
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

THE SENATE

Wednesday, June 26, 2002

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, June 26, 2002, at 11.15 a.m.

PRESENT

His Honour Senator Sir Fred GOLLOP, K.A. (President)

Senator the Hon. J. X. WALCOTT, FRCS, (Edin.), J.P. (Minister of Health)

Senator the Hon. G. S. H. MURRAY, B.A. (Hons.), J.P. (Minister of State, Prime Minister's Office)

Senator T. E. BARKER, B.A. (Hons.), M.A. (Econ.), J.P. (Parliamentary Secretary, Ministry of Economic Development)

Senator P. C. Goddard

Senator Dame Patricia SYMMONDS, D.B.E., G.C.M., B.A. (Hons.), P.G.C.E., J.P.

Senator Miss J. C. ODLE, J.P.

Senator J. E. D. WILLIAMS, B.Sc., M.B.A., J.P.

Senator D. D. MARSHALL, LL.B. (Hons.), L.E.C.

Senator D. L. HAYNES, S.C.M.

Senator K. D. SYMMONDS, B.A., LL.B.

Senator C. A. MASCOLL, B.Sc. (Econ.) (Hons.), M.A. (Public Finance)

Senator LeR. H. McCLEAN, B.Sc. (Hons.)

Senator Mrs. P. E. RICKINSON, B.A. (Hons.), M.P.H. (Harvard), S.R.N.

Senator Sir John Stanley GODDARD, K.A., B.Com., F.C.A., Hon. LL.D. (U.W.I.)

Senator B. R. COLLYMORE, C.M.G.

Senator the Rev. L. W. B. ROCK, M.Div.

Prayers were led by Rev. Errington Massiah.

ANNOUNCEMENTS BY HIS HONOUR THE PRESIDENT

Mr. PRESIDENT: I am to advise Honourable Senators that I have received a Message addressed to the Honourable the Senate from the Honourable the House of Assembly following the approval of an Address to Her Majesty Queen Elizabeth II in that Chamber on June 25, 2002.

The Address conveys congratulations to Her Majesty on the occasion of the celebration of the Fiftieth Anniversary of Her Majesty's accession to the Throne and seeks the Senate's concurrence in that Address.

SENATOR THE HON. J. X. WALCOTT: Mr. President, I rise first of all to read the full text of the message to which you refer which incorporates an Address to Her Majesty the Queen from the Other Place; secondly, to move that the Senate concur in the said Address and thirdly, in concurring, to move that it be submitted to His Excellency the Governor-General for transmission to Her Majesty the Queen. The Message reads as follows:

MESSAGE from the HONOURABLE THE HOUSE OF ASSEMBLY to the HONOURABLE THE SENATE

At the One Hundredth and Second meeting of the Honourable the House of Assembly held on the 25th day of June, 2002 the following address was approved.

To:

Her Majesty Elizabeth the Second, by the Grace of God, Queen of Barbados and Her Other Realms and Territories, Head of the Commonwealth.

We, the Speaker and Members of the House of Assembly of Barbados, deeming it our humble duty, have the honour to convey to Your Majesty our warmest and most sincere congratulations on the occasion of the celebration of the Fiftieth Anniversary of Your Majesty's accession to the Throne.

Your Majesty's devotion to duty, personal example and deep interest in the affairs of the countries of the Commonwealth have contributed greatly to the feelings of affection and profound respect, which the people of Barbados bear towards Your Majesty.

We wish Your Majesty continuing good health and long life.

Wherefore the Honourable the House of Assembly desires the concurrence of the Honourable The Senate in The Address as suits the convenience of the Honourable the Senate and further desires that the Address, if concurred in, be submitted to His Excellency the Governor-General respectfully requesting that His Excellency transmit the Address to Her Majesty.

Dated the 25th June, 2002.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I beg to second the motion.

SENATOR THE HON. J. X. WALCOTT: Mr. President, as we mark the Golden Jubilee of the Queen's accession to the Throne, we should be mindful that it is a phenomenal feat for Her Majesty, for she is only the fifth monarch in British history, that is, since the Battle of Hastings, who has achieved this milestone.

This also, for her, marks 50 years of public service to the United Kingdom and the Commonwealth. During this time she has witnessed many changes within the world of parliamentary politics and within the Royal Family itself. Also the international landscape has been transformed over this period. There has been the emergence of the Commonwealth of Nations, the growth of the European Union, the end of the Cold War and now the threat of international terrorism.

Most importantly, Sir, during this period certain British traditions and values have survived, namely moderation, openness, toleration and service. During the Queen's reign our country also gained independence and these same traditions are largely responsible for the stability which pervades this society and for which we are known internationally. The British certainly instilled certain values in us and for this we are grateful although these days we seem to be rapidly losing some of those values.

Sir, Her Majesty is patron to over 600 charities and organisations but what is remarkable is the calm dignified manner in which she has performed her duties over the years both at home and abroad. She has never made it a habit to meddle in governmental matters at home or in the countries of the Commonwealth and she is certainly not intrusive.

The Queen has visited Barbados four times, the most notable of these visits being the knighting of our very own Sir Garfield Sobers at the Garrison Savannah.

Sir, I believe the Queen is held in very high esteem by the vast majority of Barbadians who are always keen to follow her activities on the world stage and have a deep affection for her.

This Parliament is the third oldest Parliament in the Commonwealth and it is only fitting that we offer congratulations to Her Majesty on this the occasion of her Golden Jubilee.

SENATOR Sir JOHN STANLEY GODDARD: Mr. President, we are assembled here at this Sitting to honour Her Majesty Queen Elizabeth II on the occasion of her Golden Jubilee as the Head of State of Barbados and as the Head of the Commonwealth.

