund.

My own view on this matter is that it is better to do now the rough things we have to do. Sometimes you have to shake an economy and a society to get people to understand that you have to move on.

In Barbados I have no doubt that the twin deficits, fiscal and balance of payments, are unsustainable. You cannot argue that they are unsustainable and then proceed to say you should do nothing about them. That is what is happening in some quarters.

As to Senator Barker, I have great respect for his mathematics. I think he said the Government attempted to raise \$10 million in revenue and ended up raising \$62 million.

SENATOR T. E. BARKER: On a point of order, I don't think I said that. What I did say was the figure in the first Budget was \$1045 million and the figure in the second Budget was \$1061 million and they raised \$62.6 million in taxes. That is what I said.

Mr. ACTING PRESIDENT: Thank you, Senator Barker.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, the record of this Senate will bear me out. That will be my witness. The point about Government over-taxing has been made in this Chamber and outside this Chamber. It has been made by Senator Barker and it has been made by a stranger to this Chamber and the point was made that the Government wanted to raise \$10 million and over-taxed by \$62 million and I am going to lay it to rest now.

SENATOR T. E. BARKER: On a point of order, Mr. Acting President, I certainly do not like to be misquoted. I

never said that. Could you please, Sir, advise the Honourable Senator not to impute words to me that I did not say?

Mr. ACTING PRESIDENT: What did you not say?

SENATOR T. E. BARKER: I did not say that the Government attempted to raise \$10 million and raised \$62 million. I never said that.

Mr. ACTING PRESIDENT: Senator Barker, I think you got up and you made that point before. Alright so you will take your seat now. Thank you. Senator Alleyne, you may continue.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, I read from the statement of proposals made by the Minister of Finance and Economic Affairs on September 17, 1991. What has happened is that some persons who make that allegation against the Minister should try to understand that you cannot use the old figures from the April Budget because the April Budget did not take into consideration the substantial layoffs and cut-backs in expenditure in the public service. Once you do that you have to come with a set of reconstructed estimates of expenditure and you will find those Estimates at Page 29 of this document. Expenditure there is not the figure referred to earlier in this Chamber. If you look at the figure in the reconstructed Estimates you will find it is \$1 097.4 million and revenue is \$1 061.6 million which gives an overall deficit of \$35.8 million. These are the reconstructed Estimates of Revenue and Expenditure and I am submitting, Mr. Acting President, that once you follow through from the reconstructed Estimates you find that they are very consistent with respect to the one per cent of GDP which was projected by the Minister.

The fact of the matter is this, Mr. Acting President, the strategy of the manufacturing sector which was successful in the fifties and sixties and the first half of the nineteen seventies is entirely obsolete.
4.05 p.m.

The whole matter of imposing those Consumption Taxes and Stamp Duties on the manufacturers is more than revenue raising. It is a strategy to change their approach altogether. I would have liked to see more time given to them to do that. But too often the point is lost that the strategy employed is obsolete. I would have liked to see not only more time given, but I would have liked to have seen more assistance given in doing that. But our manufacturers have to get on the world stage. Those who are relying on the domestic market and cannot move on will fall by the wayside. That is how we are going to develop. Some will succeed and others will fail, but those who want to succeed...

Mr. ACTING PRESIDENT: Senator Barker, you will be silent. Proceed.

SENATOR Dr. F. W. ALLEYNE: Those who have the capacity and the willingness to succeed as manufacturers in the same way the Japanese manufacturers have picked themselves up and become the most dynamic manufacturers anywhere in the world have got to learn a lesson from them. We cannot be satisfied in Barbados to sit down and say, "Give us the Barbadian market as a captive market."

Much has been said about this increase in Consumption Tax and the most ridiculous thing that was quoted was that a 2 per cent increase in Consumption Tax generates a 20 per cent in prices.

SENATOR Miss M. A. MOTTLEY: On a point of order, Sir.

