
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1991 - 96

THE SENATE

Wednesday, July 31, 1991

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, July 31, 1991, at 11.20 a.m.

PRESENT

His Honour Senator M. deL. JORDAN, (Acting 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 Miss Y. V. WALKES;

Senator Mrs. M. BARKER-WELCH;

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

Senator W. Leroy INNISS;

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 Senator the Rev. Canon J. L. Springer.

Mr. ACTING PRESIDENT: The Senate is in session.

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President, I beg to move that Standing Order 45(2) be

suspended to allow us to deal with two Bills that are before us on the revised Order Paper for today's sitting.

The question was put to the Senate and agreed to.

APPOINTMENT OF ACTING DEPUTY PRESIDENT

SENATOR THE HON. L. V. H. LEWIS: I also beg to move that the Senate approve of the appointment of Senator Amory Phillips to act as Deputy President for the duration of today's sitting.

The question was put to the Senate and agreed to.

FIRST READINGS OF BILLS

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President, I beg to move the First Reading of a Bill to amend the Consumption Tax Act, Cap. 63; also, the First Reading of the Stabilisation Tax Bill, 1991.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

ORDER NO. 1 - RESOLUTION TO APPROVE THE VESTING IN THE NATIONAL HOUSING CORPORATION OF LAND AT PIPERS AVENUE, LODGE HILL, ST. MICHAEL TO BE DEVELOPED FOR HOUSING PURPOSES

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President, the Resolution before this Honourable Senate seeks approval for the vesting of 9,288 square metres of Crown lands at Pipers Avenue, Lodge Hill, St. Michael in the National Housing Corporation. This vesting will permit the National Housing Corporation to develop the land and to issue conveyances to purchasers in respect of individual lots of land in this area.

The land in question was acquired by the Crown in its right of Government in December of 1990 and the land is within an area designated for residential development in the revised Physical Development Plan. The area in question is abutting and bounding on lands on the south, east and west which are already in residential use. It is estimated that the area will provide some 18 additional house lots, and infrastructural facilities such as roads, drainage, water and electricity will be installed prior to the sale of those lots to the potential home owners.

The sites and services programme which is contemplated for Pipers Avenue is just one of several to be undertaken by the National Housing Corporation during the course of this financial year and it fits in with Government's overall goal for housing to ensure that there is an adequate supply of good quality housing for all Barbadians.

The Ministry of Housing and Lands is committed – indeed the Government is committed – to the continued provision of serviced lots under the sites and services programme which is administered by the National Housing Corporation.

I therefore beg to move that the Resolution be passed.

SENATOR T. E. BARKER: Mr. Acting President, I still wonder why it is that this property was acquired in December of last year and now we are faced with a Resolution to vest it in the National Housing Corporation. I wonder if it is possible that the vesting could be done at the same time the land is being acquired to save the Chamber having to go over the same thing more or less twice.

Be that as it may, I am glad that the Government is at last moving on the sites and services programme. This is something we have been talking about for the longest time. We know that this Government has a habit of being reactive; so we are glad that in the six months we were here at least we got them to do something as far as the sites and services programme goes, even although we note in the Estimates there was a cut in the funds available for the sites and services.

We note from the Minister that there will be 18 house lots and they are going to be sold to persons presumably to build houses. I was a bit distressed when I saw in today's newspaper that there is a severe downturn in house construction.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, I think the Senator is introducing something into the debate. If the Senator would make the document from which he is quoting a document of the House...

SENATOR T. E. BARKER: I just saw something in the paper which quoted managers of construction firms as stating that there is a construction downturn, and even the Government's publications...

11.30 a.m.

Mr. ACTING PRESIDENT: You saw something in the paper you said. In which paper? May we have a copy of the report?

SENATOR T. E. BARKER: I am sure that we can get a copy of the paper.

Mr. ACTING PRESIDENT: No. It is not our responsibility. In which paper, is this?

SENATOR T. E. BARKER: The Daily Nation.

Mr. ACTING PRESIDENT: Oh, I see. Well, if you could provide us with a copy.

SENATOR T. E. BARKER: It was at the back page.

Mr. ACTING PRESIDENT: It is your responsibility. If you will provide us... If not, you may proceed.

SENATOR T. E. BARKER: I will abide by your ruling. Nevertheless, the Government's publication – Economic Reports – speaks of a downturn in the construction industry. So, we don't need a paper to tell us what the Government has already told us in their official publication that there is a downturn in the construction industry to the extent that a lot of people who could qualify for mortgages, because of uncertain economic conditions and because of the fact that there is a credit squeeze on and the prices in the building sector are increasing... We just saw that cement has gone up over \$2.40 per bag; these costs are impacting severely on the ability of Barbadians to build their own homes.

Certain remarks made by Senator T. E. Barker were ordered to be expunged from the record by Mr. Acting President.

SENATOR T. E. BARKER: I can well remember in the mid eighties after the Barbados Labour Party had a standby agreement with the IMF that the late Prime Minister, Errol Barrow, talked about the repatriation of the Constitution from Washington. Nevertheless ...

Mr. ACTING PRESIDENT: Senator Barker, will you tell me the relevance between that and the passing of a resolution to approve the vesting in the National Housing Corporation of land at Lodge Hill? I see no relevance. Will you please confine yourself to the matter at hand.

SENATOR T. E. BARKER: I will not be sidetracked into that aspect, Sir. I want to get back on housing

construction, and I want to call upon Government to look again at the various taxes levied on building materials – consumption taxes, stamp duties and other import duties – to bring about, if feasible, and when circumstances allow it, a reduction in the price of building materials so that ordinary Barbadians will again have the opportunity and the ability to provide their own housing. It is crucial because I, like all of us in here, am not satisfied with the standard of housing in Barbados. While we see vast improvements, there are still too many of our people who are living in houses which can be considered to be below standard. I am calling upon Government to do what it can to reduce taxes on building materials.

Another thing, I would caution Government against increasing mortgage interest rates because we know that, especially among middle-income people, mortgage repayments are a substantial portion of their monthly expenditures. Any increase in mortgage interest rates is going to have a severe effect, not only on those who already have mortgages but on those who are about to come into the mortgage market. I would caution Government against increasing mortgage interest rates when they come to negotiate the structural adjustment programme which they say they are in the process of negotiating. I cannot stress how important housing is for the ordinary Barbadian. Any increase in the mortgage rates will cause severe hardship on our people and will further reduce their ability to provide housing for themselves and their families. It is all well for us in here, Sir, to approve this Resolution, and, no doubt, the lots will be sold around the country, but when it comes to the actual building of the houses, this is where I argue that Government can introduce measures to alleviate hardships in this area.

With those few words, we support this Resolution vesting this land in the National Housing Corporation.

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President, it is a pity that the Senator does not admit that he is fully aware that the Sites and Services Programme is a continuing programme. It was never stopped. I am sure the Honourable Senator knows that well. It may not be proceeding at the pace he would like.

SENATOR T. E. BARKER: On a point of order, Mr. Acting President, I never said that it was stopped. What I said was that the money voted for it was reduced.

SENATOR THE HON. L. V. H. LEWIS: Before the comment about the money was reduced the Honourable Senator did in fact refer to the fact that he was glad that Government had started it up again. I don't know how you can start up something when you had not stopped. Maybe I don't understand. However, the fact is that it is a continuing programme and both Governments in the last 15 to 20 years have subscribed to the idea of a Sites and Services Programme because whichever Government is in

power it seeks to try to do the best for the benefit of the citizens of this country. We are fortunate in this respect. You can say that on individual platforms but not for everybody, because all of us are not the same.

However, Mr. Acting President, the point made about trying to deal with acquisition and land-vesting, at the same time, Government would certainly be able to save money, time and effort if it was possible to complete both of these exercises at the same time. However, and this may be unfortunate, it is not possible to complete an acquisition until the Governor-General has assented to the Resolution, and in fact signed the Resolution. It is not possible to commence vesting until the land acquisition is fully completed. In fact, I am aware that the Attorney-General has been asked to see what are the possibilities of having the Law amended to determine whether this may be possible, but it may well provide a very dangerous escape. So, for the time being, we have to go through the full motions of the acquisition and whatever comes after it before we can proceed with the vesting.

I beg to move that the Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 2 – RESOLUTION DISPOSING APPROX. 232 SQ. M. OF LAND ETC. AT RETREAT ROAD, CONNELL TOWN, ST. PETER TO THE CONNELL TOWN PENTECOSTAL HOUSE OF PRAYER INC.

SENATOR THE HON. L. V. H. LEWIS: The purpose of this Resolution, Mr. Acting President, is to dispose of some 232 square metres of land and the remains of a disused public convenience situated at Retreat Road, Connell Town, St. Peter by way of sale to the Connell Town Pentecostal House of Prayer Inc. for a sum of \$3,000. The Connell Town Pentecostal House of Prayer proposes to construct a building on the property for use as a church.

11.40 a.m.

They presently occupy lands adjoining this existing public convenience. The Ministry of Housing has been advised that the land on which the Church is presently sited has a new owner who wishes to take possession of the land. It is absolutely necessary that the Church be resited.

Members of this Honourable Senate would be aware that over a period of time Government has brought Resolutions to this Honourable Senate and to the Other Place seeking permission to dispose of lands on which there had been sited previously public conveniences which are now in disuse. It is felt because of the community work which is being done by this Church that the offer of \$3 000 by the Church should be accepted, notwithstanding the fact that another bidder had indicated a willingness to pay a somewhat higher price. The Chief Town Planning

Department was consulted and no objection was given to the erection of a church on the site of the disused public convenience. This Resolution seeks to give effect to the wish of Government to dispose of the property by way of sale.

I beg to move that this Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 3 – CONSUMPTION TAX (AMENDMENT) BILL, 1991

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Deputy President, the measure before us today is part of the tidying up process arising out of the Financial and Budgetary Proposals, 1991. At the time the Minister of Finance and Economic Affairs stated:—

"Last year, I removed the Import Duty and Consumption Tax on computers and software in an effort to promote the use of computers in businesses and to encourage individuals to improve their skills in this area. On this occasion I will remove the Import Duty and Consumption Tax on parts so that whether the computer is imported assembled or in parts, it will not attract Import Duty or Consumption Tax. Also, spare parts will be free of those imposts. These changes are to correct certain anomalies in the present situation and they take immediate effect.

During my recent discussions with members of the manufacturing community, it was drawn to my attention that there are a number of small matters that inhibit the rapid expansion of the export sector and immediate steps will be taken to resolve those problems.

In an effort to assist the development of our pharmaceutical industry, I have decided to remove the Consumption Tax on packaging materials for use in that industry and in all other manufacturing activities with immediate effect."

It is clear that this was an attempt during the Financial Statement and Budgetary Proposals this year to recognise the importance of the informatics industry and to grant assistance to Barbadians so that they can become more familiar with the equipment and the software generally used in that industry. I am happy to report that this year we have seen two major expansions within the informatics industry, one taking place at CDS Ltd., on the Harbour Road and the other at Donnelly. It is my firm opinion that the informatics industry is a fast growing industry and is one of the industries in which Barbados can look in the future to earning significant levels of foreign exchange and also for the employment of people.

In addition it is recognised that as we seek to attract clean industries to Barbados that the pharmaceutical industry, although it is in its infancy, has been making some contribution to the foreign earnings of Barbados. As a matter of fact, one company has exported, by no means large volumes, but some of its products as far afield as the Persian Gulf. It is our hope that in the future we will be able to research and develop our industries, especially in pharmaceuticals in the country.

The net effect of this measure in particular is to enhance and create a more conducive environment for the export sector. That is one of the informatics industry and the other not only in the pharmaceuticals but other areas of manufacturing because packaging materials have been removed from all exports.

There is one effect that I need to highlight at this point. The consumption tax by its reduction also represented a further reduction in the estimated revenues of Government. The net effect of that would be to further widen the deficit between Government's revenues and Government expenditure. It was hoped at the time that these sectors would, over time, remedy the initial setback in that area. As we discuss the other measure also arising out of the Budgetary Proposals I shall have more to say on this matter. At this time we should recognise that the Consumption Tax Act is being amended to give additional incentives to industries, especially the informatics industry and also manufacturing in terms of a reduction of imposts on packaging material.

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

SENATOR T. E. BARKER: Mr. Deputy President, we are glad that Government has bowed to public demand and modified the consumption tax on computer parts. We on this side have no quarrel with this Resolution. I am sure that all of us who use computers are glad that the position is there where we can import our computers. We are glad that for knock-down computers because a lot of people import the parts and assemble them here that they are now able to resume their business in this area.
11.50 a.m.

However, Sir, the stamp duty of 20 per cent is still on and probably Government can look again at the stamp duty and make a decision as to its eventual removal.

Now, Sir, the thing about the stamp duty is that if you are bringing it with you in your luggage, you do not pay stamp duty, but whereas, if you import it through, maybe CARICARGO, or some carrier, either through the seaport or the airport, it attracts 20 per cent stamp duty. I am told that if you import it through the parcel post it does not attract any stamp duty, but it is only if you are bringing it, like some of us did, through the seaport or the airport. The stamp duty is something that we can look at.

Now, the reason why we have exemption on computers and some vehicles is because in my view, Sir, the Government has gone overboard in its reliance on consumption taxes over the past five years.

If you can remember, Sir, in 1987 they increased it; in 1988 they increased it; in 1989 they increased it; and it is only because last year was an election that we did not get an increase in 1990.

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

Mr. ACTING PRESIDENT: Thank you, I was just about to state, Senator Barker, that you cannot make an assumption of that sort. You cannot attribute to a Party or a person something of that sort. I must have that withdrawn. I have warned you already that you must be careful with your language, Senator Barker. Let us have that withdrawn.

SENATOR T. E. BARKER: Mr. Acting President, I was just pointing to the coincidence ...

Mr. ACTING PRESIDENT: Yes but I must have that withdrawn.

SENATOR T. E. BARKER: The coincidence, Sir?

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir, Senator Barker has a problem with the language and to assume that causality, because two events transpired at a point in time is ...

Mr. ACTING PRESIDENT: Alright, Senator Barker, if you would just withdraw that statement and then proceed.

SENATOR T. E. BARKER: Which one Sir, the coincidence statement?

Mr. ACTING PRESIDENT: Will you please withdraw the offending statement?

SENATOR T. E. BARKER: Sir, with due respect, what is the offending statement. Is it the coincidence?

Mr. ACTING PRESIDENT: You know perfectly well what you said.

SENATOR T. E. BARKER: Sir, I withdraw my statement about the coincidence between the non-increasing of consumption tax last year and the fact that other events would be taking place. I will leave it to the people of Barbados to assess the causality.

Mr. ACTING PRESIDENT: Senator Barker, this happens to be the Upper House and we expect a certain

code of conduct in the Upper House and also in the speeches. Thank you, will you proceed, please.

SENATOR T. E. BARKER: Sir, the Government's reliance on consumption tax, as evidenced by the fact that in five budgets, four of them included increases in consumption tax, is worrying. The shift to consumption tax has meant that inflation, which in the middle sixties was virtually nil, started to creep up. And again, there is a coincidence, but the fact that whenever consumption tax increased in Barbados there is a strong correlation between the increase in consumption tax and the rise in retail price index. Dr. Clarke can check that when he gets the time. I can carry him through the process if he wants to see.

Mr. ACTING PRESIDENT: Please address the Chair, Senator Barker. You address the Chair, you do not address Dr. Clarke.

SENATOR T. E. BARKER: I saw him looking at me.

Mr. ACTING PRESIDENT: You address the Chair, Senator Barker.

SENATOR T. E. BARKER: I was anticipating his jumping up. Nevertheless, Sir, the inflation which was virtually non-existent in the mid-eighties, started to creep up again, because of the severe imposition of increased consumption taxes and stamp duties and also import duties. A check with the statistics put out by the Central Bank will attest to that fact – that inflation as a result of ...

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir, I would like to know what the Senator is quoting from, so that we can verify and the Chamber will be well informed.

SENATOR T. E. BARKER: This is a publication of the Annual Statistical Digest published by the Central Bank of Barbados, 1990.

Aside.

Mr. ACTING PRESIDENT: Senator Morrison, I will tell him what I wish. Proceed Senator Barker.

SENATOR T. E. BARKER: Sir, I am on page 184 of this document. May I read it.

Mr. ACTING PRESIDENT: I have no objection, Senator Barker.

SENATOR T. C. BARKER: The All Items Retail Price Index was 150.3 in September 1985 and by March 1987 it was 151.5 and it virtually remained stationary from 1985 when it was 150.3 to March 1987 when it was 151.5 – a slight increase, but virtually steady. But, then, Sir, it went to 158.6 by June 1987. It went almost seven points in

one quarter and this was the quarter in 1987 when consumption tax was increased along with other taxes. It is here on record. It is nothing that I am making up. If I am wrong, the Central Bank is wrong. So, the increase in consumption taxes and other indirect taxes has put severe pressure on the standard of living of people, especially those who did not benefit from the income tax concessions of 1986. Because, Sir, if you can remember, by July 1986 people working for less than \$10 000 per year paid no income tax, so that they did not benefit. I am told it was \$12 000 per year and hence they did not benefit from the reduction in income tax. The following year, within nine months when the DLP increased indirect taxes we saw that the cost of living jumped by almost five per cent in three months, at a time when there were no significant price movements in the international community.

Sir, I can only say then, that the jump in the retail price index was solely the result of the imposition of these consumption taxes. Not only in 1987, but again I can quote from the same page and show that after that jump it stabilised at 158.6 at the end of June and by the end of January 1988 it was 159.9 – a slight increase after the big jump. It was more or less stabilising around the 159 level.

In 1988 consumption taxes increased again and what happened? The retail price index jumped from 159 to 164 in three months. So whenever consumption taxes were increased there was a consequential jump in the retail price index, so that those who did not benefit from the income tax concessions were now being made to pay through the indirect taxation. The result, Sir, those people living on pensions, those people whose incomes were slight, were made to pay for the excesses of July, 1986. The result, Sir, is that the consumption tax stake which, Sir, in 1985 ...