During her long reign, Her Majesty has presided over many political, social, economic and cultural changes of great historical importance to Barbados and the Commonwealth. The Commonwealth evolved out of the United Kingdom's imperial past. In modern times, it helps to advance democracy, human rights and sustainable economic and social development in its member states and throughout the world. The members of this voluntary association of independent, developed and developing sovereign states share a common working language and similar systems of law, public administration and education.

Barbados became an independent sovereign state in 1966. It is one of the 54 member states of the Commonwealth which has a total population of 1.7 billion people. This is approximately 30 per cent of the world's population and consists of people of many faiths, races, languages and cultures.

Her Majesty is universally admired and respected for the calm and dignified manner in which she has carried out her very many duties over the past 50 years both as Head of State and as Head of the Commonwealth. Her commitment to and her concern for her loyal subjects have never been in question.

Barbadians saw a demonstration of those fine qualities in 1989 when the Queen visited Barbados with her husband

to participate in the celebrations of the 350th Anniversary of our Parliament which is the third oldest Parliament in the Commonwealth. It was a happy and memorable occasion. Our Parliament was opened in 1639, just 12 years after the arrival of the first English settlers in 1627 during the reign of King Charles I.

In 1998 the Report of the Constitution Review Commission on which I had the honour to serve recommended unanimously that *inter alia* and I quote:

“Our system of government should be a parliamentary republic with the Head of the State being the President. Executive power should continue to be exercised by a Cabinet, with the Head of Government being the Prime Minister.”

That recommendation by the Commission was based on its recognition of changed circumstances in our constitutional development as we had earlier become citizens of a sovereign state with the attainment of independence. In no way was it meant to indicate disloyalty to, dissatisfaction with or disrespect for the Queen as our Head of State.

At a time when Barbadians would be expected to decide by means of a referendum whether we wish to retain our present monarchical system of government or change to a parliamentary republic as has been recommended, let our collective decision be based on consideration of relevance to us within our vision of the future.

Regardless of the decision that we would make in due course the Government and people of Barbados need to express affection and appreciation to the Queen on the important occasion of Her Golden Jubilee for the caring and effective leadership that she has provided over the past 50 years. Let us also express our best wishes to Her Majesty for many more years of good health and happiness.

God save the Queen!
11.30 a.m.

SENATOR Dame PATRICIA SYMMONDS: Thank you, Mr. President. Mr. President, my recollection of Her Majesty the Queen's reign, goes back to its inception.

I had the good fortune to have been in England as a student at the time of her Coronation. I sat at the corner of Hyde Park, in a section specially offered to overseas students and watched the procession. Later in the evening, I saw the ceremony in Westminster Abbey being replayed on television. It was beautiful. It was moving. Mr. President, both of these events were part of my unforgettable experiences of my years in England.

The Queen's graciousness and poise have endeared her to millions in the Commonwealth, so has her extremely high sense of duty and a special interest in her lasting concern for the Commonwealth. It is clear that this interest is the cement which binds it together. Moreover, she exemplifies the stability and the dignity which still stand out as a bulwark in today's complex world. Long may she continue to head the Commonwealth and may God continue to bless her abundantly.

SENATOR Mrs. P. E. RICKINSON: Thank you, Mr. President.

Mr. President, I feel honoured and privileged to have the opportunity to say a few words on the occasion of the Golden Jubilee of Her Majesty the Queen.

Mr. President, I feel honoured because our Constitution allows us to have dual nationality and as someone who has been married to a British subject, I am also a British citizen and have a British passport.

I have also benefited tremendously from Her Majesty's loyal subjects who have lived in Barbados and have devoted their lives to build Barbados into a place that we now enjoy. In my opinion, they have built a very sound educational system in Barbados from which we still receive tremendous benefits and which has laid the foundation for us to carry on and develop as we see fit.

Her Majesty's loyal subjects also inculcated values in others and myself from the time we were very young and at school. Unfortunately, we have not kept up with some of them. In those days we had to salute the flag. When we became independent, that was abolished. I still feel we need to go back to some of those values and the nationalism that were imbedded in us from those loyal British subjects. I think we have a lot to learn from them.

Mr. President, we are still benefiting from the United Kingdom and the loyal subjects of Her Majesty. Some of our parliamentarians go to Britain and learn. They have a look at how that Parliament is being run. I have not been fortunate to go myself but I know that many of them have been there and have observed another way of running a Parliament; a way that they can either adapt or use in order to develop our parliamentary procedures in Barbados.

In England, I was educated as a nurse. I was educated very well to the extent that I was able to go to the top of my career. I have also benefitted tremendously and have been able to serve my country in the area of nursing mainly because of the benefits derived from the United Kingdom and from Her Majesty's loyal subjects. Mr. President, many other nurses have benefitted by going to England. The economy of Barbados has benefitted tremendously in that

many of us who went to the United Kingdom and worked, were able to educate ourselves and send money back to Barbados to help support our families.

We, in Barbados, are making every effort to get our returning nationals from the United Kingdom settled in Barbados. They are also making a sound contribution to the development of Barbados.

Mr. President, I am one of those persons who believes in the Monarchy simply because of my experience and the continuity that a Monarchy brings to a country as opposed to other forms of Government which have not been able to develop the key for continuity so far and have not done so well. I feel that in the future we need either to take a leaf out of their book or continue in the way in which they have been.

I would like to extend God's blessings and good health to the Queen. May she enjoy many more years of happiness.

I thank you.