Mr. ACTING PRESIDENT: Senator Mottley, first of all, on a point of order, the speaker has to give way first. You just do not jump up and start speaking on a point of order. So please remember that in the future. I shall not permit you to do that again. All right, let me hear your point of order now.

SENATOR Miss M. A. MOTTLEY: Sir, Rule 33(b)...

Mr. ACTING PRESIDENT: I am not asking you for anything else. I am telling you...

SENATOR Miss M. A. MOTTLEY: But, Sir, you do not know what I am about to say.

Mr. ACTING PRESIDENT: You are speaking on a point of order now so you will continue. I do not ask you to read any rules here for me.

SENATOR Miss M. A. MOTTLEY: Sir, I am entitled to speak...

Mr. ACTING PRESIDENT: Go ahead.

SENATOR Miss M. A. MOTTLEY:...in accordance with Rule 33(a), Sir.

Mr. ACTING PRESIDENT: I say that you do not read any rule here for me.

SENATOR Miss M. A. MOTTLEY: I am trying to make a point of order, Sir. The rules are the Standing Orders of the Senate, Sir.

Mr. ACTING PRESIDENT: I have told you, Senator Mottley, only to make your point of order. Go ahead and let me hear it now.

SENATOR Miss M. A. MOTTLEY: I wonder, Sir, if my rights and privileges are not being infringed upon.

Mr. ACTING PRESIDENT: I resent that and you may make your point of order now.

SENATOR Miss M. A. MOTTLEY: The Honourable Senator is misleading the Senate in what I said earlier and I talked about an increase of 2 percentage points having an effect of a 12 per cent increase. I never said an increase of 2 per cent having a 12 per cent effect.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, again I rely on the records of this Senate to bear my witness. I am saying, Mr. Acting President, that nowhere can a two percentage points increase in Consumption Tax generate a 20 per cent increase in the price level. Barbadians would have to be idiots of the highest class to believe that. It is an insult to the intelligence of every Barbadian to get up in this Senate and say that.

A lot has been said about the Central Bank and a word used was "incompetent". I do not hold a brief for anybody in the Central Bank of Barbados. But I make bold to say that in the Central Bank of Barbados we have a collection of some of the most competent technocrats anywhere in Barbados.

SENATOR Miss M. A. MOTTLEY: Sir, on a point of order. The Honourable Senator is misleading the House. A 2 percentage increase on 13 per cent, Sir, alone is a 15 per cent increase and I said 12 to 20 per cent. So he is misleading the House when he said that it is not possible. If he wants the benefit of a calculator, he can have it.

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

Mr. ACTING PRESIDENT: Senator Mottley, that is totally unnecessary. Senator Clarke, you may speak on a point of order.

SENATOR THE HON. Dr. C. D. CLARKE: Sir, I thought that I was following the debate rather carefully and I, too, quenched when I heard the 2 percentage points increase in the consumption tax leading to a 20 per cent increase in the cost of living. It was not a 20 per cent increase as I heard it and I was very much awake...

Aside.

Mr. ACTING PRESIDENT: Senators Mottley and Barker, you will be silent.

SENATOR THE HON. Dr. C. D. CLARKE: It was not a 20 per cent increase in the consumption tax. That was not stated. What was stated, and nothing is wrong with my memory, was that the 2 percentage points would lead to a 20 per cent in the cost of living or something like it, which is not correct. It cannot be correct.

Mr. ACTING PRESIDENT: Thank you. Senator Alleyne.

SENATOR Dr. F. W. ALLEYNE: Mr. Acting President, I understand why I am being interrupted by the Opposition. I understand quite well, very well. They cannot get through my concentration. A lot has been said about the Central Bank of Barbados and I am proud of the Central Bank. There you have the best technocrats and the best trained people in this country.