Again, Sir, I am quoting from the same document. In 1985-86 we took in ninety-nine million dollars in consumption taxes – page 123. In 1985-86, ninety nine million dollars was taken into consumption taxes. Within two years there was \$147 million, within further two years another \$214 million. So, Sir, within four years we see consumption taxes more than doubling from \$99 million to \$214 million within four years. That, Sir, is \$115 million taken from the halt, the lame, the blind, the well off and the not so well off.

12.00 noon.

All of us were made to pay because of the infamy of the 1986 Budget. Sir, what has happened is that because of the increases in consumption taxes Government has found out that it was smashing up certain sectors. The result is that they removed consumption tax from computers, albeit in a clumsy way, and they also allowed people in agriculture to get concessions on their personal vehicles. Only last week we got the terrible report that people were abusing their privilege of buying vehicles ostensibly for agricultural purposes but using them for

other purposes. I am glad that the Minister is doing something about it. But knowing how Government operates, you will see the final results of all of this.

The point I am making is that because of the heavy consumption taxes you have now to be handing out concessions left, right and centre with the result, Sir, that you are finding that within the past two years whereas you took \$214 million in the 1989 fiscal year you now have only taken in \$188 million for the 1990/91 fiscal year. The point I want to make is this and I am serious about this point. Probably, we should get back to the stage where we have low rates of taxes and at the same time cut out the majority of these concessions. Make everybody pay a much lower rate of consumption tax and we would not get then the abuse that we see so evident. That might be one solution that Government can probably look at. The high taxes encourages these practices.

Sir, we have to be worried about the high level of consumption tax. I know the other side is saying that we introduced the consumption tax. Consumption taxes, Sir, were around for a very long time. Again, I see that in 1966 we had consumption taxes. We did not introduce consumption taxes. What we did was different from the other side. We systematically lowered income tax in a way which was more advantageous to those at the lower end of the scale. If you can remember, every year we have gradually increased the threshold. We recognized that Government cannot afford to lose all the revenue in one year as had happened in 1986 and 1987 and we gradually reduced the income tax and increased the consumption taxes and at the same time reducing the dependency on income taxes. Sir, I found that in 1976 almost half of our tax revenue came from income taxes which in my view was a bit too high. We sought over the years to increase this amount but we did not do like how the other side did. We had more commonsense than that. We went for a gradual approach and the economic benefits were tremendous as the figures would attest.

Sir, I have no problem with this Bill. I am glad that Government has tidied up this Bill. But I would warn them to be careful with consumption taxes. This is causing too much pressure. Sir, now that we are told that the whole tax structure is to be looked at, probably Government can also look at the fact that on imports we have consumption taxes, stamp duties and import duties. Sir, probably it is time that Government reorganise the whole tax structure and make it more simplified but still effective. To have three taxes on one item is probably a bit too much. I am sure a way can be found if they put their combined intelligence to it and they will find a way of simplifying the whole structure of indirect taxation and at the same time without losing revenue that is so badly needed.

Aside.

SENATOR T. E. BARKER: What I am saying is that in Barbados you have too many years... I do not care how many years they have in BET: that is not my business. I am saying that in Barbados you have too many taxes and there is a need for restructuring of the whole system to make it easier and soluble. Sir, when we come to these consumption taxes, we see that sometimes different rates apply to different items and we are not too sure why one item attracts 7 per cent and the next item attracts 2 per cent. For example, a television attracts quite a lot of consumption tax. I know that the consumption tax on a television is very, very high, but on things like stoves and refrigerators it is much lower. Probably twenty years ago you might have considered a television to be a luxury, but in this day and age you cannot really consider a television set to be a luxury. You almost have to put it on par with, maybe, a refrigerator. But I am saying that almost everybody has or desires to have a television. I am told that when you add up the taxes on a television it comes to more than the c.i.f. price.

Sir, I am saying that there is scope for looking at items and the same philosophy that existed twenty years ago might not be relevant now because things have changed. As things change, you need again to look at the goods that the people are demanding and adjust the tax to suit. I am sure that Government will listen, (although they pretend they are not listening), and carry out the necessary adjustments.

With those few words, I thank you.

SENATOR Miss Y. V. WALKES: Mr. Acting President, I rise to give my support to the amendment of the Consumption Tax Act. I am always remarking in here about the negativity of the Opposition because my comrade or the Senator who just sat down, (who may not be regarded as a comrade), tends not to understand how to compliment something that is worthwhile when it is necessary.
12.10 p.m.

Furthermore, I am a bit disappointed in him, because I thought in terms of this measure, and at the time that it is coming, he would have had a bit more understanding in terms of lending a positive attitude towards the amendment. Since I understand he is on "the Hill", I thought he would have been sending positive signals to the students there to understand the kind of impact that this amendment will make.

SENATOR T. E. BARKER: On a point of order, Mr. Acting President. I have never expressed any negative views about consumption tax on computers; I supported it. I was not negative about it, so please ask the Honourable

Senator to stop misquoting me and stop misrepresenting what I am saying.

SENATOR Miss Y. V. WALKES: Therefore, I am hoping that rather than trying to pull down everything in the country, when there is a need, and when you see a great need you can help boost the people (especially the younger people) in this country. I think we should make every effort as intelligent people, as people in prominent positions in this country, to see how we can boost and motivate those people to see the positivity in where we are going. It is very, very necessary for us to do this today, and it is very necessary for us as people in public to show the people the positivity that is there. I hope we will look at that more seriously.

I think we should be looking at this measure as being very positive and see the need to boost exports, which it was designed to do as far as I am concerned, and to equip our people, especially in business, for the competition. As a result of the technological change that is happening in the world we need to be abreast of the kind of competition that technology poses out there. I can see this measure bringing great returns for us in future. This is not a short-term measure at all; this will take us into the 21st century and beyond, because this is the computer age and the Government – a very far-reaching and far-sighted Government at that – has seen it fit to make these concessions on computers. In two years pupils 11 to 16 years of age will be computer literate. I am trying to show the extent to which this will go, and in five years' time children that are between five and ten years old will be computer literate – almost everybody. The point is that they will be able to have access to the computer.

Aside.

SENATOR Miss Y. V. WALKES: I need to speak to you because you seem not to understand the positivity of this. Therefore, we are trying to cover our young children. This has nothing even to do with the ones that are at university who are bigger now and more mature.

When we look at it, Mr. Acting President, and look at the impact on our foreign investors, and in terms of the data information industry the kind of impact that that will make on the data information industry, to encourage investment in this country, the point is that we are not only equipping our young people, we are equipping our workers, our people who are now in the work force with access to the information age, so that they themselves can be prepared for the kind of competition we have out there.

I am not sure that the Opposition understands the impact of this, because training the worker right now, the worker will go back into the work force immediately. I want to reiterate the fact – I think I have said it in here already – that there is a close link between the educational

capacity of the human plant, the production of the plant and the economic growth of a country. I am saying that this is no small measure, and I want us to understand this. I would like to say that I am qualified to talk about that kind of training in terms of the worker and in technological change, because I am present at the Barbados Workers' Union Labour College where we have been initiators in computer training, in conjunction with the CTUC. The Trade Union Movement has seen it fit to ensure that workers are trained in this regard, and the Government, seeing this kind of initiative, did not let it go by; they utilised that initiative by ensuring that workers have the access to this kind of technology.

It is very important that we continue on that line. I am not going to go very far into training, because I will speak later on training, but I want to say that in this regard we can look forward to a greater measure of training, not only for people who are working, but if by any chance workers are displaced, when they are ready to go back into the process they will still be trained. It is not only that you are going to have training up front, but you will have training and retraining, and then training for workers who may be displaced who will be able to go back into the work force as trained people. It is not a short-term measure at all.

I want to say that I give my support to this Bill.

Thank you.

SENATOR J. G. BELLAMY: Mr. Acting President, I rise to support this Bill, but in so doing I just want to make a couple of comments. When the Minister of Finance in 1990, I believe it was, first attempted to remove duty, consumption tax, on the importation of computers, that was a measure that was well received and well complimented by the business community in recognition of the need to get Barbadians better educated in this field, with a view to improving our computer skills, preparing us for the future and taking us into the next century.

I am a little disturbed that, having made the provision at that time for the removal of duty, consumption tax, in respect of computers, and having recognised in a relatively short space of time that there was a problem being presented because of the fact that some computers are imported in component parts, that we actually had to wait until the budget of the following year in order to rectify the problem. I would have preferred that we had a mechanism that would have been able to take care of this difficulty, instead of having to wait an entire year and have some people go through some difficult times, now to have it removed and find that those difficulties could have been easily alleviated before.

I also would request consideration of the removal of the stamp duty, since computers are becoming such an

integral part of our daily life in preparation of ourselves for the future and our capabilities, and since we have, as far as I am aware – I do not have the figures in front of me – stamp duty removed in respect of certain aspects of manufacturing imports, I think that it would be reasonable to consider the removal of the stamp duty on computers as well to allow for them to be used more readily. Those are my only real comments in respect of this issue, and I wholeheartedly support the Bill.

12.20 p.m.

SENATOR Miss M. A. MOTTLEY: Sir, I wish to rise to support this amendment to the Consumption Tax Act in respect of the removal of the duties for spare parts for computers and for packaging materials for pharmaceutical products.

Sir, once again, as recently, I find myself moving off from the initial premise that this is indeed another example of Government's lack of proper planning and inefficiency in that in its initial introduction on the removal of these duties to computers it failed to recognise that unless the same exemptions were put in place in respect of the spare parts it would continue to be a burden on those wishing to use and integrate computers as a part of their day-to-day, business activities and educational activities in this country. However, its attention having been drawn to this anomaly, at least they have corrected it, and for that I would credit them if not for proper planning and earlier inefficiency.

I want to move off from here and look at consumption taxes in relation, not only to computers and spare parts which, if you listen to Government, are being put in place to make it more affordable for people to use computers, not only within businesses but also in schools and other educational institutions so that the people of this country can become computer literate and indeed become able to increase and enhance the productivity levels which are presently not enjoyed in this country today. While acknowledging that this is a useful and honourable pursuit, I cannot help but wonder that a Government that is able to recognise this and to put this in place still refrains from instituting into place a basket of basic goods and foodstuff items and pharmaceutical items and, indeed, basic commodities, like fridges and stoves to reduce the level of consumption taxes so that those goods become affordable to those people in this country, particularly those below a certain income level, and on fixed incomes or fixed receipts of monies whether pensions or whatever. Whereas the Honourable Senator Barker pointed out there has been a steady increase in the cost of living, particularly in the years and in the quarters when the increase in consumption taxes have occurred...

I think to do otherwise, Sir, continues to place a burdensome load on the shoulders of thousands of people in this country who exist on a fixed income and

particularly in circumstances such as today where there are talks about impending wage cuts across the board in the Civil Service and, indeed, in other sectors in this country. That in itself reduces their disposable income and unless they have income to pay these consumption taxes...

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order. I believe that if Senator Mottley wants to make a case, she is quite capable of doing that. She does not have to set up false premises in order to make her point. Nothing has been said in this Chamber at all about any wage cuts.

SENATOR Miss M. A. MOTTLEY: Sir, I am glad to hear the Honourable Senator say that nothing has been said in this Chamber about wage cuts although I never attributed those remarks to this Chamber. I am glad to hear him admit that this Government has not found it necessary to talk to the people of this country about the measures it is going to be necessary to impose in its structural adjustment programme.

Mr. ACTING PRESIDENT: I did not hear him say that Senator Mottley. I did not hear that in his statement.

SENATOR Miss M. A. MOTTLEY: Which statement, Sir?

Mr. ACTING PRESIDENT: In the statement which Dr. Clarke just made.

SENATOR Miss M. A. MOTTLEY: Dr. Clarke correctly stated that nothing was said in this Chamber about wages cuts and I continued to point out that at no stage have I attributed any such remark about wages cuts to this Chamber. What I have continued to say now, is that I am glad to hear the Honourable Senator admit that this Government has not found it necessary to take the people of this country into its confidence.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir. I have admitted no such thing.

Mr. ACTING PRESIDENT: Senator Mottley, I insist that that be withdrawn. Senator Clarke did not admit to any such thing. Will you please withdraw that statement?

SENATOR Miss M. A. MOTTLEY: His admission was by omission, Sir.

Mr. ACTING PRESIDENT: I wish that you would confine yourself to exactly what has been stated and nothing else.

SENATOR Miss M. A. MOTTLEY: Sir, I wish to confine myself to exactly what was stated. Looking at the fact that the amendments sought in the Consumption Tax

Act arise out of the Financial Statement and Budgetary Proposals...

Mr. ACTING PRESIDENT: Senator Mottley, will you withdraw that statement before you proceed.

SENATOR Miss M. A. MOTTLEY: Which statement, Sir?

Mr. ACTING PRESIDENT: The statement that you attributed to Senator Clarke.

SENATOR Miss M. A. MOTTLEY: He clearly stated that there was no statement in here about wages cuts and I said that I agree and that the statement obviously came from outside.

Mr. ACTING PRESIDENT: The subsequent statement which you made.

SENATOR Miss M. A. MOTTLEY: Sir, which statement is that?

Mr. ACTING PRESIDENT: You know what you said.

SENATOR Miss M. A. MOTTLEY: No, Sir. Unfortunately, I am not sure as to which statement.

Mr. ACTING PRESIDENT: I am not prepared to go ahead until you correct the statement.

SENATOR Miss M. A. MOTTLEY: Sir, with all respect to the Chair, I withdraw the statement except that I must state that I do not know which statement I am withdrawing. Nevertheless, Sir, I wish to move on and make the point, to ensure that we understand, that the Consumption Tax Act, the amendment coming therein, arises out of the Financial Statement and Budgetary Proposals, as the Honourable Senator said in his introduction of the amendment. If one clearly looks at the preamble, the introductory statements within the Financial Statements of the Minister of Finance, one sees the discussion as relating as to how the fiscal deficit and the balance of payments are going to be brought into line. If we look at the revenue arising from consumption taxes the clear shortfall that occurred in the last financial year arose partially as a result of the fall in revenue from consumption taxes mainly because once again, this Government in an extreme action, imposed a number of measures including the credit squeeze, as it is colloquially and popularly called, which led to a reduction in personal consumption and which as we look at the Honourable Minister's speech did lead to such a reduction in personal consumption and thereby leading to a reduction in consumption taxes arising from goods being brought into the port. With less goods being bought there was a lesser demand for those goods to

be brought in and therefore there were not as many goods for Government to collect revenue on.

Sir, if you look at it, it shows once again a lack of understanding from a Government, Sir, which clearly knew two years ago when these monetary measures were imposed for the credit squeeze that the Government's fiscal position was already in danger and there was likely to be a large fiscal deficit, and despite the fact that the figures were already indicating that there was likely to be this large fiscal deficit, measures which they knew, or ought to have known, would lead to a reduction in Government's revenue were implemented; and measures which led to an increase in Government's expenditure were also implemented. So we find ourselves in the position today where the fiscal deficit arising last year has become a major cause of concern for us in this country.
12.30 p.m.

It is also interesting to note that in the last financial year when Government's revenue dropped from \$990 million the year before to \$960 million it was the first time in the history of this country that Government's revenue has dropped in a following financial year. I say that the cause of that can be attributed to the fall in revenue from consumption taxes.

When we look, one cannot have any confidence that there is a total understanding and appreciation of what is going on. While, as I see it, complimenting the Government for creating incentives for people to become computer literate by removing the duty on these spare parts with the exception of the 20% stamp duty, one wonders where is the heart and soul of this Government if they can continue to allow basic food items in this country to attract the level of consumption taxes they now attract especially in the context of recent figures that there has been a 45% drop in food production in this country without a commensurate drop in the population. That food must come from somewhere. If it is coming in through the Port it too will attract the same taxes.

Sir, where is the heart and soul of this Government? Where is its understanding of how to manage Government's revenue, how to manage growth in the economy, how to manage its fiscal deficit? What is the result of all of this, Sir? A level of depression in this country. I am not only talking about economic depression. I am talking about a mental and psychological depression on the part of the people of this country...

Mr. ACTING PRESIDENT: Senator Mottley, this is irrelevant. This has nothing to do with the matter being debated. Will you please proceed with the subject matter in hand?

SENATOR Miss M. A. MOTTLEY: With all due respect, Sir, what I have just said relates exactly to the

Consumption Tax Act which comes out of the Financial Statement and Budgetary Proposals.

Mr. ACTING PRESIDENT: The mental part of it?

SENATOR Miss M. A. MOTTLEY: I am talking about the mental reaction of the people to the measures that were implemented in the Financial Statement and Budgetary Proposals out of which the Consumption Tax Act comes today. I submit, Sir, you cannot look at this Financial Statement and Budgetary Proposals without looking at the effects that it has had on the people of this country whether those effects pertain exclusively to the economy or to the psychology of it because it is those same people that we are calling upon to come together and help put this economy together and to help these measures that were implemented in the Financial Statement and Budgetary Proposals to be effective. Perhaps, that is the problem with this Government, Sir. They do not understand the people dimension because it is those same people that these measures are being implemented for.

Sir, I heard Senator Walkes just before she sat down talking about the negativeness of the Barbados Labour Party particularly as a result of Senator Barker speaking on the Consumption Tax Act. We have clearly stated that we support these measures but we also say that they do not remedy the immediate and urgent problems facing the people of this country today. Sir, I will continue to speak as a young person in this Chamber because that is my experience.

Those are the people who, if they have a job, as you well know, Sir, and their income is limited or fixed, when they go into the supermarket, are paying daily for the increase in the consumption taxes. Those are the ones who when they go into Cave Shepherd are paying daily for the increase in the consumption tax. Those are the ones who are paying daily for the increase in the consumption taxes when they are travelling on the Transport Board or the minibus because of the increase in fuel oil and oil in this country. Those are the people for whom I am presently concerned because they have not brought this situation upon their backs and whoever on whatever side of the political coin they seek to blame those people...