SENATOR C. A. MASCOLL: Mr. President, I rise to congratulate the Queen for having served the Commonwealth for 50 years and to say that from the earliest days of the 1960's when Barbados was considering becoming an Independent nation, the then Leader insisted, and I quote:

"Our relations with the Crown have always been warm and it is the unanimous desire of our citizens that Her Majesty shall be Queen and Head of State of an Independent Barbados."

We all know our past and know that the British have contributed to the progress which Barbados has made over the years. Sir, even though we have reached a level of maturity which might suggest that we may sooner, rather than later, accept a Barbadian as Head of State, I think it is only fitting that we recognise the Queen's work, not only to Barbados but to the Commonwealth of nations over the last 50 years.

In view of that, on behalf of the Democratic Labour Party which is an organisation of progressive-minded persons of all colours, class and creed, who adopt a democratic system of Government, I wish to congratulate Her Majesty the Queen.

I thank you.

SENATOR THE HON. G. S. H. MURRAY: Sir, I rise to join in adding encomium to Her Majesty on her magnificent achievement, fully conscious that we operate in a social context today where it might be considered to be neo-colonialist or something of that nature to be able to admire and commend the British Monarchy for what it has

contributed to British society and what it represents to that and other societies.

I make that point because in this day and age, particularly with the achievement of Independence, some persons might have, if not a love/hate relationship or attitude towards royalty or towards the British Monarchy, at least a respect and a grudging admiration for it. This attitude would not be unique to Barbados, the Caribbean or even the wider world, given that it was once said that the sun never sets on the British Empire.

11.35 a.m.

There is no wonder that this interest in the British Royalty is still pervasive and enduring around the world. It is important to recognise that royalty is a universal phenomenon that always existed in mankind's affairs in societies throughout time where there is a leadership. In that regard, social scientists would say that the monarchy is part of a universal phenomenon, that this institution should be seen for the role it performs in society, how society benefits from that function and not pass judgment as to whether it is good or bad. Sir, this is what sociologists call "functionalism" as a concept.

Sir, in that regard one should see the British monarchy and the role of Her Majesty the Queen as contributing significantly to the holding together of British society and adding great stability and cohesion to that society. In keeping with the social dynamics, the British monarchy will continue to make certain adjustments in the future. Therefore, we have to admit that Her Majesty the Queen has made a significant contribution and has played a great role in helping to maintain the dignity of the monarchy even in times of controversy and public embarrassment. There is no doubt that the British society is better off for having that cohesion and stability provided by the British Royalty.

Sir, I join in wishing Her Majesty the Queen many more years and may she continue to contribute to the glory of Britain as a society for many years to come.

SENATOR LeR. H. McCLEAN: Mr. President, the relevance of the monarchy has been questioned within and outside of Great Britain from time to time and many inside of Great Britain have been questioning whether at this time there should be a monarchy and many in our own society have raised this question as well.

Sir, when the criticism of the monarchy is at its highest, Her Majesty the Queen or some member of the family has always been a rallying point for British people and the people of the Commonwealth in times of crisis. One recalls the role played by the late Queen Mother because she was a tower of strength for the people of Britain during the Second World War.

Sir, I would like to join with the Honourable Senate and Parliament of Barbados in extending to Her Majesty the Queen warmest congratulations. It is an outstanding achievement for one in this age. Despite the many attacks on the monarchy within and outside of Britain, they were able to survive this period with an element of dignity which has kept the Royal Family in high esteem among the people of the Commonwealth.

Sir, I offer my warmest congratulation to Her Majesty the Queen on her achievement of 50 years on the Throne.

SENATOR P. C. GODDARD: Mr. President, I rise to congratulate Her Majesty the Queen for her remarkable period of time over the past 50 years as Leader of the Commonwealth and Queen of Barbados. Through Her Majesty the Queen's devotion to duty she has set an example to all of us who are engaged in public affairs. She has spanned a remarkable period of tumultuous change both social, scientific and political and she has seen the growth of democracy around the globe. This tremendous contribution to the development of global peace and a global society is a remarkable achievement.

The Queen is admired not only throughout the Commonwealth but across many nations who have since departed from the British Empire and it is not unrecognised that she is well respected and admired by the world's largest republic, the United States of America. Her example, grace, charm, her abiding interest in the development of the many countries of the Commonwealth and her perpetual interest in current affairs sets her apart from many today.

It is a great pleasure for me to wish the Queen heartiest congratulations on her Golden Jubilee and may she have many more years of service to the Commonwealth and to all of us.

God Bless the Queen!

SENATOR THE HON. J. X. WALCOTT: Mr. President, I now move that this Honourable Senate do concur in the Address from the Other Place to Her Majesty the Queen on the occasion of the celebration of the 50th Anniversary of her accession to the Throne.

I further move that it be submitted to His Excellency the Governor-General to transmit to Her Majesty.

The question was put and the motion agreed by acclamation.

Mr. PRESIDENT: Consequent on the passing of the motion, it will be necessary to send a message to the House

of Assembly advising the House of the concurrence of the Senate.

11.45 a.m.

SENATOR THE HON. J. X. WALCOTT: Mr. President, the text of the message is as follows:

MESSAGE
from the
HONOURABLE THE SENATE
to the
HONOURABLE THE HOUSE OF ASSEMBLY

"At the Fifty-First Meeting of the Honourable The Senate held on the 26th day of June, 2002, the Message from the Honourable The House of Assembly to the Honourable The Senate inviting the concurrence of The Senate in the Address of Congratulation to Her Majesty the Queen on the occasion of the Fiftieth Anniversary of Her Majesty's accession to the Throne was received, and the Address was duly concurred in, to be submitted to His Excellency the Governor-General in the terms of the Message from your Honourable House.