Somebody made the comment about some of them being incompetent. It would be a strange place if you have so many people in the Central Bank with such high standards and, given the high standards there, somebody does not measure up. I would say this. I challenge anybody to bring any large collection of public officers to Barbados from anywhere else and prove to me that they can surpass the Central Bank's staff. I know the Central Bank has faithfully discharged duty to this country. A lot of things have been said about the people in the Central Bank and its directors, but I know that history will absolve all of us. I also, Mr. Acting President, know that the same tongue that praises is the same tongue which abuses and the people in the Central Bank can feel satisfied.

Senator Mottley spoke about the dangers of retroactivity in law. I do not have any difficulty with this Bill, because I am interested in seeing a Letter of Intent signed and the Government of Barbados having access to those funds so that we can carry on our business. I am not interested in fighting with anybody. I want, when people take sick in Barbados, to have their medicine here. I want to have food on the shelves. I want the essential supplies available to Barbados. That is my interest as a Barbadian.

I say, Mr. Acting President, that I support this retroactivity. I regret there was no retroactivity in the Rate of Interest Act for the Trade Confirmers case to make many of those people who took the poor people's money put it back. If the Government brings a Bill tonight to amend the Rate of Interest Act and backdate it to deal with Trade Confirmers, I would support it 100 per cent.

Mr. Acting President, when all the talk is finished, the serious business of managing this programme has to be done. It is very important that Government complete these matters as soon as possible and put in place and assemble them from wherever you can get them. Pull them from the

public sector or private sector and the university. Pull out a team of competent technocrats to oversee the implementation of this Agreement and the structural adjustment programme. I think that is absolutely necessary and will be supported by all of us who have the interest of Barbados at heart.

The last thing I want to say is that I believe, at this time, we have to take a radically different approach with respect to our management of fiscal matters. I believe, with respect to the departments of Government, that the funds in their annual vote should be reviewed on a quarterly basis. Where any Department overspends in one quarter that overspending should be netted out of the allocation for the next quarter. This business that, when as you come to the last quarter, you go and spend whatever is in the Budget, because you fear what happens if you do not spend it, that has to be cut out. We are in a new ball game, Mr. Acting President. We need new rules. We need to have players with a different outlook.

Mr. Acting President, in a crisis, you do not equivocate. Now is the time to act. I fully support this Bill before this House, Mr. Acting President.
4.15 p.m.

SENATOR Mrs. V. C. FRASER: Thank you very much, Mr. Acting President. A lot that I wanted to say has been said already. In this whole area I should like to look at a few things that have become part and parcel in my listening to many misunderstandings which have been going around this country. When it comes to the situation with the manufacturing sector in this country, I agree with Senator Alleyne that there has to be a new type of strategy. Many people believe that, as long as they get some product and they put it in a bottle, that is manufacturing. I don't think we should just be creating packaging plants in this country. We have to look seriously at what we really want to create from scratch from the indigenous raw materials that we have, whether it be food or whether it be materials for handicrafts. I am not saying that there are certain industries that I would not like to see here. I believe that one day we should be able to assemble cars and make the components of various machines. I should like to see people coming from the Polytechnic being able to make these various parts so that when people need the parts, whether for industrial machines or otherwise, they will be able to make them and save us valuable foreign exchange. I have seen a number of things on display at exhibitions, but where do we go from there? Making one or two is not creating a business. I feel that a number of these people should be trained in managing a business of that sort if they have definite skills. This is the area that we need to look at very seriously.

One area that has been causing this country great concern is the wild spending spree that people in this

country went on. There is absolutely no doubt about it. They were able in Barbados to get more foreign exchange than anybody in the Caribbean region and even in Africa. I recall that, when I went to do a study at TUF's University, some of the Africans had US\$20 and not another cent. I am not saying that I would like to see us reach that stage, but they had to wait until they got to America to get other money, whereas some of us from this part of the world could have access to a few hundred dollars.