Mr. ACTING PRESIDENT: Let us have some order, please. Not all of this cross-talking. Thank you.

SENATOR Miss M. A. MOTTLEY: Thank you, Sir. It is obvious that when Senator Walkes went on to talk about training...

Mr. ACTING PRESIDENT: Will you please address the Chair? Please debate the Act.

SENATOR Miss M. A. MOTTLEY: I am, Sir, and I am talking about her remarks relating to training...

Mr. ACTING PRESIDENT: Who is "her"? I repeat. Will you please address the matter in hand?

SENATOR Miss M. A. MOTTLEY: Senator Walkes, Sir, and her remarks about training as it relates to computers and computer parts which is the subject of the consumption tax. When she spoke of training it was a little difficult to understand what effect the benefit of removing these duties on computers was going to have on training when the budget for training has been cut back already. This year in this Chamber we debated the whole question of the cut-backs during the Estimate debates. But it is clear, as usual, that Senator Walkes when she rose to speak did not know what she wanted to say and when she spoke she did not know what she was saying.

Mr. ACTING PRESIDENT: Senator Mottley you cannot make such statements in this Honourable House. I insist that they be withdrawn.

SENATOR Miss M. A. MOTTLEY: I withdraw those remarks, Sir.

Mr. ACTING PRESIDENT: I must insist, Senator Mottley, that in future you must be more careful in your speech. Do not make statements and impute to other Honourable Members statements such as those.

SENATOR Miss M. A. MOTTLEY: Sir, I believe however that the Rules of this House allow me to comment on matters which were stated in a debate.

Mr. ACTING PRESIDENT: That has nothing to do with what I was saying. Senator Mottley you may proceed and confine yourself to the matters in hand.

SENATOR Miss M. A. MOTTLEY: Sir, I would wish to understand where I have departed from this debate because I was addressing points made by Senator Walkes as they related to training and computer parts.

Mr. ACTING PRESIDENT: You will proceed, Senator Mottley.

SENATOR Miss M. A. MOTTLEY: Sir, I am grateful to Your Honour. In respect of consumption taxes as they relate to the whole tax system in Barbados, I have no doubt that as we have heard before and we will continue to hear that it is the Barbados Labour Party who imposed indirect taxation in this country. Sir, there is obviously an element of early senility floating around the area somewhere but, nevertheless, I wish to remind...

Aside.

SENATOR Miss M. A. MOTTLEY: Sir, I like the choral air that is coming from the other side.

Mr. ACTING PRESIDENT: You are addressing the Chair.

SENATOR Miss M. A. MOTTLEY: That is why I said, Sir, that I like the choral air.

Mr. ACTING PRESIDENT: Will you address the matter in hand, Senator Mottley? I am not at all happy with the manner in which you are conducting your debate. I must repeat. I am going to ask you finally to continue and I insist that you confine yourself to the matter in hand and not to anything else. Senator Mottley you may proceed.

SENATOR Miss M. A. MOTTLEY: Sir, as I was saying just now, I wish to deal with the level of consumption taxes as they relate to the whole tax system. That is confining myself to the debate in question. We have seen an increase on the reliance of indirect taxation of which consumption taxes is only one element in this country particularly in the last five years. Whenever the Barbados Labour Party increased consumption taxes in this country there was a commensurate decrease in income taxes so that the overall tax effort, the burden and taxes paid by the people of this country did not increase. What we have seen in the last four years has been an increase in consumption taxes along with an increase in other taxes whether it has come in the form of surcharge or now the stabilisation tax to the point that when we left the Government in 1986 the tax effort in this country was .27¢ in the dollar. Today it is over and above .35¢ in the dollar. 12.40 p.m.

Sir, in four and a half short years we have seen a policy that has put on the shoulders of the people of this country, a burden that they cannot carry – while wishing, Sir, to ask them to carry this burden of increased taxes without any regard to basic food items or basic commodities, like fridge and stove, or toilet fixtures, Sir, because we do not believe in anybody not having the use of proper lavatory facilities in this country. Basic things like that, Sir; they have had to carry the burden and this is particularly at a time when it is likely, Sir, that their disposable income is going to be reduced – for those fortunate to have employment. There are a number of people out there who still carry the burden of indirect taxation; who have no visible means of income; and those in between who are on one week and off the next, Sir.

Sir, I appeal to the Government of this country that not only do we need an amendment to the Consumption Tax Act dealing with computers but we need an amendment dealing with a certain basket of goods that will remove the pressure on the people of this country, particularly now that the stabilisation tax is reducing their income again, so that even if they can't save and even if they can't invest, then at least they can live like human beings when the day comes and buy basic food for the family.

This is not early electioneering; this has to do with people's lives. This has to do with people being able to feed themselves, being able to put shelter over themselves. I maintain that this Government has no heart and soul if they can only bring this kind of amendment in here without extending it.

Sir, if any member of this Government was mixing with people out there, Sir, they would understand, particularly in the last few months, how people are beginning to suffer out there, Sir. It cannot be right. Sir, I don't even want to hear that at this time, because Government is cutting back its expenditure, or Government needs to raise revenue, they can't do it, Sir. Dominica, Sir, in the middle of economic turbulence in the eighties, Sir, in the middle of a structural adjustment programme, Sir, had the heart... The Dominican Government has the heart to exempt a basket of goods from consumption taxes to make it more affordable, Sir, for the people of their country.

What about us in Barbados? What about the people in this country? We hear, yes, we welcome about being computer literate. If you can't be healthy enough to go to work or to receive training, how are you going to become computer literate? That is what I want to hear the unions in this country speak out against – the indirect taxation, because it is the respected opinion of most international bodies and regional bodies that a blanket form and an excessive reliance on indirect taxation is the most regressive form of taxation that a Government, Sir, can have.

Numerous World Bank studies, I believe, Sir, have shown that, and that has been their considered opinion, particularly in the eighties and the late seventies to today, Sir. Despite knowing that, we continue to place an excessive reliance on indirect taxation in this country, without caring or without, Sir, understanding that the people at the bottom, Sir, those on a fixed pension, those on a fixed income, which is likely to be cut, Sir... We hear, those without work, Sir, those for the six months who are receiving unemployment benefit, that after budgets have been imposed, when they go in the supermarkets, instead of paying eighty something cents for a can of sardines, they are paying a dollar thirty something. What it does, Sir, curiously enough, although Government raises the consumption tax, a lot of the times, Sir, you may find instances of people in the private sector putting on an additional mark-up as well and giving Government part of the blame. I am not denying that happens, but Government is opening itself to allow it to happen when they continually increase the indirect taxation.

I think, Sir, we have to look at the basic premise, because indirect taxation forces everybody to pay, whether they want to or not. As long as you need those basic goods you have to pay. Whereas, taxes on income understand and

appreciate the ability of the taxpayer to be able to pay and, Sir, there will be time later on in the day to deal with taxation generally and I propose to come back to it then, Sir.

I want to urge Government, bring back another amendment to the consumption tax in here which would negate the common belief of the people out there that a Government which can try to impose consumption tax on peas and carrots is not a callous Government but can come in here, Sir, and have pity and understanding for the fact that the people of this country are finding it difficult, Sir. Let us not be insulated by these hallowed walls. The mere fact that there is so much reaction in here today, during my speech, Sir, is testimony and gives me strength to continue to make this point, Sir, because I know ultimately that they know what I am saying is true. I ask them to have the courage of their convictions and remove us from this excessive reliance on indirect taxation, particularly when they have the credit squeeze on and you tell me you are trying, Sir, to curb personal consumption even more and now to curb Government consumption. Your revenue from it must drop even further, so why continue on a system that is faulty at its very heart. Understand that one of the great things the Barbados Labour Party did when it imposed indirect taxation in this country was that whenever it gave you a rise in consumption taxes with this hand, it made sure that it took back your incomes tax down so that there would not be an overall increase in the taxes that you paid in this country, Sir.

Sir, I am sure that they can receive guidance on that.

Sir, on a slightly different point in relation to consumption taxes, there are other areas – now that they are dealing with productive sectors and training – that require examination, Sir, in terms of lowering and/or the removal of consumption taxes.

As Senator Barker said, the traditional sectors like agriculture, manufacturing and tourism have benefited from these exemptions and concessions. Sir, I say once again, that we condone that and we support that, but there are other productive sectors, Sir, and I know that the Honourable Senator Clarke, Sir, is a worthy supporter of extending our productive sectors in this country. I compliment him, Sir, on his foresight and vision in that regard, but I want to ...

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

SENATOR Miss M. A. MOTTLEY: Yes, Sir, I am thankful. Sir, I want to see an extension, Sir, of the incentives to the productive sectors of culture and sports in this country. I verily believe, Sir, that these have the potential to earn huge amounts of foreign exchange for us and so with the right support from Government, Sir,

because if we look at it, the revenue accruing to Government as to the consumption taxes and other taxes for musical and sporting goods only arose to \$1.6 million last year, Sir, a mere drop in Government's revenue. Yet, the removal of those duties, Sir, would stimulate those sectors so much, particularly to the existing professional and also to the youngsters who need access to the equipment or to the sporting goods to be able to improve their talents and be able eventually to earn foreign exchange for us in fifteen or twenty years, Sir.

Sir, when a group, or a sporting team, leaves Barbados and is going to play overseas they are not going to pay them in Barbados dollars; they are going to pay them in US dollars or in pounds or in deutsche marks or whatever. Government's blind eye to this productive sector is only hurting it ultimately, both in the generation of foreign exchange and the creation of employment for those thousands of young people who are now without jobs in this country, Sir.

12.50 p.m.

Sir, with those few words, I beg and urge the Government and I go back to the original point – prove to me and the rest of the people in this country that you have a heart and a soul. As one calypsonian says, "It is not only 'tax-o-nine' in your back". Prove to me that while understanding that Government needs to raise revenue that you understand that people in this country must be strong, healthy, and educated to be able to be productive to earn the foreign exchange and to continue to generate employment in this country.

With those few words, I sit, Sir.

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President, for the last half hour we have been treated to the sort of discussion which would have been altogether relevant if it could have come when we were leading up to the last election. It is clear to me that the Honourable Senator does not understand or recognise yet that the people of Barbados spoke very forcibly six months ago and will speak again when the occasion arises. The sort of debate and discussion with which we were treated just now does nothing to advance the cause of the matter which was before us at all and it is this sort of discussion which permits persons if they wear hearing aids to just turn it off and at the appropriate time turn it back on. How can a Senator say that I am not going to oppose or vote against a particular matter and then proceed to deal with it in that fashion amazes me, except, of course, one is playing to the gallery and having it recorded in Hansard probably to read back in time for the next election when it comes?

SENATOR Miss M. A. MOTTLEY: On a point of order, Sir. The Honourable Senator is imputing certain motives to me which do not exist or which he cannot prove that exist.

Mr. ACTING PRESIDENT: Thank you.

SENATOR THE HON. L. V. H. LEWIS: That is the sort of interruption which does not advance the cause either. The fact of the matter, Mr. Acting President, is that everybody in this country is aware that in 1976 the newly elected Government decided that it would wish to abandon a sales tax and thereupon proceeded to translate the imposition of a sales tax into a consumption tax which fell even more heavily on the backs of all the people of Barbados and not only on those who had been paying the sales tax. The story and the history of the consumption tax in this country is so well known that I do not need to go into it, except to say the particular measure before us seeks to relieve the burden of consumption tax. The manner in which it was treated would have us believe that it was further imposition rather than relieving of the consumption tax.

In addition, I wish to make comment on only one matter and it has to do with the alleged reduction of funds for training. Now I am certain that everybody in this Chamber understands very clearly that a reduction of a vote for training has absolutely nothing whatsoever to do with the removal of duty on computer parts because the training vote is not related only to computer parts. To seek to draw somebody's comment about training into the matter is really to be into political comment aimed at the person rather than the matter before us. The reduction seeks chiefly to benefit everybody in the country who has access to a computer and thereby it seeks to make the people of Barbados more computer literate. Whether the vote for training is high or low has absolutely no relevance to the withdrawal of the consumption tax on those items.

SUSPENSION

SENATOR THE HON. L. V. H. LEWIS: Time is now 1.00 p.m. according to the clock and I wish to move that the sitting be suspended for one hour and that the Senate resumes at 2.00 p.m.

The question that the Senate be suspended until 2.00 p.m. was put to the Senate and agreed to.
1.00 p.m.

RESUMPTION

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, having followed the debate, there are certain issues I should like to address.

Senator Bellamy is not in his place now, but there are two questions he raised in his submission. First, he suggested that we waited one year to remove the stamp duty on parts rather than removing it in the 1990 budget and he was also requesting that we remove the consumption tax.

I believe that Senator Bellamy is fully aware that consumption tax could be a revenue-earning measure. It could also be an opportunity to limit importation of certain items. Recognising the deficits we were facing within the Estimates, although all these things are desirable, to look at them in isolation is a very misleading and erroneous approach to take to deal with the problem. What we need to look at is the overall fiscal position before we select any one item and decide whether or not it should be included or excluded from the budget. It has now been removed and I think those people who are using computers and the software will benefit.

I would hope, however – and this is a point I would like to urge strongly on those who are listening – we in Barbados have courses in computer programming and I would urge that our young people begin to consider writing programmes rather than relying on the canned programmes which are imported into this country. I believe we should be in a position at this stage of our own development, and with the literacy rate we claim to have, to be exporting programmes rather than buying them lock, stock and barrel and bringing them into this country. While I sympathise, as we remove all of these, I hope that any enthusiasm that young people might have had for writing programmes will not be lost.

Turning to the question of the tax structure, consumption taxes and the balance between direct and indirect taxation, at the time of the Appropriation Bill I was at pains to point out that this Government was not entirely satisfied with the tax structure. Bits and pieces were added, while looking at the revenue needs, without a comprehensive look being taken at the whole tax structure. This Government has committed itself to a thorough and comprehensive study of the tax structure, at the incidence of the tax, who will bear it most and in what areas it is expected to fall. We said this during the period of the Appropriation Bill and I would have thought that most Members here, recognising the emphasis on youth, would have remembered it was said then, so that it is not now being treated as something new and novel.

The question of food items carrying a consumption tax, taxation must be looked at not only as a vehicle for raising revenues, but also at times for reducing the demand for certain goods. I believe that if Senator Fraser was in her place at this time she would have been suggesting to you that we should consume more of what we grow. To the extent that we are able to import foodstuffs that may or may not attract these sorts of imposts from other CARICOM countries, this would benefit the whole regional movement.

I think Senator Mottley, who is normally careful in her logic – although she swipes from time to time – joined with her partner, Senator Barker, to say that consumption tax increased and so did inflation. I am tempted to

remember the story of the chap who said: "The cock crows every morning at about 5.00, the sun rises, therefore the cock causes the sun to rise." I would expect Senator Barker to say something like this. When goods are imported into Barbados they may or may not attract customs duty, then there is consumption tax, there is stamp duty and then the merchant applies his mark up. The mark up of the merchant comes at the end, so Government by various imposts allows the merchant to share in a profit. There are times when duties have been reduced, but margins, absolute dollars, have been retained on a given item and the change is never reflected in the marketplace at the retail level. People who have become accustomed to paying a particular price do not seem to mind.

I am tempted to remind this Honourable Chamber, Sir, that earlier this year we had two reductions in the price of flour, but the price of bread went up at the same time. We are likely to think that it was because of Government's action that the price of bread went up, when in fact, all other things being equal, the price of bread should have come down because of two significant reductions in the price of flour.

On the question of taxation, we must also bear in mind that the Government is currently looking at the overall tax structure, but we are also bound by the Common External Tariff, to which we agreed earlier this year with legislation to enact it, and our own commitment to integration. Any imposition, especially *vis-a-vis* Third countries, that is, countries which are not part of CARICOM, there will be one common tariff which will be applied across the board. Intra-regionally, goods will move freely, so while we are growing less food in Barbados, Senator Mottley, we are still in a position to attract and import from within the area without imposing any higher duty.

I want, in winding up, to make it clear that Senator Barker was somewhat confused by the level and rate of inflation. Normally what we talk about in the business is the rate of inflation, how do prices change over time. It is the change at the margin we are talking about, not at the absolute level. I am sure that this is easily and readily understood. One thing that was rather clear was that during the period 1986 to 1991 the rate of inflation has remained relatively low, well below 6%. This is a matter of fact.

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

The question was put to the Senate and agreed to.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, this Bill has been certified as a money Bill. I therefore move that this Bill be read a third time.

The question was put to the Senate and agreed to.

SENATOR THE HON. Dr. C. D. CLARKE: I move, Sir, that this Bill do now pass and be cited as the Consumption Tax (Amendment) Act, 1991.

The question was put to the Senate and agreed to.

ORDER NO. 4 – THE STABILISATION TAX BILL, 1991

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, during the Financial Statement and Budgetary Proposals the Stabilisation Tax was imposed. We have the unique situation where our Appropriation Bill, which decides how much money Government will spend during a given year, then following it some time later we have the Financial Statement and Budgetary Proposals which are introduced, which will determine if there is a gap between revenues and expenditures, how that gap will be changed. Note I did not say whether there was a deficit, because a gap can be the surplus of revenue over expenditure or the other way, or a balanced budget. This exercise is embarked upon to ensure that certain goals are achieved in the economy.
2.20 p.m.

I don't want to reiterate those here. When the Appropriation Bill was passed by this Chamber earlier this year, we had an estimated current revenue of – I am quoting here from the Approved Estimates of Barbados, the cover sheet – \$977,570,543, estimated total expenditure – \$1,350,318,441 leaving an estimated excess over current revenue at about \$372,747,898. Clearly, the magnitude of the deficit could not be allowed to obtain, especially since it has been recognised that each dollar in deficit generally finds itself into an import, each dollar spent from the deficit will find at least 70% or 80% of itself will go into the deficit. The net result of that deficit on the fiscal deficit generally translates itself in an aggravation of the balance of payments position, stimulating imports over exports. The worsening of the balance of payments position will be reflected in the foreign reserves position, thereby worsening. As a result, if we are to close the deficit and if we are to make an attempt to strengthen the foreign reserve position as a first step a necessary first condition would be to reduce the operating deficit.