President."

Mr. PRESIDENT: This message will be forwarded to the Other Place which will take all necessary steps to have the Address submitted to His Excellency the Governor-General for transmission to Her Majesty.

SUSPENSION OF SITTING

SENATOR THE HON. J. X. WALCOTT: Mr. President, I beg to move that this Sitting be now suspended for fifteen minutes to be resumed at 12.10 p.m. today.

The question was put to the Senate and agreed to and Mr. PRESIDENT suspended the Sitting accordingly.

11.50 a.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

PRESENTATION OF PAPERS

SENATOR THE HON. J. X. WALCOTT: Mr. President, I am commanded to lay the following documents before the Honourable the Senate:

1. Protocol Four of the Social Partnership 2001-2004.
2. Duties and Other Payments (Exemption) (Morris D. Lee) Order, 2002.

MOTION RELATING TO THE SITTING OF
THE SENATE AND MOVED
BY A MINISTER

SENATOR THE HON. J. X. WALCOTT: Mr. President, in the absence of Senator Bolden, Deputy President, who is out of the island, I move that Senator Dame Patricia Symmonds be elected to act in his place in accordance with Standing Order No. 4.

The question was put to the Senate and agreed to.

SUSPENSION OF STANDING ORDER

SENATOR THE HON. J. X. WALCOTT: Mr. President, I also move that Standing Order 45(2) be suspended for today's Sitting so as to facilitate the debate on the Local Loans (Amendment) Bill, 2002, which was not laid previously and which has to be debated today.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. J. X. WALCOTT: Mr. President, I beg to give notice of the following Bill and move that it be read a first time.

Local Loans (Amendment) Bill, 2002.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

ORDER NO. 3 – THE LOCAL LOANS
(AMENDMENT) BILL, 2002

SENATOR THE HON. J. X. WALCOTT: Mr. President, this proposed amendment will allow the increase of the limit of securities which may be raised under the Local Loans Act, Cap 98. Under this Act the limit of the nominal value of local debentures and Treasury Notes is now \$1.8 billion. This was set by the Local Loans (Amendment) Act, 1997.

Sir, at present the nominal value of local debentures and Treasury Notes which are outstanding at January 31, 2002, was \$1 720 578 000.00. This leaves available on balance approximately \$78 420 000.00. This year, the Central Bank proposes to raise approximately \$180 million by way of Government security. It is recommended that the limit be set at \$2.2 billion which is an increase of \$400 million. Sir, this will accommodate not only the proposed issue of \$180 million this year but would facilitate increases in the next few years. Sir, I should say that this is just a

precautionary measure as it is unlikely that Government seeks any foreign borrowing this year.

Sir, it is known that our economy contracted during the year 2001 following eight consecutive years of real growth at a period when it averaged about 3 per cent per year. We had a decline of 2.6 per cent last year. This is a result as our country sought to address the trade liberalisation process and globalisation and a general slowing of the world's economy which was exacerbated during the last quarter of last year by the September 11th affair.

Sir, you will appreciate that Barbados is not in a vacuum but a part of the world. Globally, the world economy slowed in the year 2001. This was linked to a number of factors and September 11th events played a part during the final quarter of the year. During the early part of the year the economies globally began to slowdown and this was the result of the bursting of the international technology, so to speak, where there were losses and declines in the international technology communication projects.

Sir, in relation to the world trade, this shrunk from a 30-year record of a 30 per cent growth to a growth of 1 per cent which was attained in the year 2001, globally. Globally, there was a marked decrease in world trade.

Sir, the growth rate of the United States of America, which is our main trading partner, was 1.1 per cent from a 4.1 per cent growth rate in the year 2000. The average growth rate of the United States for the last ten years was 3.6 per cent. Even Japan, the world's second largest economy, recorded negative growth in the year 2000. In the European Union, a number of those countries recorded declines in their economies. For example, the Irish economy, one of the best performing countries in the European Union, had a decline of less than 7 per cent in the year 2000; it grew by a mere 5.1 per cent.

Sir, this also happened in the region and Barbados is not unique. In the region, Dominica declined by 4.3 per cent, Grenada by 3.4 per cent, St. Lucia by 3 per cent, St. Vincent by 1.6 per cent and Barbados had a decline of 2.6 per cent.

12.15 p.m.

In terms of inflation rates, despite this, Barbados remained ahead of Trinidad and Jamaica where we had an inflation rate of 3 per cent whereas Jamaica recorded one of 7 per cent and Trinidad & Tobago recorded an inflation rate of 5.3 per cent. Tourism, as we all know, plays a major part in our economic affairs and we have heard a lot said about the decline in tourism and, indeed, there was a decline in tourist arrivals in Barbados last year. We recorded a decline of 6.9 per cent but this was not localised to Barbados only.

In the case of Antigua, they recorded a decline of 18.3 per cent. Bahamas recorded a decline of 9.8 per cent. St. Lucia, whom we are told by members, a couple of weeks ago, is doing even better than us, had a decline of 7.6 per cent in the year 2001. Grenada had a decline of 4.3 per cent.

In spite of all of this, Sir, our net international reserves increased last year by \$454 million to reach \$1.5 billion. Of course, this included a \$300 million international bond issue which we issued last year as a buffer against a possible foreign exchange fall-out which might have occurred after the September 11 terrorist attack when we set up a national emergency economic and financial programme.

However, without this bond issue, which the Honourable Members on the Other Side continually refer to our foreign reserves would have risen and expanded by \$150 million last year without the bond issue. Our national debt at the end of December 2001 was at approximately \$3 733.6 million which was an increase of \$464.2 million in the last year due to borrowing both locally and on the foreign markets. Sir, the domestic debt was \$2 389.7 million and this was down to \$2 144 million at the end of February this year. Foreign borrowing at the end of the last year was \$1 343.9 million and this had increased by \$373.4 million.