People were going off on these shopping sprees on weekends to Venezuela and other areas using foreign exchange and were spending and buying all sorts of foolishness that was not necessary. When I say this, I mean that I see people now at the flea markets at Sheraton trying to get sell all the old, stupid things they had. This is really absolutely ridiculous. They are now trying to get back some of the money they tied up in buying unnecessary items like potpourri and all those sorts of things.

It is very easy for people to stand on the outside and talk, Mr. Acting President, but if your child lacks nourishment, I think you will go out there and try to get some nourishment for that child. If the child needs an injection, and that is included as part of the nourishment, you have to get that so that the child gets better. I do not understand why so many people are saying that about there is no need for the Government of Barbados to borrow money, that there is no need for an IMF package and no need for anything.

Yet, on the other hand, they are trying to scandalise this country by saying that people here are hungry and starving. I think it is time Barbadians stop this nonsense. They are carrying it abroad and people are believing that we have a lot of hungry people walking about the streets either eating out of stuff bins or begging. It is a disgrace to go to another country and find Barbadians there asking you what is happening here. Every time they listen to news they can hear that Barbadians have gotten into a mess and they are so hungry. They heard on the call-in programme that somebody didn't eat for two nights. This has to stop. If we are talking about loyalty to our country and about keeping tourism going, then we must not show people that we are a bunch of rabble rousers out there trying to break down everything that our forefathers built. That in itself is a disgrace.

A country has to pass through, like human beings, some situation of difficulty. I think we all need to settle our differences and work towards the common good of this country. Japan was bombed and the people didn't sit down and say that they are going to wait for somebody to bring anything. They said that they would rebuild Japan and they began to rebuild. Today, they have passed and outstripped

everybody else because they were conscientious and loyal to their country. So, it behoves us as Barbadians. We must stop this nonsense of trying to scandalise our own country and our institutions, discredit our public officers and our Government, the Cabinet and all the people in the private sector who are trying their best, some very conscientious people in the private sector who are trying their best. There are some other groups of people who would like to see this country destroyed. I want to ask a question today. What help would it be for you to look at your country destroyed? It is time for us to put our common sense and knowledge wherever we can to help uplift this country. We should be advising people. If we don't want to advise them face to face we should write letters. I do not believe the Prime Minister has ever shown disrespect to anybody's letter. He will read it. Everybody has that course they can take rather than getting around all sorts of fora and talking a lot of nonsense. It is time for us to get together in groups, whether agricultural or not, and put up some proposals.

Mr. Acting President, I have a book here in my hand which is a document and if you wish I can make it a document of this Senate. In 1982, the National Organisation of Women...

Mr. ACTING PRESIDENT: What are you quoting from?

SENATOR Mrs. V. C. FRASER: I am quoting from the grand conference of Operation Outreach held at the Barbados Hilton Hotel on Saturday March 13, 1982 - the Resolution.

Mr. ACTING PRESIDENT: All right. You will have to make it a document.

SENATOR Mrs. V. C. FRASER: I am quite prepared to, Sir. Under No. 2 of Agriculture, we had a resolution here:

"Whereas the food import bill of Barbados has reached the alarming proportions [and this is what the women of Barbados thought] of \$156 million approximately, and,

Whereas the importance of any small developing country to assist in feeding itself cannot be overemphasised and,

Whereas there is need for a complete change of attitudes to agriculture and foods produced locally,

Be it resolved that this Conference urges Government to conduct a sustained promotional and public relations programme on agriculture thus trying to

make it attractive for all people especially the youth of our country."

This was in 1982. Nobody replied to the National Organisation of Women. I am very surprised when I hear it said that people were calling for this and that and they were doing this and that. At that time, people said they were champions of women but none of these 35 resolutions was ever responded to and they were in all areas. I will not detain this Honourable Chamber by trying to read some of the others. I know many people I could pass it around to so that they will be able to read it or get extracts, but since I am making it a document of the House I will have to leave it here.

4.25 p.m.