The stabilisation tax, therefore, is but a first measure in reducing this. I believe that the revenues expected to be generated from this effort is somewhere in the vicinity of \$30 million. This must now be seen in conjunction with the reduction in Government's expenditures on current account and also the reduction and postponement of certain capital works programmes. Together these efforts are designed to reduce the overall deficit in the budget. If we reduce the overall deficit, recognising the connection between the deficit and the balance of payments to reduce the adverse balance of payments and hence, at least, strengthen or avoid further deterioration in the foreign reserves position...

Much has been said and will no doubt be said about the imposition of this tax which goes across the total economy. All people who are working will be required to pay this. In Barbados we are fortunate in that we have free secondary education, free health services for those who need it. We have a public transportation that is available to all those who want to use it, especially the aged and children. The aged can use it free. Although the stabilisation tax will lessen demand for those people who are working, the rate of tax is so small – one point five per cent – that it is virtually negligible. When we recognise the other services which are offered that the quality of services offered, especially in the medical field in Barbados, far exceed anything that one would hope to achieve in the United States. In the United States you have to pay for them and if you didn't pay for them you would die. In Barbados you can walk into any clinic or any hospital and be assured of getting the best medical service that Barbados has to offer, whether you are able to pay or not. I do think that those detractors who will lead us to believe that because we might have to suffer an imposition of 1.5% additional tax, known as the stabilisation tax, that our basic standard of living will worsen, are deliberately attempting to mislead us. What will happen – and I can assure you this will happen – it will dampen our demand, our propensity to import, and what we need and must address at the first instance is the strengthening of our foreign reserve position. If we accept that our first condition as a country today is to strengthen our foreign reserve position, I cannot find anybody in this Chamber or outside of it finding any fault with the imposition of this modest tax. The Government has taken the other step, as I said earlier, to reduce expenditure in non-essential services so that the quality of life which we now enjoy will not be impaired.

What I would like to alert the Chamber to at this point in time are the special features of the stabilisation tax. The stabilisation tax will apply to all individuals and will be administered as follows:

1. From income tax year 1991, the tax will apply to gross income earned between April 1 and December 31, 1991 and not January 1 to March 31.

That is translated: it will only cover a nine-month period, April 1 to December 31.

2. In the case of income from dividend, the tax will apply to the amount of dividend actually received.
3. The stabilisation tax is separate from the normal income tax and will apply to the gross income of all individuals whether they earn \$15,000 or less in an income year.

This provision is to ensure that all Barbadians feel that they are making a contribution. Each and every Barbadian

is making a contribution to the overall fiscal improvement and foreign reserves position of the country.

4. There will be no refunds except in cases where an individual has overpaid.
5. Where travelling and entertainment allowances are paid in excess of \$600 and \$650 per month respectively, separately the excess is to be included in the calculation of gross income.
6. In the case of employees, the stabilisation tax will be deducted by employers at the same time that the PAYE deductions are made and should be paid over to the Commissioner of Inland Revenue separately.
7. In the case of the self-employed, the stabilisation tax of 1.5% will be applied on the net income from trade or business in addition to the gross income from all other sources, except pension.
8. Prepayment of the stabilisation tax will be made on 15th June, 15th September, 15th December and should represent 15% of income tax prepayments normally made on those dates.
9. The stabilisation tax will not be deductible for income tax purposes.
10. Losses will not be taken into account in the calculation of the stabilisation tax.
11. Where income is reported on a fiscal year basis and apportionment may be made for income year 1991 to exclude income from January to March 1991.
12. All individuals whether subject to income tax or not will be required to submit to the Commissioner of Inland Revenue a return of their gross income showing the stabilisation tax payable.

Those areas and categories which are excluded from the above are as follows:

1. Pensions.
2. Interest on bonds, debentures or stock of the Government of Barbados beneficially owned by non-residents.
3. Dividends paid to non-residents.
4. Interest on Government debentures.

2.30 p.m.

5. Interest on holdings of National Development Bonds, National Housing Bonds, Savings Bonds and Sugar Industry Bonds; and

6. Salaries, allowances, prerequisites and other incomes that are exempt from Income Tax like any other income.

Those last six are the areas which shall not be subjected to the stabilisation tax.

Before taking my place, Mr. Acting President, there is an area I believe because at the heart of this whole exercise is the maintenance and the safeguard of the integrity of our foreign reserves position. In a local newspaper, "The Nation", of Thursday, July 25 on the cover page I saw the heading "Eighteen Hard Months". I will not address that but I want to talk about the article in the paper on certain comments attributed to the Governor of the Central Bank and based on a copy of the Press Release which I have in my possession "Economic Review for the First Half of 1981". There are certain things I find that are surprising.

I think while we have as a country the movements in terms of the balance of trade, that is the level of imports that are tangible, I think too often there are other factors which are happening in our economy to which we have not been as alert. Those agencies which have a responsibility for monitoring these things have not been that alert as we had hoped for them to be.

I will read from the first line of the Press Release. It says:-

"Economic activity during the first six months of 1991 fell to about 4% below the level for the same period for 1990".

In that same report, we have at page 4 of the same release:

"The broad money supply in "currency" and "deposits" grew about \$41 million."

If we understand the relationship between the growth in money supply and economic growth, you would expect these two variables to move in the same direction. That is, if there is growth in the economic activity you would also expect some growth in the money supply. But we have actually had a decline in economic activity yet there has been this growth in the money supply. Furthermore, on a further examination, I have discovered that the money supply defined as demand deposits and currency, we found that there has been an increase in the amount of money in circulation. Now, if economic activity is declining and there is an increase in the money in circulation, obviously,

it cannot be assisting in the economic activity of the country.

Now, in the same report, we discovered that the level of foreign reserves fell by about \$53 million. The increase in the money supply was about \$41 million almost a one-to-one situation. Economic activity did not draw out the increase in the money supply. We are therefore left to conclude that the greater demand for currency rather than demand for deposits as the money supply grew was because other activities were taking place. I want to say that again, Sir. The greater demand for money in the form of currency in circulation in the absence of any growth in economic activity must have been for other activities beside economic activities as we know it and understand it.

I believe in the books of this country that if you are travelling you are not supposed to take out more than Bds. \$500 or its equivalent in other currencies, yet, we have in an agency under my responsibility importers in certain countries in CARICOM paying for imports of that commodity in Barbados dollars. I do believe that we need to pay particular attention to movements in the money supply as the first step given the level of economic activity, and, secondly, the composition of the money supply between demand deposits and currency and how these are translated, the net effect of these movements upon the level of our foreign reserves.

I would posit here and now that the Barbados dollar has been exported in exchange for other activities and, certainly, nothing to do with our economic activity. I would hope that a hard look be given to these relationships, the relationship between economic activity, the money supply and the relationship between the total money supply as it is broken down between demand deposits and purchases.

This bit of legislation which I am introducing here this afternoon, Mr. Acting President, is nothing more than the tidying up of provisions which have already been enacted during the Financial Statement and Budgetary Proposals. This Government should be complimented in that we are able to bring these measures before the Legislature of this country within the four months period rather than the 12 and 18 month periods that used to exist in the past when such legislation was required.

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

SENATOR T. E. BARKER: Mr. Acting President, we have before us a Bill for whatever reason called the Stabilisation Tax Act. I do not fully understand the term "stabilisation" in the context of this Act. Anyhow, Sir, do not let us get sidetracked into that.

Sir, this stabilisation tax was introduced by the Minister of Finance in the Budgetary Proposals of April 2,

1991. Sir, we are within the four month period as the Minister stated but true to form we barely made it. I am very glad that a storm did not come on Barbados today otherwise I do not know what would have happened.

Sir, with your indulgence I would read from the Budgetary Proposals, page 27, where the Minister of Finance said:—

"I now turn to the fiscal measures which are designed to reduce the size of the fiscal deficit, to provide a stimulus to the export sector and to give some measure of protection to the balance of payments position."

The Prime Minister went on under the subheading "Income Tax" to introduce the stabilisation tax. There are three reasons, Sir, for the introduction of this tax:—

- (i) The reduction of the size of the fiscal deficit;
- (ii) To provide a stimulus to the export sector; and
- (iii) To give some measure of protection to the balance of payments.

I now, Sir, want to address these three issues and, subsequently, how far I think the stabilisation tax would go towards meeting these ends. The fiscal deficit. Some figures indicate that last fiscal year the Government spent \$320 million more than it got from revenue. Sir, this is what was given in the Estimates that the overall deficit was \$320.8 million. Sir, at this stage, we may not know what the exact figure is because I have not seen the actual figure but this is the projected estimate as given in this year's Estimates — \$320 million.

2.40 p.m.

Sir, the next highest figure was \$219 million for the period 1987-1988 and below that \$154 million in 1981-1982. So, the two highest deficits that we ever had came in the last five years. Sir, in my humble opinion, this is the cause of all of the problems we have in our economy today — the size of the fiscal deficit, and related to that, how the Government sought to finance this deficit.

All of this talk, Sir, that we have heard in the other place that the international economy is responsible for our problems, Sir, we can dismiss that by just referring to the Economic Report as presented by the Minister of Finance, and I am quoting, Sir, page 2 of the Economic Report. It says —

"The world economy grew by about 2.0 per cent in 1990 compared to 3.0 per cent in 1989."

I will repeat those figures for the benefit of the Honourable Members. The world economy grew by about 2.0 per cent in 1990 compared to 3.0 per cent in 1989.

Now, even the most brilliant of economists will not equate a reduction in growth to a recession. We take recession to mean a contraction. If the economy declines we call that a recession. Because growth has been reduced from 3 per cent to 2 per cent we do not call that recession. It is just a decline in the growth but the economy is still growing.

Sir, the same document goes on further and it says that economic growth in the major OECS countries was estimated at 2.5 per cent compared to 3.3 per cent a year earlier. Except for Germany and Japan, growth in 1990 was slower in all countries than in 1988. Sir, according to ... Now these are not my words, these are the words of the Minister of Finance and this Economic Report says that the World Economy grew by two per cent 1990. I do not know how our problems in 1990 can be linked to an imaginary recession in the world economy when the Prime Minister stated that the world economy grew in 1990, albeit, at a lower rate of growth than in 1989.

Sir, on this same document, on page 5 – we are coming closer to home now, Sir. It details the rate of growth for the Caricom Region. Now the same international economic conditions that affect Barbados would also affect Dominica, Trinidad and the other countries, because our trading partners are basically the same and our exports, sugar and so on, tourism, come from virtually the same market. The same storm that hit Barbados in 1990 should have hit St. Lucia, Dominica, Grenada and those countries. What do we see here, according to the Prime Minister report? We see 7 per cent growth in Dominica, 7 per cent growth in Belize, 5 per cent growth in Grenada, 4.4 in St. Lucia, 4.0 in St. Vincent, 2.5 in Jamaica. All of the other countries in the region were experiencing reasonable rates of growth. 7 per cent has to be more than reasonable. Look at Barbados. We declined by 3.1 per cent and Guyana even did better than us because they only declined by 2 per cent. So when you are linking our economic performance to what is happening in the international economy, whoever is doing that is trying to fool the public, because the records are showing that the world economy grew by a smaller amount than in the year in front but the economies in the region were experiencing very good to fair rates of growth. They claim that we are not a Caribbean island, we are more in the Atlantic. These figures are demonstrating to us that we do not belong to this region, because they are moving ahead but we are stagnating. We and Guyana are linked together in this Report.

Sir, I am contending that our problems have nothing to do with what is happening in Germany or Japan. We have to look further at home for our difficulties. Sir, the fiscal deficit is the major source of our problem and I challenge anybody over there to come and say different. They were saying it at the dining table but they would hardly want to be quoted in public as denying those figures. All of our problems can be laid on that source.

Sir, let us look at Government Expenditure. The figure is staggering and revealing. Now, expenditure grows every year for obvious reasons. So we expect...

Mr. ACTING PRESIDENT: On which page, Senator Barker?

SENATOR T. E. BARKER: Sorry, page 54 of the Economic and Financial Statistics, June 1991. Sir, it shows that in 1985/86, the last year of our regime, current expenditure was \$626 million. The following year it rose to \$627 million. Now I have heard politicians on the other side saying that the then Minister of Finance, who is no longer with them, deliberately did not pay his bill to make the current expenditure look good. I have heard that said by people on the other side. I am not going to get into that. Anyhow I find it strange that public expenditure increased by \$1 million out of six hundred and twenty-six. That is all their affair.

Anyhow, the next year, Sir, it rose from 627 to 748. That is over 120 million which is about one fifth. About 20 per cent increase in Government expenditure in one year, at a time when the Minister was saying that the inflation was under 6 per cent. So, Sir, if you get inflation around 6 per cent, it is probably less, but let us use that figure. If inflation, Sir, is around 6 per cent, if the rate of inflation was around 6 per cent, why then should Government expenditure be going at 20 per cent? I, Sir, for the life of me cannot comprehend. The Minister is saying that I am slow and I don't understand things, but I confess that I don't understand this. How at a time when prices are only rising by about 5 or 6 per cent, all of a sudden in one year Government can increase its expenditure by 20 per cent? I would like the Minister when he get back up, as he undoubtedly will and try to find fault with what I said, to answer that question first. When he comes to rebut, answer that question first, and then we can talk.
2.50 p.m.

Sir, but that is not the end of the story. The following year we had a little slow-down and went from \$748 to \$780. The following year now the breaks are off again from \$780 to \$851 just over \$100 million increase. Now this morning, Sir, you told me that I was casting an aspersion on the Government. But I will just say now that it is coincidental that in an election year 1990-91 that the Government expenditure should rise from \$851 to \$1050 – \$200 million increase in one year. You want to tell me that

that would not cause problems in the economy. Any fool can see that sort of increase of \$200 million in one year that our country cannot tolerate that sort of mismanagement. The cause lies in these figures. You cannot in one year increase Government expenditure by almost 25 per cent.

There is nothing called a "free meal" in this life. You pay for it in one way or another. We are paying for it now. The wolf is at the door because of the mismanagement.

Laughter.

SENATOR T. E. BARKER: Yes, you laugh because you know.

Mr. ACTING PRESIDENT: Please address the Chair, Senator Barker. Thank you.

SENATOR T. E. BARKER: Sir, I will also beg you for protection.

Mr. ACTING PRESIDENT: All right. You certainly have that.

SENATOR T. E. BARKER: Two hundred million dollars in one year and...

Mr. ACTING PRESIDENT: I can understand your need for protection because you said the wolf is at the door.

SENATOR T. E. BARKER: Yes, Sir, and the wolf spoke. That \$200 million is going to cause problems. To make it worse, my good friend, Senator Clarke, sat down in Cabinet and he is a trained economist. He is more economist than I am. He will say so. I have no problem with that. But he sat down with all of his economic training in Cabinet and allowed Government to finance the deficit by resorting to borrowing from the Central Bank albeit in a legal way. He sat down and allowed Cabinet to do that with all of his training. Sir, if you can remember, the Ways and Means was illegally broken in December last year.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir. That debate has already taken place in here and I do not think that we can quote from that.

SENATOR T. E. BARKER: Sir, I am talking about the fact that the fiscal deficit is one of the measures that the stabilisation tax seeks to address. With your indulgence, Sir, I will talk about the fiscal deficit and you cannot talk about the fiscal deficit without talking about the way in which it was financed and the effect that it is going to have on the economy. That is where I am at.

Sir, I am talking about how the fiscal deficit was handled in the last year by resorting from borrowing from

the Central Bank and, Sir, a Bill was passed in the last Senate which increased the Ways and Means limit from 10 per cent of predicted revenue to 17 1/2 unpredicted revenue. That Bill was passed, I think, in December last year. I was not in here then but I still knew about it. Sir, the difficulty with that is that everybody who has done economics knows that the fiscal deficit always brings about a drop in foreign reserves. That is known. Even my good friend, Senator Clarke, knows that. This big deficit must of consequence affect the foreign reserves. That does not call for a Solomon although it seems to have escaped some Members from the other side.

Sir, this fiscal deficit of \$320 million in one year and \$200 million in another year the Government sought to finance it by borrowing from the Central Bank, but in the last measure they sought also to finance it by increasing taxation. We see what is happening to Government revenue over the years.

Sir, somebody has unkindly said that the Minister of Finance is a reincarnation of a master tax collector. That might be unkind.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir. The Minister of Finance is not in this Chamber and I do not think any reference should be made about him in this Chamber. I am sure that Senator Barker clearly understands the rules of debate.

Mr. ACTING PRESIDENT: Not only that, but according to the rules of the debate no reference such as that may be made of any Member either of the Lower House or this Chamber. Senator Barker, you will refrain from that. I have spoken to you about that and please conduct your debate with some decorum.

SENATOR T. E. BARKER: Okay. I have no problem with that. The Honourable Prime Minister taught me 27 years ago. Well, what did he teach me? You would not know. I shall ignore you.

Mr. ACTING PRESIDENT: Proceed with the debate.

SENATOR T. E. BARKER: He is getting on my nerves. Sir, I was talking about current revenue and I was saying that the increase in taxation was one way in which the Government sought to finance the huge and ever growing fiscal deficit with the Prime Minister's own admission that the tax take increased from about 27 cents from the dollar to 33 cents from the dollar. This means that for every dollar you spend 33 cents would have been taken.

Mr. Acting President, Senator Morrison is always telling me not in here, but always you are telling me on the outside...

SENATOR A. MORRISON: Sir, I have not spoken in this debate yet.

Mr. ACTING PRESIDENT: Thank you, Senator Morrison. You may proceed. Let us not be frivolous.

SENATOR T. E. BARKER: It has been said by him that the late Prime Minister Adams was the biggest tax collector there ever was. But if he was taking 27 cents from the dollar and he was a big tax collector, then what would you call a man who is taking 33 cents from the dollar? Well, I do not know. Anyhow, the point is that whereas in 1985-86 the last year for which we were responsible the current revenue was \$643 million. 3.00 p.m.