As I said earlier, \$300 million of this was from the issuance of foreign bonds in the last quarter of the year. There was a US\$15.2 million loan from the World Bank to assist with our HIV/AIDS programme and a \$25.1 million loan from the Caribbean Development Bank to aid in our urban rehabilitation programme.

Sir, in the case of the breakdown of domestic debt for 2001, debentures totalled \$1 741 million, Treasury Bills – \$515.3 million, Government savings bonds – \$110.2 million, tax reserve certificates – \$18.5 million, tax refund certificates – \$1.4 million and from commercial banks – \$3.3 million.

Sir, when we talk about the national debt, we cannot speak in a vacuum but we certainly need to look at the Government's ability to service its foreign debt. When we look at the foreign debt service as a percentage of the exports of goods and services we get a very interesting pattern if we go back to 1991 and 1992 and compare it with 1999 and the year 2000. In 1991, the percentage of exports of goods and services would be 50.6 per cent. In 1992, it was at 17.8 per cent, in 1999, it was down to 9.5 per cent and in the year 2000 down to 7.3 percent. That is when we look at the foreign debt service as a percentage of exports of goods and services. Sir, we can clearly see there that we were doing much better at managing our foreign debts than we were in 1991-92.

Mr. President, I go further. If we look at the foreign

debt as a percentage of the GDP in 1991 this percentage was 27 per cent. In 1992, it was 30.3 per cent but in 1999 it was down to 16.8 per cent and in the year 2000 to 13.1 per cent. This shows us, in spite of the increasing foreign debt, to be in an increasingly better position to deal with and service this debt. Certainly, Sir, if we look at the commercial banking situation over the last year, the total deposits grew by 7.5 per cent compared to 4.5 per cent in the year 2000 and domestic deposits increased by 6.1 per cent to \$224.3 million to reach \$3 913.5 million at the end of the year 2001.

Sir, when we go further and look at the Central Bank reserve requirements and look at March 2002 figures the total being held was \$409 million and the requirement was \$201.5 million that we had an excess of \$208 million. In terms of Government's securities being held, the total being held was \$1 091.3 million. The required amount being \$780 million. Again, we had an excess in Government securities being held of \$310 million. Sir, there is obvious strong growth in deposits and there has been a build up in the liquidity in the banking system. This has even resulted in a fall in interest rates and the decrease in the Treasury Bill rate to 1.97 per cent at the end of 2001 compared to 3.85 per cent at the end of the year 2000.

Sir, it is obvious that our economy has slowed over the period of last year but Government has instituted some sound and prudent financial measures and we expect that the economy will gradually recover, not overnight. There was a gradual slowing last year but it is expected that we would gradually recover once we put the necessary measures into place and once we bear in mind that our main partners, the USA and the United Kingdom, are also facing a similar economic situation.

I must say at this point that in spite of the misgivings and the shortfall that Government has maintained an unemployment rate of less than 10 per cent and this is not equalled anywhere in the region. I must emphasise that. Our last unemployment rate was 9.8 per cent. Sir, I hope that our international business sector should benefit from the removal of Barbados from the OECD black list and will also benefit from the proposed marketing campaign and public relations campaign in which we indulge in North America and Europe.

We are certainly expecting that the Buy Local programme that was introduced would have a positive effect on our non-sugar agriculture and local manufacturing.

Sir, in spite of all of this, Government is committed to strengthening all agencies aimed at the fight against poverty and the social ills of the society. In spite of all of the problems and the slowdown of the economy, Government is still committed to the fight against HIV/AIDS in this society and has committed \$100 million over the next five years to

assist in this programme, and I mentioned a loan of US\$15.2 million. Government is committed to a recapitalisation project at the Queen Elizabeth Hospital accounting for another \$10.5 million to aim at improving health care in this island.

There is no doubt about the commitment of Government in the sphere of education and its commitment to EduTech and the development of education in this country. Housing in spite of all the comments that we might hear from time to time, it cannot be denied that there is a commitment to providing adequate housing to members and the citizens of this country by this Government and in spite of the financial constraints which Government has to grapple with from day-to-day, it continues to make land available to the landless at reduced rates at \$2.50 per square foot. Government, in spite of the decline in the economy, intends to ensure that individuals have access to land and housing as part of their birth right. Government is committed to transportation in spite of the decline in the economy. Bus fares which were supposed to have been increased by the previous regime have not been increased after eight years. Government understands that it is a social necessity that has to be subsidised and in spite of the decline and the urging of foreign countries and other economists and economic gurus, Government continues to subsidise the transport service in this island.

We come to the whole area of poverty alleviation. It has been scoffed at, but certainly it cannot be denied the important role it has played in urban tenantry renewal, the repairing of homes, the providing of loans for people that want to get into business and empower themselves.
12.25 p.m.

Sir, then the whole idea of the Concrete Roads Programme, providing roads in areas where previously only tracks existed, that were very muddy in the rainy season. The Government has committed itself and funds to improve this situation.

Sir, we can see that in spite of the problems in the economy, the Government is still committed and has remained focussed in achieving and addressing many of these social ills in the society. Certainly, the Government will continue to focus on positioning this economy to meet the challenges of globalisation.