Mr. Acting President, what I am telling you is not that people were not asking Governments before to do a number of things to help develop this country. They were asking people to try to hold on to the foreign exchange, to try to make more, look at simple things they could do to bring foreign exchange into this country. The call was not heeded. In the same way, with things like small items for tourists we were asking them the same thing, to look at the high import bill of tourist items, souvenirs, and do something about it. No call was heeded through the Department of Women's Affairs or anything like that. The book is here to prove it and the evidence is here. It is very clear. We had Ministers present at that particular conference. There were many other things that people had been talking about in this country.

Furthermore, Mr. Acting President, the food import bill is now \$250 million, that tells you, from \$156 million when we were begging people to be cognisant of the fact. We had a Prices Commission then, just before that. Officers were able to go into these various garages and look at parts to see what parts were being brought down in order to service the machines, cars or whatever. However, that was not heeded. It meant you were going down and down as far as your foreign exchange was concerned. On the other hand you were not bringing in any and yet people are saying that we should not do anything to help.

I heard one member of this community who is very highly placed going around telling people in my presence not to pay their taxes. I think we are at a great disadvantage when we have spent our taxes on those people, put them through school and university, and all the contribution they have to make is a negative one. I am really shocked at the type of negative contributions that are being made in a society like Barbados which is known to be an educated society.

People from Trinidad have been asking me what has happened or what is going on in Barbados. They said they

went through a crisis in Trinidad. They have a 15% VAT tax. They do not get severance payment and they are not disgruntled. They are doing their best to see that their country gets back on even keel. They are not accustomed to Barbadians behaving like that. That is what they are saying. When they come here on holiday they want to know what is all the fuss. They see people shopping in the supermarkets. They see them in Bridgetown buying up curtains for Christmas and yet they are hearing on the call-in programmes that all these people are begging. They are trying to find out where the beggars are.

Barbadians have learnt. I think many of these people who say they are speaking for the poor people, had better ask the poor people to come and speak for themselves, because many of the poor people out there do not want anybody to speak for them and tell anybody that they are hungry. They are very annoyed about that. They are very proud people and when you tell them about this organisation and the next that is being started for the poor they are very annoyed. I want to tell you that, because some of them have told me to tell people that they have understood years ago how to cut and contrive. It is not those people who are making the fuss and the noise, the copers in this society who have coped with raising five and six children. They know how to budget. But it is those people who do not know how to budget, who are working for ten times what their parents worked for, and are trying to confuse this society, to say that the Prime Minister is an evil man, he should resign and probably has all the vindictive forces in him.

The Prime Minister is one of our soil. He is one of our scholars. I do not understand why we want to push down our people and promote other people that come from over and away. As soon as they speak we go out and say that whatever they are saying is right. I have told you so. Barbadians have gone through crises. They have been able to think. They have been able to spread their little cake evenly among their families. They are known to do this, not only in Barbados. You go to England or you go to Brooklyn you see they take in their families. They help them. They comfort them.

We do not have a society where people do not give anybody anything and do not have a caring face. I do not know of any Member of the Government who would not care deeply about somebody who is really hungry. So to say that the Government does not have a caring face... if a Government wants you to be stupid it will never give you free secondary education. Many people do not like to hear us say that but it is a fact. That is a caring Government which cares for children from the womb to the tomb and understands that poor people in this country would have a serious problem with their children when it comes to educating them in this day and age. The Government has therefore made that provision.

The textbook scheme is another serious one. With National Insurance benefits, where before the women used to have a child in the cane field, they now can go home and relax themselves and get benefits. A caring Government does that. So for anybody to make that statement that we have an uncaring Government they will have to understand that this Government cares for them. Because somebody does not do the things you want them to do does not mean that they do not care for you. Most of you in here have children and because you tell your children that to go down the road is wrong, are they going to tell you that you do not care for them? You care for them because you do not want them to get into further trouble.