Now, Sir, last year, he increased that to \$960 million. Over \$320 million more was taken from the people of Barbados to finance Government operations and still they ended up with the massive deficit of \$300 million. Not only is he taxing and spending more, but at the same time, he is leaving a huge deficit which will be a burden on the backs of, not only this generation, but the ones to come.

Sir, no solution advocated to solve the ills of this economy, including the stabilisation tax, will have effect unless Government sets its house in order. I want to quote from page 7 of the Budgetary Proposals where the Prime Minister said:

"Expenditure on GDP at market prices rose by less than one per cent from \$3,427.0 million ... to \$3,440.2 million in 1990. This was due almost entirely to public sector spending."

He goes on:

"Government consumption rose by 13.0 per cent to \$693.7 million..."

These are not my words, Sir, these are his words.

"... and accounted for one-fifth of GDP at market prices compared with 17.9 per cent in 1989."

He goes on further, Sir:

"Public building activity increased..."

and this is the important point.

"while personal consumption spending and private sector building activity contracted."

So, what the Prime Minister is saying in his Budget is that the problem isn't due to people out there spending because they have contracted spending. The problem is primarily due to the public sector spending which increased by 13 per cent. Inflation last year may be 3 or 4 per cent, but Government's consumption rose three or four times the rate of inflation. Need I say more? The case is obvious.

I still have a few more minutes, Mr. Acting President.

Mr. ACTING PRESIDENT: Oh, I know that. I didn't say anything about it.

SENATOR T. E. BARKER: I saw you shaking your head.

Mr. ACTING PRESIDENT: You asked me if you need to say more and I shook my head to answer 'No'.

SENATOR T. E. BARKER: I thought you were enjoying the education, Sir.

Mr. ACTING PRESIDENT: I thank you very much for your update.

SENATOR T. E. BARKER: The fiscal deficit last year was \$320 million and to help reduce the fiscal deficit you are imposing \$30 million with the stabilisation tax because the stabilisation tax was expected to yield \$30 million although I doubt that it will get \$25 million because with the lay-offs and the proposed wage cuts and so on...

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order. There are certain rules by which gentlemen play, and it was agreed earlier in this Chamber, Sir, that no mention has been made in here about a wage cut. I thought that was established. However, if we want to be less than Honourable Members and persist...

SENATOR T. E. BARKER: Mr. President, I never said a public sector wage cut. I said a wage cut.

Mr. ACTING PRESIDENT: All right. We heard you well, Senator Barker.

SENATOR T. E. BARKER: The \$25 million or so, which this is going to raise, is still going to leak. The gap was about \$240 million in this year's estimate, so you will need a lot more to close the fiscal gap. This is going to help, but it's also going to kill some people. We'll come to that a bit later. The point remains that however you look at it, all of this is doomed to failure unless Government can find a way of reducing its appetite for spending money.

Sir, I want to talk briefly about the link between expenditure and revenue. There is some debate in the literature on the question of causality. Does revenue cause expenditure or does expenditure cause revenue in the sense that Government seeks to create revenue to meet expenditure? I suppose you can relate it to a household. If you get more money in your pocket chances are that you will find things to spend it on because – I know for myself there are a lot of things I would love to buy; that because of the poor salaries at the University I am unable to buy certain things, so that if I suddenly get more money, chances are that I will be tempted to spend more. It is my belief that revenue leads to expenditure so that as long as Government is raking in revenue it is going to find ways of spending the money raised. Sir, we can look across the country and see the monuments to this folly. We see Sherbourne. We see the St. Joseph Hospital. We see the St. Thomas School. We see a building down here by the Fishing Complex. All of these were started...

Mr. ACTING PRESIDENT: These have nothing to do with the stabilisation tax.

SENATOR T. E. BARKER: I am talking, Sir, about Government expenditure.

Mr. ACTING PRESIDENT: It has nothing at all to do with this matter.

SENATOR T. E. BARKER: Except, Sir, that the Prime Minister said that one of the reasons he brought in the stabilisation tax was to reduce the fiscal deficit. The fiscal deficit is caused by spending on one hand and maybe lacking revenue on the other hand. So, Government spending is going to create deficits.

I am just saying that as you look around the country you see evidence of thoughtless spending which has contributed to the fiscal deficit and hence, has contributed to the unnecessary imposition of the stabilisation tax. So we look around. Sherbourne is going to look good when it is finished...

Mr. ACTING PRESIDENT: This is being repetitious. We have heard all about that already. Thank you.

SENATOR T. E. BARKER: Sir, I always hear that sometimes you have to repeat things so that people understand you.

The point I am making, Sir, is that unless Government curbs its appetite and be more prudent in its spending, all of the taxes that we are going to raise are just going to be... We raise a tax today and we find something to spend it on tomorrow. We can look around and see that Government has not been as prudent as it should have been when it comes to spending my money and your money. That is the fiscal deficit.

I want to go on to the second reason why this tax was introduced, that is, to provide a stimulus for the export sector. Now, Sir, I have a problem in that I fail to see how the stabilisation tax is going to stimulate the export sector. Maybe my economics is not that good but I cannot see the direct link between stimulating the export sectors and the stabilisation tax. Sir, we could and should have been getting \$40 million worth of sugar. Is the stabilisation tax going to make us produce more sugar? I doubt it. It would take a Solomon to find the link between increasing the stabilisation tax and increasing the output of sugar or, for that matter, food crops. We just heard that they fell by 45% so far this year. That is not my quote, but the Central Bank, which says that food crop production declined by 45% in the first half of this year. Perhaps the Minister when he gets up can explain to me and to this Honourable Senate how the imposition of the stabilisation tax is going to make us produce more. I must plead ignorance on this matter.

The tourist industry: is the imposition of the stabilisation tax going to cause more tourists to come? That's an invisible export. So, you see Sir, the question you have to ask is, what nonsense is this? How could this tax which is going to reduce spending power at a time when private sector consumption is already contracting help the export sector?

If the Minister wants to talk, he can talk now. He has crossed me for less.

Mr. ACTING PRESIDENT: Senator Barker, proceed with the debate, please.

SENATOR T. E. BARKER: I saw him looking at me, so...

Mr. ACTING PRESIDENT: Senator Barker, again, proceed with the debate.

SENATOR T. E. BARKER: Sir, the third reason advanced is that the stabilisation tax would give some measure of protection to the balance of payments. Again, I must be repetitious, the Prime Minister said that there has been a contraction in private consumption. Those are not my words, Sir.
3.10 p.m.

He said in his Budgetary Proposals that there has been a contraction in private consumption. If there has been a contraction, and if, at the same time, Government spending is increasing, how can you only focus on the private consumption to reduce balance of payments when that has not been the cause in the first place when it has been caused by Government spending? Why are the citizens of this country made to take the blame for things over which they have little control?

The private consumption is down. The Government consumption is up. Therefore, to protect the balance of payments you go for that which is already down. You do not focus all your energy on the real measure which is contributing to the tax demands. That, Sir, is the sort of thinking that passes for brilliance on the other side. Sir, I am not sure that this is going to help. Obviously it is going to help the balance of payments somewhat because people are going to spend less because they have less to spend.

If Government on the other hand continues its huge appetite for consumer goods, you are back to square one. The key must be the Government, not the private person like me or you, Sir. Government must be the one to curtail its demand for foreign exchange because when Government builds something, for example, when they were building Sherbourne they were using foreign exchange. All the steel and all the other...

Mr. ACTING PRESIDENT: This is the third time I have said you are repeating the same matter. Will you please proceed and not be repetitious.

SENATOR T. E. BARKER: I am making another point, Sir, on the same thing. I am talking about Sherbourne in relation to its consumption of foreign expenditure.

Mr. ACTING PRESIDENT: I said that you have already referred to Sherbourne on two previous occasions, so let us proceed.

SENATOR T. E. BARKER: I am going to talk, Sir, about the improvements down at Trafalgar Square where we are importing certain pigments for the blocks when I am told that they could have been made up in Greenland with our own clay. So we import the pigment to make the bricks which uses foreign exchange and, at the same time, we could have saved that money in foreign exchange and also provided jobs for our local people. That, Sir, is an example of Government wasting the foreign exchange of this country.

It is true that the private citizens also waste things because I see that they are importing spring water now from Scotland. I see spring water from Scotland now in the shops. The point is, when you see Government wasting foreign exchange the private citizen is going to waste it too. Government must set the example. That is all I am saying. When the Government can import four luxury coaches for which there is little purpose with all the foreign exchange well, then the private citizen is going to say he can buy spring water too because I am seeing no example from Government.

Mr. ACTING PRESIDENT: Senator Barker, are you saying that the Government is importing spring water?

SENATOR T. E. BARKER: No, Sir. I have never said that. I never intimated that. All I am saying is when they see the Government importing buses for doubtful purposes then they can go and import water. I never said the Government imported water. Nothing that I said could be construed like that.

Mr. ACTING PRESIDENT: It is quite a *non sequitur*.

SENATOR T. E. BARKER: Maybe so but I am sure the people in here take the point that Government must set the example.

Mr. ACTING PRESIDENT: Who are the people in here?

SENATOR T. E. BARKER: Some Senators have taken the point.

Mr. ACTING PRESIDENT: Oh! Some Honourable Senators. Thank you.

SENATOR A. MORRISON: On a point of order, Sir. I would like to say categorically that Government does not waste foreign exchange.

Mr. ACTING PRESIDENT: Thank you.

SENATOR T. E. BARKER: Is that a point of order, Sir? I will repeat what I have said. Government must set the example. This measure to protect the balance of payments is useless unless Government itself does what it should be doing in order to protect the balance of payments, that is, stop financing the deficit by printing money and curtailing the use of conspicuous foreign exchange on things which could have waited until the situation improved.

I have seen no evidence of a crisis in the way how Government is getting on. They do not act as though there is a crisis. The hurtful thing is, we are talking about the balance of payments and the foreign reserves. Two years ago there was a dramatic fall in the foreign reserves and it was pointed out to Government that the foreign reserves were in difficulty. There has been little or nothing done over the past two years. That, Sir, is hurtful that they have done nothing over the past two years to arrest the decline. Every year it is getting worse and worse because things left to themselves never get better. They normally get worse. To protect the balance of payments they are going to bring a heavy imposition on the people of Barbados when it could have been done at a cheaper cost in a more timely manner.

Two years ago when the problem started they should have worked on it then. They should not have waited until two years down the line and come with foolish half measures and measures that have no basis in sound theory.

It is two years too late. This has been the hallmark of this Government over the past five years. Everything they do is at the last minute. Even this Bill, it has to be passed by tomorrow, August 1. What do you see? On the 31st July they are now bringing it. BCCI caught the Government with a last rush in here. Yesterday the same thing happened.

Sir, I want to move on a little bit. We come now to the Stabilisation Bill. If we listen we would see the thread of the argument. We will see why I personally have difficulty with this Stabilisation Bill. Sir, a person's income is, at present, subject to income taxes, not all but some. It is subject to levies like employment and so on. Now we come to stabilisation taxes, three taxes on one's income the income tax, the stabilisation tax and the levies. Sir, this is from a Government which came into office in 1986 on the premise that they were going to substantially reduce taxes. What we see is that whereas there was one tax and a levy now we are having two taxes and a bigger levy. Remember, Sir, the levies were increased in 1987 and another one introduced in 1987. Whereas they found three levies, they brought in another one in 1987 and increased the rate on the other three levies. A Government who came into power in 1986 on the premise of reducing taxation to quote the Good Book "their little finger has become bigger than the BLP's loins." Our income now is subject to ...

Asides.

Mr. ACTING PRESIDENT: Proceed, please.

SENATOR T. E. BARKER: The difficulty I have with this stabilisation tax is that because it is across the board, it comes down unfairly, in my opinion, on those who are least able to afford it.
3.20 p.m.

This is something that we must get clear in our minds. Just as the imposition of that new levy and the increase in others in 1987 are affecting adversely those who were least able to bear it, so too does this tax. So, what we are having is a situation where the person at the bottom of the economic ladder is called upon to bear disproportionate amount of the cost of running this country.

Sir, it is a well-known fact that indirect taxes also impact more heavily on the lower paid, primarily because the lower paid spend a higher proportion of their income on goods and services than those in the middle and higher income brackets. It is a well-known fact, Sir, that all economists would agree that indirect taxes are regressive in that they impact more severely on the lower paid.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir, we have an opportunity, Mr. Acting President, to debate indirect taxes when we discuss consumption taxes. We are now debating the stabilisation tax.

SENATOR T. E. BARKER: I wish, Sir, that he would ...

Mr. ACTING PRESIDENT: Proceed, Senator Barker. Forget this, "He". Proceed with your debate.

SENATOR T. E. BARKER: The point I was making, Sir, before I was interrupted, was that these levies and this stabilisation tax added on to the regressive indirect taxation is seriously eroding the standard of living of those least able to afford it.

Sir, a study was not done recently but I am sure that when the next income distribution study is done in Barbados you can very well find that the inequality gap would have increased in the last five years. I am eagerly waiting, Sir, for the result of such a study because the imposition of these taxes, in my view, and in my considered opinion, is going to seriously affect the inequality gap.

Sir, why should those persons who work, maybe one day a week, because some people on the plantation do not get more than one day's work a week. Some weeks they may get two. Why should they work for \$30 or \$40 a week and have to pay tax? How much is not the important thing. It is a matter of principle. You have a man who is barely making it; he is making a day or two work on the plantation, because we know the plantations are in trouble and even although the workers are guaranteed a few days a week they don't always get it. Why should he work for \$40 a week and have to pay 60 cents? The amount is not the important thing, it is the principle. He has to pay that for stabilisation tax. I have a lot of problems with that.

I feel, Sir, that there should be threshold that below which no stabilisation tax should be imposed. I am saying that the maid working for \$100 a week – some of them work for \$100 a week or less. To me it is almost immoral, and this is a personal thing. I am not criticising anybody, it is almost immoral to be asking that person who is barely making it with three or four children to feed, to be asking them to take out \$1.50. It may sound like nothing, but to a person who is barely making it, that \$1.50 can be three bus fares for those children to get school. I feel, Sir, there has to be some level of income below which this tax should not be levied. It is not too late for Government to correct itself.

Not only that, you took 60 thousand people off the income tax roll for the past few years and now look at the cost involved, you are now bringing them back into the tax net. The cost of paper alone in doing all of these transactions to collect a dollar here and fifty cents there, to me, Sir, the very cumbersome nature of collecting this tax would militate against its usefulness. You will ask a Clerk with fifty thousand more people to assess ... Government should ... I am sure that other Honourable Senators would

agree with me that Government should rethink its policy here and introduce a threshold below which the tax would not apply. It would save a lot of bureaucracy at a time when the Government is seeking to cut its wage bill. You are bringing in now unnecessary paper work to collect a dollar a week, 75 cents a week. To me it does not make sense. It does not add up. So apart from the unjust nature of it, the amount of paper work that now has to be done to collect 75 cents or a dollar a week, is something like the old tax on bicycles, where the cost of making the number plate was more than was collected from the bicycle tax itself.

These taxes are a national imposition upon those lower paid and the net returns can't be that good, because you are talking about \$30 million. I am sure that if you had a threshold, you would get nearly as much as that at a much lesser cost and a much greater social dislocation.

Sir, in the exemptions, it was not specifically stated but probably when the Minister gets back up, probably he can tell us if the interest where the credit unions are concerned, if they are exempt. I suspect they are, but probably some clarification would help, if the interest paid on credit unions savings and savings at the BNB is also exempt. It was not made clear in the Bill.

So, Sir, with those few words, I must express my serious reservations and objections to this Bill. We on this side cannot support a Bill which is going to affect, so adversely on those who least able to afford it. We, who in our ten years in Government have sought strenuously to remove the lower paid from the tax net, we cannot in good conscience support a move which is so retrogressive in nature.

When we came into office in 1976, a person working for \$25 a week used to pay income tax. When we left it was about \$200 a week or so. We removed all of the people working for \$25 or \$200 from paying tax. Now this is going to bring back the man working for \$20 a week in the tax net. We cannot support that. We recognise the Government must have money to run its ... We know all of that. But, in good conscience we cannot allow Government to inflict anymore harm on the people than it has already done. All the scoffing that we are getting from the other side is not going to detract us from protecting those people in our community who have been left unprotected by the tax axe of the Minister of Finance. He has swung his axe, I nearly said, but I am sure I would be out of place, by now he has almost indiscriminately ...

Mr. ACTING PRESIDENT: You have one more minute, Senator Barker.

SENATOR T. E. BARKER: Thank you. Whoever gets hit, gets hit. It is an indiscriminate wielding of the tax axe and we cannot support it. It goes against the grain of

all that is within me all of my Christian upbringing, all of my love for the underprivileged and the unfortunate. It goes against all of that so I could not stay here and support a Bill which is repressive in nature. Thank you.
3.30 p.m.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, having heard the outburst from Senator Barker, I thought that he would have said something new from this morning.

SENATOR T. E. BARKER: On a point of order, Sir. Is the Minister summing up?

Mr. ACTING PRESIDENT: Did your colleague indicate that she wished to speak? All right, Senator Mottley, you may address the Chair.

SENATOR MISS M. A. MOTTLEY: Mr. Acting President, as the Minority Leader of the Opposition has stated, it is impossible for the Opposition or indeed any Member on this side to support the proposals for the stabilisation tax as were proposed in the Financial Statement and Budgetary Proposals of the Minister of Finance earlier this year.

Sir, in 1976 as is stated, a programme of fiscal reform in this country was started which between 1976 and 1986 and, indeed, this Government continued it by extending to those who were paying \$12 000 to \$15 000 exempted them from taxation. But it appears as though there has been an about turn somewhere now that all of a sudden, instead of creating a system in this country where taxes are raised selectively from those who are less able to bear the burden, there is now an indiscriminate attitude towards the raising of taxation, but not only in the stabilisation tax but in the excessive reliance of indirect taxation that has been taking place over the last three or four years.