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

SENATOR C. A. MASCOLL: Mr. President, I join this debate understanding only too well that the position before us of seeking to increase the local loan limit by \$400 million cannot be analysed in isolation. In fact, given the presentation by the Leader of Government Business on

the Other Side, we are well aware that this discussion takes us into a wider analysis of the Barbados economy at this stage. The consequence of increasing the loan limit must be understood from the economic foundations of the decision that would have been made to do so, and this is where I join this debate.

I heard the Leader on the Other Side say that the economy has gradually declined and my concept of gradual perhaps does not fit his, because in the first quarter of last year when the Central Bank released its first estimate of the growth for that quarter, they had projected a growth of 3.5 per cent in the first release on the economy. By the second quarter of the year, the economy had declined by as much as 1.7 per cent.

Sir, if we recall last year's Budget, presented by the Prime Minister in August, there was never any admission at that stage that the economy had gone into decline. In fact, what had happened was that the overall performance of the economy was masked by the analysis period, being from January to June, and as a result, John Public was never made aware of the dramatic decline that occurred in the second quarter of 2001. I am putting it to this Chamber that given the nature of the Central Bank's Report, by August of last year, Prime Minister Arthur would have known of that kind of decline in the economy.

However, by the third quarter there was decline again in the making, and then came the event of September 11, 2001. In the absence of September 11, the Barbados economy would have declined in the third quarter of 2001 as well. Now, if you evaluate an economic recession by the standards in the United States of America, two consecutive quarters of economic decline would constitute economic recession in the USA.

When this was raised in the public domain, it was suggested that because of the different nature of the Caribbean economy, perhaps we should extend the two consecutive quarters to three consecutive quarters and this was done, in fact, in a report that was presented to the Barbados Economic Society.

Sir, by the last quarter of last year, given the impact of September 11, we had definitely gone into recession, as defined by the local authority, the Central Bank. Sir, even at that time, there was no admission on the part of the Government that the economy was in recession. The decline continued and, in fact, accelerated in the first quarter of 2002, and there was an increase in negative growth in Barbados.

Sir, in a recent presentation to the Central Bank of Barbados, the Prime Minister for the first time admitted that the economy was in recession long before September 11,

and this was an admission that perhaps caught the people of Barbados by surprise. I am saying that I was, in fact, fully aware that we were in a state that was not comfortable. In fact, as I speak to this Chamber, the Barbados economy has gone even deeper into recession and it has become a major source of worry.

Sir, there was an Economic Recovery Package that was presented somewhere around October, in which \$32 million were allocated and of that amount \$30 million was allocated to tourism. It was then suggested that the tragedy in the USA was the cause of problems in tourism, that we could anticipate by the first quarter of this year, that tourist arrivals out of the USA would have declined and we would have recovered or attempted to offset that decline in the UK market.

Sir, the Government of Barbados then said that because of the tragedy in the USA, Americans will not be willing to travel and, therefore, as a consequence of that, we can anticipate some fall-out. Now, a very strange thing happened that the USA market actually outperformed – that is, in growth terms – the UK market in the first quarter of this year, so there was confusion again in the tourism sector as how to really tackle this issue.

We were told by the Minister of Tourism that the Winter Season for 2002 would have been the best ever in the history of Barbados. It would have been a remarkable prediction to have made, whereby in light of everything that was obvious to all the players in the tourism market, the Minister who was known for his exaggeration could have suggested at that time that the tourism sector would have performed remarkably to the extent that we would not have seen anything like it in the past. We know what has happened in tourism. We know that tourism continues to be in a state of misery. Then, to have listened most recently to the Minister of Tourism, in an address in Puerto Rico, stating that the players throughout the Caribbean should, in fact, be looking to establish a private sector organisation to run the affairs of tourism, but that would not happen because there is no way that Governments are going to put their money in the hands of a private sector organisation.

When I heard that comment by the current Minister of Tourism coming out of Puerto Rico, I said to myself, well this must be a complete reversal because when the Minister of Tourism was Executive Vice President of the Barbados Hotel and Tourism Authority (BHTA) and had, in fact, hired the present Chairman of the Barbados Tourism Authority (BTA) to deliver a consultancy on the need to establish a private sector run organisation to replace the BTA.
12.35 p.m.

Now that the consultant has become the Chairman of the Barbados Tourism Authority (BTA) one would have expected that the means towards formulating a private

company to replace the Barbados Tourism Authority (BTA) would have been the hallmark of this new Minister because he had advocated much earlier in a speech he delivered on December 19, 1997 at the Hilton Hotel that the only way to go is to emphasise that tourism has to be controlled by a private sector run body. So to hear now that there is a complete reversal on that in light of his address to the Caribbean tourism market is really surprising.

All of a sudden there is recognition that we cannot have more funds or public sector funds to put in a private sector organisation to run the affairs of tourism. Only this year two senior members of the Barbados Tourism Authority (BTA) were fired because it was being suggested at the Barbados Tourism Authority that they were preparing the wicket for the establishment of a private sector company to run the affairs of tourism. So one has difficulty in understanding exactly where the tourism sector is going because the justification was that we are looking to establish a private sector led organisation at the Barbados Tourism Authority to replace the current government-run organisation. That was the justification given in public that we are in the stages of preparing to have a more efficient and more effective run tourism authority to be called the Barbados Tourism Company (BTC). I have already mentioned, Mr. President, the context of the consultations that took place leading up to the formulation of that body.

So tourism is in a state of misery. No one is certain where the tourists are coming from because we were told that US Air would have been the major impetus for growth out of the traditional markets in the United States of America and that US Air would have brought people out of areas in the United States of America like Philadelphia; but it never occurred and so we continue to be in a state of misery. As I speak to you, tourist arrivals to Barbados have declined by 25 per cent over the last five to six months.