The Government had to take these measures to show Barbadians they care. We want to put this country back on even keel. We would never like to see us going to an IMF ever again in our lives. The only way we can do it is if every Barbadian produces, whatever we are doing produce. Whatever area of activity you are in, try to make things work. Stop complaining. It is foolishness. Our parents went through some rough times. They did not have a welfare system as we have today to get uniforms, books etc. We had to pay school fees. We are happy now to see the approach Government has taken.

If you want this to continue for your children and your children's children, you have to get up now and do all in your power to make this work. Whether you like it or not, whether you call for resignations or not, is not going to make any sense. The quicker we get this Letter off, the quicker we get it signed. The quicker we start to work and the quicker we get funding in here for agriculture and all the productive sectors, the better.

My message for those people out there trying to create confusion in this society is to let Christ be in their Christmas and they will think more about the country in which they live. Everybody is refusing to take in immigrants these days. We do not have England, the great mother country, and America. Let them understand that. They are sending back people to their own countries of origin in this Region. So do not think a whole set of people from Barbados can get on a boat and go anywhere. You have to stay here. If you have to stay here make up your mind. Pray to the Lord Almighty. Those of you who never trusted in him before will have to trust in him now because he is one person that will never leave you nor forsake you.

I commend to you, my fellow Members of this Senate, that we go forward as the disciples for good. Go out there and when we hear things being said that we know are wrong, let us try to correct the persons. Let them know they are going wrong. As I said, if you cannot call in to a programme, you can write a letter so nobody will know who it is.

Mr. ACTING PRESIDENT: All right. Let it be relevant.

SENATOR Mrs. V. C. FRASER: Thank you very much, Mr. Acting President. I want to say that we look forward, as Barbadians we are looking forward, and I am going to do all that is in my power to see that Barbados gets back on even keel.

Thank you.
4.35 p.m.

Mr. ACTING PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: Thank you, Mr. Acting President. In rising to wind up the debate on the Second Reading of this Bill, there are a few questions and issues which have been raised which I should like to address from. I believe it was Senator Barker and Senator Mottley. I think Senator Mottley can be excused because she was not in her place when the debate started neither was she there to hear the response to it. While she may, therefore, be excused on such grounds, I do not see how Senator Barker could be excused when in my opening statement, – and I was reading at that point in time and with your permission, Mr. Acting President, I will read it again – I said:

"This Bill is a revenue raising Bill which was designed to compensate for the estimated revenue loss because of the concessions being granted to the manufacturing sector, among other things."

To compensate, since that might present some difficulty for those not too familiar with the language, I will say that \$10 million would come from the specific measure, the Companies Stabilization Tax, the five percent on the insurable earnings and an additional four percent from the two percent which has been imposed by the consumption tax which is \$14 million.

What is happening here – and there is quite a bit of information being disseminated – is that it is not an additional measure, it is the substitution of one measure for another to give relief to a group. It is not an attempt to raised additional revenues. It is a substitution. I want this to be made abundantly clear because there is an attempt, I am sure that Honourable Members understand, some Honourable Members who will prefer to distort straightforward information for their own benefit.

On the question of the manufacturing sector, as the Minister with responsibility for the manufacturing sector, efforts are being made to ensure that 100% concessions will be granted to those companies who export 100%,

concessions for those imported inputs used in the manufacture of the exports, that is if you are exporting 100% of your product, the concessions remain 100% in force. If you are exporting 50% of your output, you will get concessions to the tune of 50% of your inputs. We are into, and I think Senator Alleyne touched on this point, a structural adjustment. It means that, if you want to restructure the economy, you have to find new ways of doing old things or find new products altogether. Import substitution served us well but cannot sustain us at the standard of living we have now reached. We must explore the external markets and push on.