Sir, one is minded to discredit the actions which have led to the imposition of this stabilisation tax of not caring who it hits, when it hits, or what it hits but only knowing that it had to hit. And in hitting that it receives and draws revenue to the benefit of a Government that on its own admission has increased its expenditure consistently and considerably between 1986 and today. But what is significant is that if we look at the level of the increase in Government expenditure even between 1986 and 1989 when it hovered around 8.8 per cent on average a year that all of a sudden in the last fiscal year, instead of their usual 8 per cent which is unacceptable, there was an 11.7 per cent increase in Government expenditure, an increase over the previous year of almost 50 per cent if you take 3.7 per cent over 8, Sir.

This is the same Government, while spending recklessly and indiscriminately, that seeks to impose upon the people of this country a tax that ranges, if I use the

words of the current Calypso Monarch who describes as calypsonians have done for centuries of what they see and hear in the society that extends from Swine, the car washer, to the man or woman with the greatest income in Barbados, "Sir, it cannot be right." We are reverting to the position where we are treating the dollar earned by every individual in this country of having the same worth. I submit, Sir, that a dollar that is earned by an agricultural worker who is only earning between \$100 to \$140 a week, depending on how regular the work is, cannot have the same worth as a dollar earned by a senior civil servant or a senior manager within the private sector or a professional. To treat it as having the same worth is to show a callous and blind approach to the situation before you, Sir. What even makes this worse, where the salt in the wound starts to bite, is that we hear that these measures are calculated to raise \$30 million in revenue, although there is some doubt as to whether that will indeed be the case given the fact there is contraction within the economy. Therefore, the level of revenue and income generated in the economy is not likely to increase. So that estimate of revenue for the stabilisation tax is likely to be less.

Given that fact, we have a Government that is still pursuing policy expenditures that are not and cannot be of immediate priority. They have programmes like the construction of a Ministry of Education complex for \$13 million or \$14 million and at the same time, Sir, you want to collect 58 cents every week from the agricultural workers when they are having the greatest difficulties in buying groceries. Yes, Sir, Senator Clarke correctly pointed out that we have had a Social Welfare system in Barbados of which we can be proud. Of course, Governments have contributed to the building and maintenance of that. But I live in a deep fear that while those who were old enough to benefit from those services up to now have benefited, but the young ones now who are coming up may not have the same opportunity to benefit from those services in the future because if Government does not stop indiscriminate spending and does not prioritise its needs and follow the saying of Mahatma to reduce your wants and satisfy your needs, the people then will not benefit from the same level of the social services in this country which many of us have been the beneficiaries of.

Sir, the Ministry of Education complex is one example that need not be taking place at this stage. Certainly, one does not need to spend \$14 million to build a complex while at the same time you are not only imposing a stabilisation tax but you are taking National Insurance and two or three levies which are non-refundable despite the fact that prior to 1986 they were refundable.
3.40 p.m.

You are taking income tax from those who earn in excess of \$15,000, and now the stabilisation tax on top of all that indirect taxation which has increased tremendously in the last four or five years. Over \$200 being raised from

indirect taxes, and on top of that – I mean, Sir, you would think that at this stage some kind of reprieve would be necessary. You would think that there would be some consideration. Despite all of that, because of Government's inability to curb its spending, we have found ourselves with a huge fiscal deficit and to try to correct that we find ourselves facing wages cuts across the board. Sir, the ultimate effect of all of this is to reduce to an unrealistic level and an unbearable level the disposable income of workers in this country. While not wanting to be a prophet of gloom and doom, when you start to do that in a climate where there are already existing social problems that are worsening, you are in for a long and rough and hard ride to recovery. Not only then will you have economic problems being caused for economic reasons, but you will then have the one ghost that we don't want to have to face and that is economic problems being worsened by social problems. That is inevitable, Sir, when you have a situation where people are unable to meet their basic needs in life. The ultimate effect of adding an additional tax to the whole ambit of taxes that presently exist, even at the rate of 1.5%, is to reduce further that disposable income. Sir, if a rising interest rate comes, the people of this country are going to be in trouble when it comes to meeting their bills when the month comes.

The people who will suffer the most are those young people and, particularly, single women in this country. Any examination of mortgages being disbursed in this country will show that a large percentage of people receiving mortgages in Barbados today are single parents, usually women. Those single parents who have two and three children to support and who are living on salaries which are fixed, who have had to budget carefully and who now find themselves in an even more difficult situation because not only are there additional taxes coming forth but there are additional expenses when any rise in interest rates does occur. This is the context in which we must look at what is going on. It is impossible for you to impose a tax such as this without understanding what other developments are taking place within the economy that are likely to affect the individual earner.

Anybody who is versed in the principles of tax collection and taxes will tell you that one of the cardinal rules of taxation is that taxation must never be more irksome and more of a nuisance than a benefit. I submit to you, Sir, that a tax such as this which requires an agricultural worker who may only be getting two or three days' work and who is getting \$50 or \$60 to pay the 58¢ in taxes, that that is more irksome because the paper that they would write on to return that would probably cost more. The bus fare to get to town is certainly going to be more than 58¢ one way far less to get them home from town. Sir, a tax cannot be a good tax where it is more burdensome to administer and implement than that you can receive from it. If Government was so intent on raising money to cover its excessive expenditure, it should have

been more selective upon whom the tax fell. Sir, at least with the surcharge, those earning \$15,000 didn't have to pay. How many thousands of people across this country have been brought back on the tax roll? Am I to stand up here and support an action which takes us back fifteen years in time? It cannot be right.

In all conscience, Sir, this Government, as I said earlier, cannot have a heart and soul because you cannot continue to impose a repressive burden upon those who are least able to carry it. Tomorrow is August 1, 1991, some 153 years ago, the slaves were emancipated and one of the things about that was that at least there grew an understanding on the part of the British Government that if it did not stop placing a repressive burden upon people... It is true it was far more repressive than this Government can ever put upon the people of this country. Nevertheless, a build-up of repression on people leads to their reacting. I am saying that this country already has its fill of social problems and if you continue to make it more difficult for people to live, those social problems would increase. If a youngster cannot get a job, he has to find a way to live. That is the bottom line. I would not speculate as to how he or she may find that way to live, but they must eat, and they must have somewhere to sleep. Let us understand that what is facing this country is not only a question of figures and things within files but it is a question of how the people whom these measures affect can continue to exist. What is clear out of all of this is that even if we eventually can get back onto the road to recovery, the standard of living in this country for generations to come and for the up-and-coming generation in their twenties and even those in their thirties, but particularly those in their twenties and teenage years, is in serious jeopardy. When an economy starts to derail, it does not come back automatically. It takes a while. Not only are we facing a position of dealing with Government fiscal deficit but we also have to face the ultimate problem which needs to be faced immediately that of earning foreign exchange. When calls and appeals were made to this Government over the last two to three years that not only should they start to curb their expenditure but that our foreign exchange sectors were in serious trouble, nothing was done. In the one or two areas where something was done it was short-lived. Even though we saw an increase in agricultural performance at some point we now see it decrease again. We have had our worse sugar crop in 60 years. We have had a 45% reduction in food crops. We have had a consistent decrease in the number of tourists coming to this country while other islands in the Caribbean experience increases.

3.50 p.m.

Our manufacturing output has suffered. What has this Government done? The Prime Minister had an opportunity in the same Financial Statement and Budgetary Proposals that he implemented this year to implement further incentives for the export sector to create the correct

environment for the export sector to thrive. What did we get in the Budget this year? Not one measure of any merit to stimulate the export sector but a stabilisation tax to put burden upon the backs of people in this country. We cannot take any more.

Sir, in all conscience this Government cannot be serious about the welfare of the people of this country. I do not want to talk in a vacuum because at the end of the day it is not only what the Barbados Labour Party says or what anyone says but it is how the workers are affected, how those who are without jobs are affected, what is left there, what kind of standard of living remains for the young people coming up and how a single mother fares.

We have a situation in Barbados, I believe, where the figure for a single parent approaches something near 70%. Senator Straughn, perhaps, would be in a better position to adumbrate this for me. Those single parents are the ones who, traditionally, have had to hold the family together and support them, however they got the means. What are we doing? Placing a repressive burden upon the womenfolk of this country. Why? Because we have a Cabinet that does not even contain a female Cabinet Minister who at least would be able to express the views and the difficulties experienced by women in this country, how they would be affected by any programmes that may need structural adjustment or anything of that nature. You look at all the countries which have gone through harsh, economic conditions within the last 20 years and almost every report singles out that it is the women in those countries who have had to bear the burden of the economic and the social adjustments that need to take place.

Sir, it is with great difficulty that I can even stand here and talk about this because even as a young person I am trying to build something for myself which will last as all other young people are trying to do. What does the economic and social landscape present to us? Employment levy, health levy, all kinds of levies that are non-refundable despite this Government and the unions talking about being psychologically opposed to levies. We see not only that levies remain but they are non-refundable and, indeed, they have increased.

Then, Sir, there is the necessary national insurance payments, the income tax and the indirect taxation and now this stabilisation tax. No wonder they say our people are ingenious and creative. No wonder it is commonly known out there as the starvation tax. Perhaps, it is being a little too much to say that they call it the starvation tax because they think they are going to starve. But at least they feel they are going to be starved of something if not food, of money. That is how the people feel, Sir.

If this Government was operating on a basis where they put people first, we would not be debating this measure in here this evening. There are other ways of

raising revenue, if necessary. But, more importantly, there are ways of curbing expenditure. Why are we spending the \$14 million on the Ministry of Education Complex? Why do we spend over \$500 000 to maintain Ilaro Court. I do not even think Government House requires \$500 000 to maintain it but \$504 000 was voted in the Estimates this year for Ilaro Court.

We can go through these Estimates, Sir, and find a number of other activities and areas of Government spending which are not of any immediate urgency, Sir. I submit that it is better for Government to prioritise its spending. Heed to the words of Mahatma which says reduce your wants and satisfy your needs and not find itself – I repeat those words because I want them to sink in the ears of the Government and every night when they go to sleep they hear it and every morning when they wake up they hear it because that is the only thing that is going to save this economy. Sir, let them do that instead of imposing excessive burdens on people who can hardly afford it.

One interesting point though, Sir, is this. This Stabilisation Tax Act is obviously here to stay. If one looks at the provision within the legislation, you can see that there is provision for it for future years. This is not even a one-shot measure like the surcharge. This is something that is here to stay with us as we grow. That means that those thousands of people who have been brought back on to the tax roll do not let them feel that they are on for just a few months. They are back on for good unless there is a Government in this country who is prepared to do, not only talk about tax reform as the Honourable Senator Clarke has been talking. And I am sure were he to have his way we would have seen tax reform already but, unfortunately, there seems to be little action coming from the rest of the Government. Until we have a Government that is prepared to act and institute tax reform in a serious way, those thousands of people who are back now on the tax roll are there to stay because this legislation, unlike the surcharge, is not for two months. This legislation if you look at it closely you will see that it is here to stay. It is here for good.

Government knows what it is doing. Government understands that what it is putting is not just a stop gap measure. It is like going to the IMF for a standby arrangement for a short flow of funds or having to go to the IMF because there are structural problems in the economy. But, Sir, what is more interesting is that I have always learnt that workers' rights should be protected in this country. Fortunately, with the foresight of men like Sir Hugh Springer, Sir Grantley Adams and Sir Frank Walcott we have had the rights of workers in this country protected over the years. But all of a sudden when workers' disposable income is being reduced in measures like this, not a word from the unionists.

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

SENATOR Miss M. A. MOTTLEY: I appreciate that, Sir. Yet in 1986 the unionists were out marching up and down in this country against the Barbados Labour Party for far less. But a union, I suppose, can continue to put up with this having stated that they were philosophically opposed to levies and for four and a half years to support an increase in levies and making them non-refundable I suppose would swallow this like how okra goes down somebody's throat with the greatest ease. But except, Sir, I would not want to describe unionists like how okra is described.
4.00 p.m.

Sir, there is a great deal of deception taking place among the unions in this country. It is about time that the workers receive the kind of representation that they deserve and not be used as a political football because the unionists have difficulty in being in church and chapel too. This stabilisation tax merits comments from all the unions in this country because even those people, as Serenader said, Swine the carwasher who don't belong to unions, they too are suffering. But, not a peep from them.

Sir, it is time that they stop playing political football with the workers in this country. The sad thing is, Sir, when you heap a repressive burden upon a people and then you couple that with not inspiring any confidence in the people because Government has refrained from coming to the people of this country since January when it preached that all was well and good, that Government has used all kinds of people to communicate its message. Sir, when that happens, you lose the confidence of the people of this country. With unions behaving how they are, they too are losing the confidence of the workers in this country and it is a recipe for social disaster. Thank you, Sir.

SENATOR Mrs. A. STRAUGHN: Mr. Acting President, I did not really intend to talk about the Bill particularly, but I do want to make one or two observations.

Senator Clarke who put over the Bill, I must say, brought up some vital points about some of the social services that we have been enjoying for some time – quality of health, transport services and education were among them.

I should like to submit, Mr. Acting President, that these services have got to be looked at very carefully and upgraded where necessary if our populace is going to be in any way highly satisfied with another added tax. I lived through World War II. A lot of us in here were not able to live through it. We had disciplinary measures. It is true it was not a matter of taxation, it was something we all had to live with. We had what I would call strong disciplinary measures.

There was Dr. Saint who showed us how we could actually feed ourselves on very simple fare and most of us, all of us, who lived through that time had a very deep respect for that sweet potato. Sad to say we can't even get them now and when we pay for them now, they are at a severe price.

My contribution here is that, I submit, somewhere along the line we have got to look at disciplinary measures to help us to cope with anything that we have to do and especially to cope with taxation measures that appear to be extremely necessary. I can see no real way out but if we are to live with it, I think the time has come where we must have some strong civic education programme to teach us how to live with what we have, to build and produce and use what we have and even to try to manufacture or create what we have not or what we have lost.

I think our strongest thing in dealing with this taxation measure is discipline. Severe discipline, educating us how to live in these severe times. I, personally as I said before can see no real way out but if we can't see it and we have to live with it and live with it for a long time I think we have got to get some kind of system even if we get professionals in this line to teach us, to preach to us, and for us to understand how we have got to discipline ourselves to be able to cope and to cope well. Thank you, Mr. Acting President.

SENATOR Mrs. V. C. FRASER: I rise to support this Bill. All along people keep asking for more services and better services in this country. Barbados is a very small country and the main resource is the resource of its people. This Government has given a number of concessions to the farming community, to old age pensioners who no longer have to pay taxes. People do not seem to realise that for all those things somebody will have to pay taxes to assist those persons who have given their years to the country and are no longer able but receive a pension, and thank God, in Barbados, it is not taxed anymore.

I hear so much talk about those poor persons. I don't know the people under \$15 000 a year, I don't know that they are paying any income tax, but surely if we are asked to make a contribution through the stabilisation tax of 48 or 60 cents, I know it cost more than that to go to the Stadium and I surely agree with Senator Straughn that disciplinary measures among the people of Barbados will have to be enforced.

We have got a pattern of conspicuous consumption in this country. We relate everything as we behave as though we are from the metropolitan countries. All of my friends who have been coming back to Barbados are surprised when they go in the supermarkets to find there is nothing they cannot get that they get in the metropolitan countries and they want to ask why is this so. Why do we necessarily have to import all of these food items and we

are here today – some of us – giving a blind eye to the fact that Barbados is importing \$215 million in food. That is a substantial sum of foreign exchange going out of this country and we need the discipline that says, what is nutritious and what is good for you is what you eat and what will be imported in this country.

If the people were not drinking water from Scotland no businessman would import it. He is no fool. He watches what people buy and therefore he imports because he wants to make money. Those people will tell you, you hear of a rock singer coming here, the Stadium is filled, all of the calypso tents have been filled. Still we can hear these poor, poor people, oh they are putting more strain on their shoulders, you are bending them down.

We have a welfare system where people are getting free uniforms for children. Some are checking up the amount of money plus the amount of children they have and multiplying it at the end of the week and that tells them how much money they can get. Instead of a discipline, when they ask them at the said Welfare, "Would you come and learn basket-making?" No they are not interested in that, although that could bring them a considerable income and they would not have to be sitting down waiting on welfare money. These are the things which I thought we as Barbadians would be looking at seriously because when we rant and we rave and we try to project an image that Barbadians are so depressed, so hungry, so under privileged, nothing is being done for them from the tax dollar, or they don't want further improvements, when we are comparing Barbados with other countries in the Caribbean region that if you check their standard of living, you judge a country by the standard of living of all the people, not some of the people.

Go through the country in Barbados and you judge the country. I laugh when I hear people talking about they are with people. I am with people every day. I went out in the fields and worked with people all in St. Thomas in the applied nutrition programme, the same agricultural workers. You think you can dress better than any of them or you have a better house than those people; they understand thrift. They don't need anybody to teach them, thrift. They understand savings better than a lot of people who are talking a lot of nonsense. What we need to do Mr. Acting President, is to try to educate people back on to an even keel, that conspicuous consumption and looking at what the Jones' are eating or drinking... You do not need fishcakes from Formosa, you do not need bayleaves in a bottle. Bayleaves grow all around here, the whole line of pickles; you do not need \$7 million in salted products, salted meat and that kind of thing. Why do we need that in this country.

4.10 p.m.

Therefore, we either have to put some of these things on the negative list or ban them. We are not looking at

what Government is doing on the positive side with areas like the Springhall Land Lease. Government is giving incentives to organisations like the National Development Foundation for on-lending to small business people. We want people to be real people and not beggars. For goodness sake, let us train our people to look up and to learn a skill with which they can develop themselves and they can employ themselves and not be beggars.