SENATOR P. C. GODDARD: On a point of order. Mr. President, the Honourable Senator is misleading the Senate when he indicated that US Air has never brought people from Philadelphia to Barbados because US Air comes here on a regular basis with people from Philadelphia and they have increased the visitor arrivals to Barbados and they have also increased the competitive environment which has stimulated American Airlines to add additional flights.

SENATOR C. A. MASCOLL: Mr. President, it was suggested that growth would have occurred out of the United States of America market as a result of US Air but the reverse has happened. We have seen a dramatic decline in tourist arrivals out of the United States of America markets and those figures are very much evident. I do not need to bore the Senate with all the figures because they are here in the documents provided by the Central Bank of Barbados.

For the first time in years we have seen a dramatic fall-off in tourist arrivals from the United Kingdom. The hoteliers have indicated that they have seen occupancies of 20 per cent and 25 per cent across the hotel sector. That is a remarkable statistic in the affairs of tourism in Barbados at a time when we are preparing for Crop Over but that has nothing to do with the events of September 11, it has to do with the inadequate management of the tourism sector. But if you have a Minister in a hurry you can anticipate these kinds of airy-fairy shots being made because the minister is on record as saying that he is a minister in a hurry. The evidence is there to show that if he could have switched from the idea of establishing a private sector run organisation to replace the Barbados Tourism Authority in less than two months then we know we are in for trouble because you have to know where you are going even in a Ministry like the Ministry of Tourism which has to be controlled by the minister but the incompetence of the Minister of Tourism is quite evident over the last year or so. He is indeed the worst minister of tourism that we have ever had in Barbados.

Mr. PRESIDENT: Senator Mascoll, I think you should be careful because once you start to deal with the conduct of Honourable Members whether here or in the Other Place you are likely to be in breach of the Standing Orders so I would ask you to bear that in mind.

SENATOR C. A. MASCOLL: Sir, I would withdraw the remarks. He is not the most incompetent, he has performed least of all Ministers of Tourism in the history of Barbados. When we should have been expecting that tourism would have been the engine of growth in Barbados, we are now having a situation where we cannot rely on tourism to do so as evidenced by the performance across the length and breadth of the sector. One only need to speak to the taximen, to go on the beaches of Barbados or talk to the people in the duty-free sector to know. There are several members in this Honourable Chamber who can testify to what I am saying that the duty-free sector has moved from an area of opportunity to a dismal state in the life of Barbados and that sensible local members of the private sector have gotten out of the duty-free sector over the last two or so years. If anyone doubts what I am saying they just need to take a walk down Broad Street to see that Harrison's is being replaced by a completely different entity. That decision was made last year and there is substantial evidence; so we are in very difficult times in Barbados. That has implications for the overall performance of the economy, for the Government's performance and for the question before us should we or should we not increase the loan limit that Government can have access to in this present economy.

12.45 p.m.

Mr. President, let no one say that is a direct consequence of any excess liquidity in the system occasioned by growth in the economy. It is because of the recessionary conditions that there has been a major contraction in import

demands in Barbados. If the businesses are not importing, then one can expect there will be more excess liquidity in the system. Therefore, it is a consequence of under-performance and not over achievement. That point has to be made because it is felt that because there is lots of money in the banking system this is testimony to the performance of the Barbados economy when, in fact, the reason why there is lots of money is that we are spending much less on imports.

Imports are the crucial indicator of the performance of the Barbados economy. Both manufacturing, distributive, retail; all the areas of the economy require that we import. Barbados is a high propensity area when it comes to imports and the evidence is, therefore, very clear that we have an economy that is substantially under-performing.

In the Central Bank Annual Report, 2001, it goes on to substantiate my position.

"The External Current Account Balance improved from a deficit of 5.6 per cent of GDP in 2000 to an estimated deficit of 3.5 per cent in 2001..."

Sir, that improvement means that the balance is actually less, that is why there is the decline.

"...mainly because of a sharp fall of 8.2 per cent in retained imports..."

Sir, if that is so, it means that Barbadians are spending less on imports and, therefore, the accumulation of liquidity in the system is not any direct consequence of the performance of the economy, it is because of the contraction. It goes on:

"...a reflection of depressed levels of consumer and business demand..."

Sir, the Other Side said that one should gloat when statements are made about the performance of the economy. This has nothing to do with gloating. The DLP as far back as January, 2001, did an economic analysis called BARBADOS IN 2001 – WHAT NEXT. All of the evidence is contained in this Document to show that we were expressing concerns about the status of the tourism sector.

Asides.

SENATOR C. A. MASCOLL: I have already made it available to the Other Side but I can make it a document to the Honourable Senate. Sir, contained in this document is a forecast of the anticipated fall in manufacturing, tourism,

offshore sector, and retail sector, the construction sector. We were not making these forecasts willy-nilly. They were made on information that had been garnished.

Mr. PRESIDENT: Senator Mascoll, I thought I would clear up a point which I think is often misunderstood. A private Member has no obligation to make a document of the House. He need only tell us from what he is quoting.

SENATOR C. A. MASCOLL: Mr. President, I am grateful for that but in this instance, I want to make it a document of the House. I want the Other Side to know that the prevailing economic circumstances were, in fact, predicted by the DLP.

In fact, what hurts me more – and this is for the media of Barbados – is that in a debate in this Chamber on Lord Horatio Nelson, one could make a flippant comment, though I am committed to it and believe in it, that it could become a major issue in Barbados when, in fact, we have been making significant comments on the economy of Barbados that have come to pass and these comments have not even been researched by the media to the extent that they can go and justify that the DLP has been in the forefront of making comments, not only on the economy but issues pertaining to crime and violence, the GEMS Project, Greenland, Warrens. In fact, on today's front page of the *Nation's* publication, finally we are seeing justice being served; the contractor at Warrens is being dismissed. I am happy to hear that.