When I talked about intellectual integrity, the \$1 000 was Senator Barker's example of the rental subsidy. I want to be clear about the rental subsidy at IDC. It was made quite clear, it was spelt out in the Letter, that this could be removed at any point in time, given the excellent policy of the Government. The beneficiaries recognize that it was a measure which was not permanent, should not be relied upon to be there all along and could be withdrawn at any point in time. But Senator Barker went out of his way and I did not expect him to try to play games with this Chamber when he used the example of if the rents were \$4 000 a month and you had a rebate of \$1 000 that is a 25% decrease, hence you will now pay \$3 000. But if you carried it up now by \$1 000 to 33 $\frac{1}{3}$ % increase, you are paying the same \$1 000 that was granted. If you want to clarify this is the sort of example. You say it is \$1 000 one way or the other.

Mr. ACTING PRESIDENT: Please address the Chair.

SENATOR THE HON. Dr. C. D. CLARKE: I am addressing the Chair, Mr. Acting President. I am sorry, Sir. But I am addressing you, Mr. Acting President. That is what I consider to be mental gymnastics. It is not fair for serious people....

SENATOR T. E. BARKER: On a point of order, Sir, I hope, Sir, that the Honourable Senator is not questioning my arithmetic. I still stand by the reason that that resolution had a 33 $\frac{1}{3}$ % increase. That is all I said. I hope he is not challenging that arithmetic.

SENATOR THE HON. Dr. C. D. CLARKE: I agree with the arithmetic but I was past that stage. I was talking about the mental gymnastics. The reduction of \$1 000 going from \$4 000 to \$3 000 and going from \$3 000 to \$4 000 is the same \$1 000 because of the inherent prejudice. You, as a mathematician, I expected to enlighten the Chamber, to talk about the inherent prejudices within statistics. I am sure you are aware of them.

Senator Bellamy talked about requesting Government to undertake an analysis of other CARICOM countries and look at our rate of taxation. I have said in this Chamber,

and I said it back at the time of the Appropriation Bill, that plans are underway even now to revise the tax structure which will take into consideration all the imposts, whether consumption taxes or import duties. We recognize that there has been a shift in the country over from direct taxation to indirect taxation with a consequent shift in the incidence of the taxes of different sectors of the economy.

I do not want to touch on the whole question of the legal limits of the Government's overdraft because I have my own views about this. The legal limit is established. It has been increased from 10% to 17 $\frac{1}{2}$ %. I agree it is the law and if it is the law we should do our best to let it stay below the limit. However laws are made for man and not man for laws. I am sure that when it comes to the point where you either get your salary or you do not get it, if it means violating that law then, of course, the answer is clear. It is all right for certain Senators like Senators on the hill to get their cheques in their pocket and then say to other people who might be casual workers, let us adhere to the law.

Furthermore, as a country moves from the Currency Board to a Central Bank, it is almost an anachronism to adhere to any sort of limits imposed on yourself. The limit should be what you want your country to develop, how you want it to develop and along what lines you want it to develop. You must admit, Mr. Acting President, that any limit must be in and of itself artificial. There cannot be any reason for it. Once you have made the determination to move from Currency Board to Central Bank, where you move from a fixed relationship between exports and the amount of currency you have *vis-a-vis* discretionary creation of money to talk about a limit that, of course, is inconsistent with the whole concept of discretionary money management. There are some of us who still like to have one foot in the old camp. Some of us will still be happy if we had the colonial thing. Anyhow, that is another matter and I have no intention of going into that.

On the question of not cutting into wages and salaries which Senator Barker advanced I believe that we should look at goods and services and by so doing we can retain the human face and save jobs. There are two points here. The first point is that goods and services in themselves did not have a demand for other goods and services and hence leakage into foreign exchange. But of even greater import is that for each individual you employ there is a minimum level of goods and services with which that individual must work so it is total and utter nonsense to argue that you can cut below some critical point the goods and services and still maintain ...

4.45 p.m.

SENATOR T. E. BARKER: I hate to interrupt you, Senator Clarke. I was not talking about the quantity

of goods. I was just talking about what you pay for. We have to make sure that we get the goods and services at the cheapest and most reasonable prices. That is the point I was making.