There are many people in this country who have shown by hard work that they can create jobs and they have done it significantly. In the same way the National Development Foundation has been able to create over a few years 862 jobs. I cannot understand why people keep talking foolishness about the poor, poor people. Those of us who went to school in my time our parents had to look for the text-books. Our Government now has devised a scheme where children are able to have textbooks to use in the schools. That comes from the taxpayers' money. You want better services. Every year you want this subject added on in the schools. You want technical drawing and you want equipment. Where is Government going to get that money from? These are necessary things. They must get it from the tax dollar.

If people resent paying taxes, then something is terribly wrong. I can see the argument if Government was going to impose a significant tax on those persons who are working for under \$15 000. But if it is going to be 40 cents or 60 cents, I think it makes people understand that they are making at least a simple contribution to what their children are eating, wearing, and using and going up to Cave Hill for free. It is time we realise that everything in this country must not be given to us on a silver platter. Barbados is small and developing. We ourselves, not Government, have got to realise that there are things which we do not need to eat. Senator Straughn mentioned very clearly how they lived through the war years. I am not saying that you must only eat sweet potatoes. But I am saying that there are slips available at the ADC and there are many people who are not planting sweet potatoes. They have their own agenda and that is why they are bringing about a scarcity.

There are a lot of idle lands which people have not paid taxes for in this country and they are bringing about these artificial shortages in this country because they are not planting. If I had anything to do with that part, they would have to come up front and I would say to them that you have not paid taxes for so many years. It is time now that you let us have that land for somebody who will produce. We have to be strict on those measures and we have to realise that is a serious responsibility because we have a slogan called "produce or perish". If you do not produce, you cannot become almost self sufficient as we are in a number of areas of food items like chicken, pork, local beef, eggs, and onions, and some of the vegetables.

Those are the main things that you need to sustain life and health.

Government spends a considerable amount of money on preventative health measures in the polyclinics and so on. Yet people who are suffering from chronic diseases are able to get their medication free. This is a progressive Government. You cannot want services and do not expect to make a contribution to the services. I do not call that a burden because I find that whenever there is big entertainment in Barbados it is the same people that they are talking about who get there first. I do not get to the stadium. I do not get to a number of these things, but people who do little things for me tell me that they are going to the stadium tonight or they are going to a tent. I do not know where they get the money from. Of course, they go and they go in the thousands and we do not seem to be mentioning that.

Every evening the supermarkets are filled with people. Ask them from where are they getting the money. They are buying food. The fish market is always filled with people. Even if there is no fish, there are people looking for fish. What I am saying, Mr. Acting President, is that Barbadians should stop painting gloomy pictures of our own country and see where we can use our expertise to assist Government in building back whatever we think is lost, so that people will realise that if you go to the supermarket and you do not plan your shopping list you are going to buy all sorts of nonsense. When you get home, you discover that you do not even need it but the money has been spent already. If that goes on and on, it means that we are going to continue to have a high food import bill. It is time that we look at this very, very seriously. When we see 27 varieties of pickles, marmalades, corned beefs, why do we need all of these things? Are you going to tell me that you cannot choose from two or three varieties if you had to? There are a lot of non-essential items that are coming in and I have mentioned the whole range. Cake mixes – what do we need those for? We can make pastry. Our hotel industry is turning out some excellent chefs. They can go all up to Colorado and all over the world and win first prizes in pastry making. Yet, we are not accepting the fact that we have that type of skill and talent here.

We have windows here at the various banking systems that will assist those people. Here again, I have to come back to the National Development Foundation. When you see some of the pottery and some of the farmers' produce that has turned out by just giving the man a chance to get a small loan to help himself and to teach him how to keep his books in a simple form, these are things that we need to do in order to help people to develop themselves and not to have the dependency syndrome that we seem to be encouraging people in. When we throw up our hands in the air and say if somebody cannot find a job, what must they do? Instead of that, we can say, "What

talents have you got?" Let us marshal your skill into the right direction. There are young fellows in this country now who have what they call "garden services". They come and mow your lawn, slip the plants, and weed for you. I am sorry to say that quite a number of these people have a different shade from me. I heard Senator Springer mention that in here already and it is quite true. Only last week a friend of mine wanted some trees trimmed. She called and, when she saw the colour of the face, she said: "Why cannot these other people find jobs and they will come to me and ask for \$5.00? They will run away before an hour is over but the other people will come and work steadily because they understand to work from scratch up." We have got to teach our young people that no kind of work is degrading. It is uplifting.

4.20 p.m.

We have to teach our young people. When they go to a secondary school and they say they want to do carpentry, we must not tell them, "That is not for you". When they want to become a mason and eventually, probably, an architect – who knows? – we must not tell them, "that is not for you". We must not pull the aprons off our girls when they are serving at the various functions at the school and tell them not to do domestic science because they are not maids. These are the kinds of disciplines that we need in this society if we are going to respect Barbados and keep it on an even keel with overseas. It is hurtful to me, when I travel, that a number of people in this country seem to want to drag it to the earth. Let us hold our hearts and hands together. Let those who have benefited from the educational system come down from their ivory towers and realise that this is our country. It does not belong to the Belgians nor to the Irish. It belongs to the Barbadian people. If we don't watch it, it will belong to somebody else because we will not try to expose ourselves to skills and we will let somebody come in with the skills when we can have the same skills in Barbados. We have all sorts of skills that you can dream about here.

My appeal, Mr. Acting President, is that instead of continually talking about all these poor people, let us teach the man how to fish instead of giving him a fish, and he will have fish always. Let us realise that in a society like Barbados we have got to make a contribution to the living of Barbados. Let us not try to encourage people to take out more money, more foreign exchange from this country for holidays and trips, unknown to the Central Bank. If we hear of these things, we should inform the powers that be so that we are loyal Barbadians. Don't be disloyal and then talk about something that happened that you knew about. To me, you are just as guilty because you knew the person was trying to pull down our country.

Mr. Acting President, I sincerely hope that what I have said here this evening I have said from my heart – I will not continue to hear in this Honourable Chamber anything other than some of the ways we can grow to

success, some of the things that we cannot do by ourselves that all people will try to do. If Barbados falls, we all are going to fall. Where are these people going to run, that you are talking about – all these poor people? Why aren't we teaching them a skill for the future? They might want to migrate.

I have always been in the area of teaching skills. Those who have not done anything, get up and do it now. Join me! I need joiners. I don't need talkers. I am a doer and we need a lot of people who need to do rather than talk. I am not a person whom anybody can put off their feet either. I am one of the people that believe strongly in the power of positive thinking and the power of doing. "Faith without works, is dead".

It is time for us to stop talking and criticising and pulling down this country. Every time we try to pull down this country, what we say is being published in newspapers abroad – "Barbados is Sinking". Every time I go to Florida, I hear my friends saying, "What is happening in Barbados? We get this newspaper and there is such shocking news. Have we deteriorated that badly?" Now they have come for Crop-over, they are surprised. They thought Barbados was down in a well or something. Now they have come for Crop-over they say, "Where are all these poor people that we heard about? Those people who are suffering so badly that they don't have anywhere to sleep at night, who can't get a morsel of food? If people could produce to us all these various people, then they would be able to get assistance". So, instead of talking, give us the statistics. Let us know where the people live. Let us understand who the people are, so that some system can be put in place to assist these people. That is what you do. You bring young people with talent to the National Development Foundation or you carry them to the Barbados Development Bank or you try to teach them some skill and show them how to get the training. If you are a good joiner, you take them on as an apprentice. If you are a good salesman, you teach them how to sell a product. These are the things that we need to do – put people under our wings, whether the church or the social organisations or what.

I have great hope, Mr. Acting President, that when I see the Scotland Development Project started and it will start and has started in some measure... Many people do not seem to realise that non-sugar agriculture brought in \$100 million in this country. Therefore, it can succeed only if we continue with good will. Let us produce or perish. Thank you.

SENATOR THE REV. CANON J. L. SPRINGER:
Mr. Acting President, I feel constrained, though late in the afternoon, to say a few words on this Bill which I support because I think that the principle is laudable and an ethical one. That is to say, we are all in it together and there is nothing wrong with ensuring that all of us join in bearing

the burden. I think we all should contribute, rich or poor, not so rich, not so poor, young, old, everybody.

Even while saying that, Sir, I have a concern that in Barbados we have got so used to a freeness mentality; that a whole lot of young people think everything must fall into their laps. I know a lot of us spend time defending the young and talking about opportunities, but we also have to teach them that they have to pay in some way for what they get. Somebody has to pay for it. I find it more than passing strange that there seems to be some correlation between those of the post-independence Barbados of 25 years and the rising crime rate in this country in that age group. I think we had better observe what is happening with this freeness mentality.

I know that there are some people who can't get jobs, but I also know that there are several of them – and I am ideally placed in my own professional pursuits to know that many of them refuse to work when there is work available. So, I hope that somehow or another, even the youth will be made to bear their part of the burden in these months or years ahead as we go through what we are going through at the moment. However, Sir, I think that I would like to have two safeguards. One, is to ensure that the poor will not have to bear a disproportionate part of the burden as we go along. We will have to watch that very carefully. The second is – and this has been hinted at by, I think, Senator Mottley – that when the time comes to relieve the burden that that relief is forthcoming and we don't go on indefinitely, because there seems to be a feeling that once you have started something like the stabilisation tax that it will go on forever. I don't believe so, Sir. I believe that it is a temporary measure to help us through a particular period and that it will come to an end when the time is ripe.

I have another cause for uneasiness, Sir. It is this: there is a lot of shouting across the tables among professional people like economists and politicians and journalists writing all kinds of things, indulging in all kinds of scare tactics as though they live on some other planet and they are talking about some other strange place when in fact it is our country. I think the time has come for national unity in this regard.
4.30 p.m.

We are fortunate, I think, that we have a Prime Minister and a Leader of the Opposition who are persons by virtue of their personality who can talk and, I think, should talk. I say we are fortunate because in some countries the Opposition never talks to the Government. In several countries we know Leaders of Opposition and Government only talk in one another's presence at garden parties and say "I have consulted". But here we are lucky because by virtue of what I think is the personality of these leaders we have a golden opportunity for them to set the pace in sitting down together, not wanting to argue out but

meeting to debate by getting into Parliament and dealing with it that way.

Mr. ACTING PRESIDENT: Will you keep your asides more *sotto voce* particularly Senator Barker. This is very off-putting. You may proceed, Senator Springer.

SENATOR THE REV. CANON J. L. SPRINGER: Thank you, Sir.

The point was that I hope that our leaders would set the example to the country by getting together and talking about what has to be done and not have the one or the other, or persons involved in the political arena seeking to score political points. The problem belongs to us all. We will swim together or we will sink together.

My other concern, Sir, is why so little information is forthcoming at the level of the debate here in the media or in groups, seminars or whatever about what has happened and what is happening in Jamaica, Guyana and Trinidad. Every now and then you hear a little bit or you see a snippet in the paper but nobody seems to think it worthwhile to use these experiences as object lessons as to what will happen to us if we do not wise up right away and deal with it.

I had the opportunity in the not too distant past to visit both Trinidad and Jamaica. To me it told the whole story when a sandwich loaf cost \$33 and when in changing money in the bank I almost had to get a wheelbarrow to help me bring it out of the bank. This tells you about the negative value of money in a country like that. I am no economist or financier but I learned something. An ordinary car, no special car of six cylinders cost \$120 000. Is this what we want for our country? Except we see it as our common problem, no matter what our political persuasions may be, and get together on it we are going to be like that. There is no doubt about it.

This stabilisation tax, in my view, is only one small measure to indicate some seriousness in trying to tackle the problem. There will be other measures. I hope that as they come we will put shoulders to the wheel and do all in our power to help to keep this ship afloat. So, Sir, I am going to support this Bill. I hope that the principle now will be the principle right through the whole of the bearing of the burden that all of us will share the burden together and that the poor will not necessarily have to bear a disproportionate part of the burden.

Thank you, Sir.

SENATOR A. J. N. PHILLIPS: Mr. Acting President, I did not intend to speak on the Bill this evening but, quite frankly, after listening to the presentation of the two Opposition Senators, I feel constrained to say a few serious words. First there were a lot of dramatics in this

Chamber this evening. Senator Barker thinks that this is a laughing matter and I say so seriously.

SENATOR T. E. BARKER: Mr. Acting President, on a point of order. How does he know what I think? I have in no way said that I think it is a laughing matter.

Mr. ACTING PRESIDENT: All right. That is not a point of order. Thank you. You may take your seat.

SENATOR A. J. N. PHILLIPS: Government is dealing with serious matters pertaining, in my opinion, to a fairly simple bill that has been presented to this Chamber for our ratification. This Bill, as said by other Senators before, is an equitable Bill and, quite frankly, does not need the sort of debate that has been generated here. But the dramatists are at work and it is my opinion that we are having too much of this dramatising business in Barbados today.

About three or four weeks ago, the idea of a devaluation ran wild in Barbados. What did that do to Barbados? It was not possible to get one single U.S. dollar because there were persons in Barbados who had cash who were buying the U.S. dollar at Bds. \$3. It was all because of a lot of idle talk that originated from responsible persons in this society. Now this evening we are hearing about social unrest. I take this matter very seriously that people in responsible positions want to make these sorts of points.

Again, a lot of persons who rise and criticise have available at their own resource enough capital that they could invest in ventures that could help employ people. They are all the statues of virtue. A lot of them have the sort of money that could put together ventures that could employ hundreds of people and that is what I would call responsible Barbadians acting in a responsible way to a situation in our country that affects all of us.

Now, let me say this about this idea of having liquidity. This is where I feel there have to be more serious measures put in place by our tax-collecting agencies. In other words, there have to be mechanisms which will guide those persons who are involved in the income tax and so on into an area whereby there are a lot of people in Barbados that are not contributing the amount of tax that they should, hence the Stabilisation Bill. It may never have been necessary if people were paying the amount of tax that they should. We have in Barbados, Mr. Acting President, persons who are recent Barbadians because we allow them to be Barbadians; they have not yet integrated into this Barbadian society. Those are the main ones who are trading in such a manner that Inland Revenue cannot follow what they are doing.

Aside.

SENATOR A. J. N. PHILLIPS: I am saying so because I know so. They are aided and abetted by a number of responsible full-time Barbadians. Those are the persons that are causing this community serious problems.

Mr. Acting President, I just wanted to interject with these few ideas because I find that this whole matter has been blown out of proportion. There has been a whole lot of dramatic talk on what is a simple and equitable measure. I feel that a party like the party that the two Honourable Senators there represent should take a different stance. I believe that you should have listened to the Shadow Minister of Finance in the Other Place yesterday making a speech. He made a very rational speech one which if either one of you had the good fortune to listen to would not have come in here today with the sort of emotionalism that you have brought in here.

SENATOR Miss M. A. MOTTLEY: Mr. Acting President, the Honourable Senator does not know what I had the privilege to listen to or not. For his information I was there.

Mr. ACTING PRESIDENT: Thank you.

SENATOR A. J. N. PHILLIPS: I am glad you were there but you did not learn anything from it.

SENATOR Miss M. A. MOTTLEY: Sir, the Honourable Senator cannot say what I learnt and I did not learn.

SENATOR A. J. N. PHILLIPS: Well, I am saying that the Shadow Minister of Finance made a speech yesterday in the Other Place which should be an example to you the two Senators who represent that political party in this Chamber.

Mr. Acting President, those are my few words. I beg to support this Bill.

SENATOR J. G. BELLAMY: Mr. Acting President, like the last speaker, Senator Phillips, I will try to be as brief as possible due to the lateness of the hour. The difficulties, if they may be called difficulties, that I have with these measures are, perhaps, the reasons why such a measure has had to be introduced. It has resulted, in my opinion, from some considerable expenditure which has been criticised over a number of years by the private sector on the part of Government.

Over the last three years Government has always attempted to justify the expenditure by discussing on the basis of the Gross National Product, or whatever justification may be made. However, at this point we have a serious situation in this country. Unlike several of the Senators who have spoken this afternoon, I do not believe that anything is to be gained by continual recriminations or

accusations. I believe that at this point in time as Senator Springer mentioned, there is great need for national unity to deal with the problems that face us.
4.40 p.m.

In respect of that I would also support an idea that Senator Straughn put forward about the need for more civic education. I think that education needs to be extended, and to include at this point in time, as far as is humanly possible, as much detail as possible supplied by those in the know to those who are not in the know as to exactly what the situation is in Barbados.

I have great confidence and have always had great confidence and credit the Barbadian people with being some of the more sensible people in the world. I believe that if the facts are presented to them they will respond in a creditable manner. Unfortunately at this point in time, Senator Phillips referred a little while ago to the sort of panic situation that was created just a few weeks ago about devaluation and the way in which some people reacted to that, it is nothing short of a disgrace. It is a fact.

Only yesterday, I can speak from personal experience, I received a telephone call from a gentleman in Trinidad who asked me if I could confirm that Barbados dollar was now trading at four to one. I had to totally dispel that notion. This is the sort of thing as Senator Fraser said, that is picked up in our press and it is carried overseas and it gives this country an extremely bad name.

A few years ago, in 1988, I believe it was, there was a need identified by the Government for a short term measure to raise taxes and the measure known as the surcharge was introduced. I am not going to make any further comment on that. I think more than enough comments have already been made on the surcharge and I well remember the Prime Minister and Minister of Finance in introducing this measure this year went to great pains to point out that he was not introducing another surcharge.

However, I also wish to register my concern that in reading this Bill I was under the impression that the Stabilisation tax was a short term measure that was needed at this point in time and as such must be supported at this point in time. But, I see in one section here, and the page is not numbered, but the two paragraphs at the bottom of the page that define the payment in respect of income year 1991 and the next paragraph that says in respect of income year 1992 and subsequent income years, which does tend to imply, as has already been stated, that this is a tax that is here to stay. I hope that will be cleared up because if indeed we need to raise this level of tax, and if it is here to stay, I think a more suitable measure could be probably organised rather than having to make all these different calculations on the part of an individual when it comes to the time of year to pay income tax.

I also share the concerns expressed by Senator Canon Springer about not conferring unreasonable burden on the poor. In that regard, perhaps some sort of threshold should be considered.