SENATOR THE HON. Dr. C. D. CLARKE: So we still cannot maintain a certain level. As soon as you start reducing goods and services below a critical level you have to cut people in order to ensure that the relationships continue to be maintained.

I believe Senator Alleyne sought as best as he could to educate the two Senators from the other side over there in connection with the problem of a deficit on current account finding its way into the external sector and hence destabilising the balance of payments and adversely affecting our foreign reserves position.

As a truism, all fiscal deficits, Mr. Acting President, are expansionary. They increase the demand for goods and services and to the extent that part of the goods demanded will be imported, and in Barbados the margin propensity for imports is about 80 per cent, it is clear, and we can conclude, Mr. Acting President, that 70 per cent at the margin of each dollar, because of that deficit, will be leaked into imports and as a consequence ...

Asides.

SENATOR THE HON. Dr. C. D. CLARKE: This is economics 101, you know. You get past this in the first course.

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

The question was put and resolved in the affirmative without division.

On the separate motions of SENATOR THE HON. Dr. C. D. CLARKE the Bill was read a third time and passed and cited as the Companies Stabilisation Tax Act 1991.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President that concludes the single item on the Order Paper for today and I beg to move that this Senate be adjourned *sine die*.

The question was put to the Senate and agreed to and Mr. ACTING PRESIDENT adjourned the Senate accordingly.
4.50 p.m.

CONTENTS

MESSAGES FROM HER EXCELLENCY THE GOVERNOR-GENERAL

Mr. ACTING PRESIDENT 460

Message No. 3/1991 informing the Senate of the absence of Her Excellency the Governor-General during the period 30th November to 9th December, 1991 and that the Hon. Sir Denys Williams was designated to be Governor-General's Deputy during the period of her absence.

OBITUARY SPEECHES RE THE LATE C. ASQUITH PHILLIPS..... 460

Senator A. Morrison, 460; Senator Mrs. V. C. Fraser, 462; Senator T. E. Barker, 462; Senator the Hon. L. V. H. Lewis, 462; Senator the Rev. Canon J. L. Springer, 463; Mr. Acting President, 463.

PRESENTATION OF PAPERS

SENATOR THE HON. L. V. H. LEWIS 463

1. The National Insurance and Social Security (Collection of Contributions) (Amendment) (No. 2) Regulations, 1991.
2. The Calculation of Severance Payments (Maximum Basic Pay) Order, 1991.
3. The Consumption Tax Order, 1991.
4. The Consumption Tax (No. 2) Order, 1991.

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. L. V. H. LEWIS 463

INTRODUCTION OF BILLS

SENATOR THE HON. DR. C. D. CLARKE 463

PUBLIC BUSINESS

THE COMPANIES STABILISATION TAX BILL, 1991 463

Senator the Hon. Dr. C. D. Clarke, 463, 486, 487, 488; Senator T. E. Barker, 465, 467, 468, 469, 470; Senator Miss M. A. Mottley, 469, 470, 474, 475, 477; Senator J. G. Bellamy, 471; Senator J. A. F. Cole, 473; Senator Dr. F. W. Alleyne, 477, 478, 479, 480, 481, 482, 483; Senator Mrs. V. C. Fraser, 483, 484, 486.

ADJOURNMENT..... 488

Senator the Hon. L. V. H. Lewis, 488.

SPEAKERS IN THIS ISSUE

ALLEYNE, Senator Dr. F. W.
BARKER, Senator T. E.
BELLAMY, Senator J. G.
CLARKE, Senator the Hon. Dr. C. D.
COLE, Senator J. A. F.
FRASER, Senator Mrs. V. C.
JORDAN, His Hon. Senator M. deL.
LEWIS, Senator the Hon. L. V. H.
MORRISON, Senator A.
MOTTLEY, Senator Miss. M. A.
SPRINGER, Senator the Rev. Canon J. L.