I also have a concern, which I have not seen any definition on, as to what the estimated cost is likely to be for the collection of this tax in view of all of the paper work *et cetera* that has to be done.

I also would like to know whether the Department of Inland Revenue is in fact capable of collecting this tax from every citizen of Barbados. Those of us who work in a system that is covered by the PAYE system automatically get caught in any tax measure that is introduced.

Senator Phillips has just referred to the fact that has received some recent publicity as well as other airings that there are people in Barbados who should be paying - some probably should be paying tax and may not be paying any at all, and there are others who should probably be paying a lot more than they are paying. I would like to hope that everything possible can be done to ensure evenness in the collection of taxes. It does become difficult when one gets the impression, as I have heard expressed, that it is going to be those people who pay, who are going to pay again and there are going to be so many others who are going to get away. I would hope that measures can be adopted to ensure that that sort of thing does not happen.

I note that the stabilisation tax is to be applied in respect of dividends on the full dividend with no credit allowed. I don't have a particular difficulty with that except for the fact that I believe that there are some individuals in Barbados whose sole source of income is dividend income and it is not substantial. Again, I would have preferred myself to have seen the dividend credit mechanism applied in respect of dividends.

In respect of the low wage earners, the Act places the onus on the employer to ensure that the tax is paid. We therefore will have situations. Some individual employers who employ domestic help, some of this help is on a part time or short term basis for their own reasons and these people may earn \$100 a week or less, the tax involved is going to be \$1.50 which in itself is not that unreasonable a burden on the individual but it becomes very difficult, in my opinion, to have people writing cheques to the Inland Revenue for \$6 a month or whatever the case may be. Again, I would question whether the paper work involved ... I have no idea of what the cost involved in making such a return is.

This year in Barbados must be a very difficult year and there really are so many circumstances that are entirely beyond the power of this Government or any other Government that we have to accept the difficulties that confront us and we have to be prepared to deal with them.

by whatever measures are deemed most fit. In that regard I will again register my serious concern in respect of tourism. Tourism at this point in time is generally accepted to be our main business. It forms our main source of earning foreign exchange. We have continual comments about the difficulties that are being experienced within tourism and particular emphasis is being placed on crime and harassment. I sincerely hope that we are going to seriously address this problem. Otherwise, the tourist industry which is of a fickle nature can be killed. If we kill that at this point in time, we kill our economy. It is so serious that it is probably the only thing that we should be concerned with at this point in time. Since foreign exchange has been deemed to be our most serious priority and tourism is the biggest earner of foreign exchange, the accommodation of tourism in the best possible manner, in my opinion, should be deemed our number one priority. 4.50 p.m.

I am heartened to see that measures have been introduced to cut out expenditure on the part of Government. It is a pity that this perhaps did not occur earlier. But nevertheless I am heartened to see that measures are being taken in this regard at this point in time. Starting in 1991 in respect to tourism, I am reverting to that for a minute, the result in 1990 was some 7 per cent or 8 per cent under 1989 bearing in mind that 1989 was the best year that Barbados ever had. But we started 1991 with our three major sources of tourist supply from United States, United Kingdom, and Canada in recessionary economies and we knew that we were starting the year under difficult circumstances. This was further compounded by the impact on us and all other Caribbean destinations of the Gulf War which took place between the middle of January and the end of February, which is the six weeks period right in the height of our tourist season. I do not like to refer to the revenue lost. I prefer to refer to the revenue that was not earned in that period of 1991 which is not recoverable. Because we know that the level of revenue that is earned during the season is considerably less than earned during the off season. It was further compounded by the more recent announcement that our sugar harvest was the lowest in sixty years and has come out several thousand tonnes below what was originally projected and, therefore, we are not going to earn as much foreign exchange from sugar.

Manufacturing in Barbados is running slightly on an even basis, I believe, with last year. I am not sure. The Minister of Trade can probably top me up on my most recent statistics, but I do not think that our expectations this year are going to be for any great improvement. We do expect some improvement from the offshore business sector. But the combination of all of these factors and, as I said in this part of my contribution, we have very little direct control over such as the impact of the tourist industry and what has happened in the tourist industry. We must accept 1991 to be a very difficult year. We must all

put our heads together to work out solutions to our difficulties.

I, certainly like Senator Springer, believe that we should be learning from the countries closest to us who have had to go through adjustment programmes and are still adjusting. Some of them are still adjusting after fifteen years from when their adjustment started. I sincerely hope that Barbados, which for so many years was regarded as the model in the Caribbean, can regain that position and that we can once again take the lead in every respect certainly as far as the Caribbean is concerned. In order to do this, we must identify our problems and put solutions in place to deal with them. In that regard, I feel as I have stated on several occasions before that the only way to this is for us to generate a mechanism for full consultation between all parties concerned with the objective of achieving a plan of action which can be implemented to deal with our difficulties. I sincerely hope that we will take this serious approach to the difficulties that are facing us and let us try to get away from all of the rumour, misinformation, and all of that sort of trivia that has been taking place in this country particularly over the last three months and that together we can work out a plan of action that will take us forward and get us through these hard times. We can then build on a firm foundation for the future.

Thank you, Mr. Acting President.

SENATOR Miss Y. V. WALKES: Mr. Acting President, I feel duty bound to contribute just for a few minutes to the debate although I know that it is very late. But there have been a lot of accusations thrown at the union and I belong to the Barbados Workers Union. I feel that it is only fair that I should say something about this whole debate. We are talking and Senator Bellamy was talking about how we should all contribute and be together in this exercise. I am saying that the unions in this country are responsible and I know for sure the Barbados Workers Union is a responsible and mature union. This is not the time for us to be jumping up and getting on like the Opposition Senators on the other side and forgetting that we are all living in this country. I am saying that at this point in time the Barbados Workers Union is meeting with the Prime Minister in terms of discussions, negotiations, and talks to settle things at the table and not jumping up in the streets behaving as though we do not understand where we are living and that we are all in this together. I want all of us to understand that, if we are going to go out there and say that we are in this together, then we have to understand that a union, especially the Barbados Workers Union, has to take the whole society. If one understands trade unionism and the kind of importance that it plays in a society, then one must understand that this is not the time for irresponsible play, talk, and jumping around as though you are in a political forum at the time of a campaign

when one is trying to catch votes or something like that. This is the time for consolidating ourselves.

Let me just say that I am glad to have heard Senator Bellamy talk about the kind of patriotism that should be happening at this time. I remember in the early days from reading my history that some people in this country, when we were in trouble and when the masses came together and had their say, ran out of the country to New Zealand or Australia. I am glad to see that at least nowadays it seems as though if we are not careful some of the rich and better off will still have their money in suitcases or will send it overseas or keep it in their houses. I am hoping that call will go out where people will recognize that we have to be patriotic and together. We have to perform together and consolidate. I am calling on the productive sector to perform where we have not been performing before.
5.00 p.m.

I think it came up in the Lower House yesterday that we need a new breed of entrepreneurs, and I strongly support this. I am saying that we need that new breed to be trained. We also need people who are trainable. I want it to be known in this country that managers, owners and employers are at the same level when it comes to training as workers, that they ought to be trained in detail and that it is time that they come together *moreso* and have joint training sessions with the workers in this country and understand how the workers react, how they relate and how they interact in the same sector they are all in. At this time when it is very important that we understand we are having problems in this country, that we do not want to be like the other countries out there, even in the Caribbean and in some of the developing world, we have now a chance, even in these times, because people might get the impression that because we are into bad times this is the time that we cannot send our workers or managers to be trained. This is the very time when they should be trained, this is the very time when we should be coming together and understanding *moreso* even looking at workers to choose workers to be sent for training and not to be taking away that leave from the workers. I know there are some managers out there who are saying that at this time they cannot send the workers, because they are thinking they are not going to have sufficient workers, because they want to lay off workers rather than send them to be trained. If they are trained at this point, if they understand what is happening, then they will be better able to come together and all of us produce together.

I do not want to stay very long, because there is a lot of talk about the poor in this Chamber today. I know that we, the poor, do not want to be talked down to. In terms of the suggestion of having money for saving and then to invest, rather than having a stabilisation tax, is a joke. The poor masses in this country will never be able to invest in a real way in this generation, because they do not have the kind of finance that would lend to that kind of investment.

We have to teach our children to invest in a real way. We are still, as masses in this country, operating at subsistence level, but that does not take away the point from us that we have to be talked down to and that we are not to learn to be self-reliant and positive, and understand that we also as poor people have a contribution to make to this country, so that we do not feel left out, never mind how small. The days have passed when food and old clothes will be thrown at us, and there are a lot of Senators who feel that that still exists today. We have passed that stage, so do not talk to us about being poor when you do not even understand what is going on. We are coming together as a country. We understand that we will contribute as a country together, we will live and grow together and those who want to be in it will be in it with us.

I want to say, Mr. Acting President, that I support this Bill. Thank you.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, it has been a long and interesting debate. I want particularly to compliment Senator Canon Springer, Senator Phillips and Senator Straughn for three excellent interventions. I would like to address myself to some of the questions and concerns raised by the other Senators.

Senator Bellamy wanted to know the cost of the collection of this tax. I do not have that figure, but I believe the overheads are already in place, it is just a matter of the cost over existing overheads.

On the question of broadening the tax base, this is not a primary responsibility of Government, it is a primary responsibility of every Barbadian. I would hope that Senator Mottley would listen at least for one second.

Aside.

Mr. ACTING PRESIDENT: Senator Mottley, it is very off putting to have you all the time mumbling and I will not have that continue. Will you be quiet and let us hear Senator Clarke?

SENATOR Miss M. A. MOTTLEY: Sir, I will bow to your decision, except that I am only following the example of other Senators.

Mr. ACTING PRESIDENT: It is for me to direct the Chamber, not for you. Senator Mottley, will you take your seat?

SENATOR THE HON. Dr. C. D. CLARKE: On the question of broadening or widening the tax base, this is the responsibility not of Government primarily but accepting the responsibility of having to pay taxes for services enjoyed by all Barbadians. I lived in the United States of America for a couple of years and I know only too well that if it is one thing most Americans try to do, in the

interest of building their country, is to pay their taxes. It is one thing that every American tries to do by the deadline, not to pay any time after, but they rush out at midnight on April 15 and make sure they pay their taxes. I wish that we, instead of deciding how much we collect or do not collect, could get out there and get other Barbadians to accept their responsibility to pay taxes. They enjoy the services, and it is a theft of services from those people who are least able to pay that many of us who can pay refuse to pay. We do not hear it from the Opposition, we talk about the level of taxation and every year I come in here introducing the Appropriation Bill, I know there are many people out there who should be paying and I see measures which keep falling on the backs of people, as Senator Bellamy said, because these are the only people who can be caught in the net and who, it is easier to catch in that net. I hope that we will go out and try to preach to people that it is their responsibility to pay their taxes.

I was somewhat, not amused, but interested to hear Senator Bellamy's plea that the tax should not be levied on dividends, because some people only get small dividends. What he did not say was that to get a dividend you must also have the capital invested. Since it is across the board, I would hope that Senator Bellamy would see it in the light that all people are being asked to bear it, even the people who are earning \$40 a week. I do not know what the minimum wage is, but it is across the board, and we should put the issue in perspective.

One other thing we should bear in mind as reasonable people, if we intend to be intellectually honest, is that Barbados is facing a situation which it faced in 1981-82. I am taking it out of the partisan arena now. We were able to manage our way out of it at that time, we will manage our way out of it. We succeeded in 1981 going through the programme with the IMF, without devaluation. I am not dealing with it politically, there is no programme in place, negotiations are ongoing. I am not trying to scare or to petrify any person, let us be honest about what we are talking about and stop trying to play games with the economy and playing on the emotions of those people who do not understand and who feel that there is something more going on out there. These sorts of scare tactics should not be encouraged by any responsible citizen of Barbados. 5.10 p.m.

On the question of Ilaro Court which was raised by Senator Mottley, the Prime Minister was accused of not living in it and I think that at that point he was not inhabiting Ilaro Court; that he made the point that it would cost more to live there than where he was living. Public opinion insisted that he should go, and he has gone there. He did mention the cost. Now he is condemned for having gone.

The question that the stabilisation tax would go on forever is based on what is written in the draft Bill.

Taxation is a measure that is constantly under review and our system every year, during the Appropriation Bill...

SENATOR Miss M. A. MOTTLEY: On a point of elucidation, Sir. The statement that was made was that this Act would continue in place and is intended to continue in place and the only way it will stop is if there is an enlightened system of tax reform.

Mr. ACTING PRESIDENT: What is the point of order, Senator Mottley?

SENATOR Miss M. A. MOTTLEY: That it was not stated that it is forever. It was stated it was forever until tax reform takes place, Sir.

Mr. ACTING PRESIDENT: Thank you, Senator Mottley.

SENATOR THE HON. Dr. C. D. CLARKE: Every year we come to this Chamber giving effect to certain...

Mr. ACTING PRESIDENT: Please address the Chair, Senator Clarke. Senator Mottley, I will not tolerate your interruptions.

SENATOR THE HON. Dr. C. D. CLARKE: Every year we come to this Chamber seeking to effect changes to various bits of tax legislation and the reason for that is that every year we review the existing tax arrangements and, as I said earlier in the introduction of this measure, we review on whose shoulders the burden of the tax is falling and try to redistribute that burden from time to time. Therefore, any tax measure is not cast in stone, but all tax measures must be viewed, given the fiscal situation, as a temporary measure, subject to review on an annual basis. That is the whole purpose, if you understand the budgetary process, of tax measures. Year after year, given our level of expenditures, our priorities and expenditures will determine what our level of taxation will be.

Senator Mottley, I believe, said earlier that we should give more incentives to the export sector and that Government should do all in its power to increase foreign exchange earnings. Government is not the earner of foreign exchange. It is the private sector. Government's contribution to foreign exchange earnings is the creation of an economic environment and a fiscal environment conducive to the increase in exports in a country. I have had the privilege since I became Minister of Trade of requesting one of the agencies under my control to give a certain company that has potential for export a reduction in the raw material that goes into that product in the hope that they would have lowered the price in the first place, assuming some elasticity in the export market and the demand for the product, that it would have increased the profits. To my consternation, the price was accepted, the profits of the company were increased but no further

increase in exports were recorded. These are the things we have to guard against constantly. Government over the last few years – I am talking about the fiscal deficit – has given concessions over and over to the private sector in the hope of generating employment and increasing productivity and earning foreign exchange. I think we have in place all sorts of concessions being given to the hotel industry so that they can refurbish their plants to ensure that their plants meet the requirements of the international trading community. In spite of all these best efforts and the foregoing of revenue, we still find that there has been a falling off in terms of export earnings. It comes down to this and I would hope that we understand that Government can pull on the strings, that is, we can control imports, but we cannot push on the strings – we cannot push exports. At the end of the day when the private sector recognises that it cannot sustain the level of profits by selling locally, then and only then, unless there is some change of heart ordained from above, will they go into the market. More often than not, companies have to be forced into the external market. I know of the case of a beverage manufacturer in Barbados that was making excessive profits, almost vulgar profits over the years. If you looked at the financial statements and saw the return in earnings growing over and over.... It was only after competition came in from some other CARICOM countries, St. Vincent and Jamaica, in particular, that that company only thought about putting down a new line when it had the advantage over most of the others and could have preempted those other markets and move into it. In spite of the fact that they enjoyed all sorts of incentives for companies and all sorts of protection but they were happy once they were making profits. The business sector, and I have said this over and over again, is concerned with making profits and they couldn't care less where those profits come from. They don't have to be export earners, but the Government of the day must earn foreign exchange if it must support the standard of living, or if we, as a people, are to continue to enjoy the standard of living that we now enjoy.

There was one question asked by Senator Bellamy, I am sorry that I didn't mention earlier. I am reading from the Press Release put out by the Central Bank of Barbados – Economic Review for the first half of 1991. This is written in the context of an economy that during the first half it is said fell by 4%. This is the wording:

"The manufacturing sector continues to struggle, expanding by less than 1%."

Here it is, overall the economy is declining, the one sector that has grown somewhat and you write "the manufacturing sector continues to struggle" you can determine how it is written in the light of that sort of performance.

On the question of the fiscal deficit which comes up and has been repeated, the deficit is made up of two major parts. On the expenditure side – I am not looking at revenues at this point in time – the contributing factors are current revenue and capital works. Because of the accounting mechanism in a private company, capital expenditure can be a balance sheet which would not appear in the statement. Government treats all of its expenditure as material. In addition, the capital expenditure or a part of it may be financed by overseas contributors. Although you show a deficit at the time you discussed the budget, you might at that point in time be in negotiations with a foreign donor, a World Bank, to lend you money for capital improvement. Any businessman will tell you that if the returns from the investment will be greater than the cost of incurring that investment then, of course, it is prudent and desirable to go ahead and made the investment. If we, indeed, are in a tight foreign exchange position and we can embark on capital expenditure that will utilise local resources – cement, in one case, manpower in the other – and we can get foreign exchange from that, it would seem to me that this will be a prudent expenditure to undertake.

I think it was mentioned in this Chamber during this very debate that Government's expenditures are up and private expenditures are down. I don't think the information supplied by the Central Bank will support that. There was...

SENATOR T. E. BARKER: On a point of order, Sir. I was quoting the Prime Minister's actual budgetary proposals.

Mr. ACTING PRESIDENT: Thank you. Senator Clarke, address the Chair, please.

SENATOR THE HON. Dr. C. D. CLARKE: With those comments I move that this Bill be read a second time.

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

Ayes: Senator the Hon. Dr. C. D. Clarke, Senator the Hon. L. V. H. Lewis, Senators Morrison, Barker-Welch, Fraser, Walkes, Phillips, Bellamy, Springer, Straughn – 10

Noes: Senators Barker and Mottley – 2
5.20 p.m.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Acting President, since this is a money Bill, I move that this Bill be read a third time.

The question was put to the Senate and agreed to.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. Acting President, having concluded Public Business today I move that this Senate be now adjourned sine die.

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

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