The issue here is that the DLP cannot be accused of not making statements in relation to important issues in Barbados. The evidence is clear, even if we go back a year in front with the anticipated difficulties of the Barbados economy at the time when the Government was saying the economy was performing better than Sachin Tendulkar. The Government was saying that unemployment has been reduced to single digits.

SENATOR THE HON. G. S. H. MURRAY: On a point of order. The Honourable Member is misleading this Chamber.

I am a Member of the Government and not once have we ever claimed the economy has been performing like Sachin Tendulkar. I think the Senator is mistaking himself with what happened with his Government when they said it performed better than Sir Garfield Sobers, when all of them were batting around the wicket in 1991 to 1992. I think that is what is coming back to haunt him.

Mr. PRESIDENT: Senator Murray, this is not the occasion for a Speech. You will have the opportunity to do so later. Senator Mascoll, please proceed.

SENATOR C. A. MASCOLL: Mr. President, the evidence of excess liquidity in the economy is clear. The most important thing to ask here is, why do we need to increase this loan limit at this stage.

There is excess liquidity. The Treasury Bills are only fetching 1.1 per cent, therefore, many commercial banks have cash on which they could otherwise be earning interest and, perhaps, there is some justification. Then there is another area which has not been evident in the debates in the Lower House that, sooner rather than later, the Mutual is expected to buy about \$240 million in shares from institutional holders, individuals and others. Therefore, one can anticipate – and I feel somehow that this increase in the loan limit behind the scenes is somewhat related to that. It must be evident to those in the financial sector that if the Mutual purchases \$240 million in shares that in the not-too-distant future, it has to put cash out to get the paper in, and therefore, that would further increase the amount of liquidity in the system.

As a result of that, without the Members on the Other Side knowing it, I am saying some decision might have already been taken to expect that accommodation. I feel strongly that is the real reason for the increase in the loan limit.

It is unfair, therefore, to have to explain that to the Other Side because I know only too well, that not even the Other Side appreciates that point. I do not say that in any gloating way. Unfortunately, Mr. President, in this Chamber one never gets the opportunity to speak after or later in the debate, therefore, whatever one says before becomes the focus but it would have been a nice thing to join this debate later to explain away some of the folly that might be presented to us at a later stage.

Mr. President, as a result of that, we need to look at what happens within the financial sector in Barbados. A few months ago in September 2001, according to the Central Bank, the deposit rate would have been 5 per cent and the Government, of course, encouraged the Central Bank to reduce that rate to 3 per cent which constitutes a 40 per cent reduction in interest earned on deposits at the commercial banks.

Sir, this is the same Administration that, only four years ago, said the basis for increasing savings, which is the impetus for investments in the Barbados economy, is to increase interest rates so as to encourage people to deposit. Then there was a complete reversal of that. Sir, the reality of it is that reduction in deposit rates from 5 per cent to 3 per cent would have translated to about \$18 million to \$20 million for the commercial banks, meaning they have less interest to pay on deposits. Therefore, this

Administration was accommodating the commercial banking system by putting an additional \$20 million to the bottom line at the expense of the deposit.

12.55 p.m.

At the same time, the depositors were complaining about the transaction cost they had to incur at the commercial banks and to date, the Central Bank of Barbados has done little to address that matter. Sir, rather than find an alternative policy to encourage depositors to be happy in the financial system, this Administration found a policy to put a further \$20 million in the profit line of the commercial banks in Barbados while the consumer, who was crying out for help, received no help from the Central Bank of Barbados or this Administration in terms of easing the administrative cost at the commercial banks.

Sir, when you look at the overall strategy of this administration you have to be concerned for the small man in Barbados because rather than provisions being made to accommodate small people in the society, provisions are put in place to encourage the bigger people to get even bigger. This is true in tourism with the ZM versus the taxis, it is true in the retail industry where we have seen the virtual demise of small supermarkets in Barbados and we have seen the consolidation of the distributive trade in Barbados to the detriment of the overall supermarket business but this administration does nothing to assist the average man in Barbados.

Sir, there has been a major cry and appeal for a reduction of taxation in Barbados. For the average Barbadian to have any breathing space, it would be through a tax reduction because the Incomes Protocols have allowed the Government and employers to benefit at the expense of the workers because they have imposed a limit on the capacity of the trade union to negotiate for a good wage settlement for the workers. I am not saying that we should just go out there and increase wages but we have been advancing the view that wage increases in Barbados should be linked to productivity. We have established a productivity council and so far no one can boast, except a few private sector players, that there is any attempt to measure productivity.

Sir, the public sector workers have suffered the most since the early 1990's because they have not been able to get adequate increases in salaries over the last eight years in Barbados to their detriment. We also have a situation where there has been contraction in retail, distribution and other services in Barbados but there has to be contraction because people need to get money before they can spend it. Sir, if the average Barbadian does not have disposable income, business will not be able to survive and flourish.

Sir, even if there is income and it goes towards those who already have wealth, it will not fuel economic activity because it is the small person who spends a great proportion

of income but the wealthy person does not spend his money on businesses and this is why most businesses have suffered in Barbados over the last two years or so.

Mr. President, when you look at the period 1997 to now, the public sector has done well because of VAT but VAT is going to be under threat because of the contraction in the Barbados economy since VAT is an expenditure tax and revenue is based on the level of expenditure in the economy so if the expenditure goes down, you can anticipate that there will be some contraction in VAT.

The reason for difficulties in the economy is primarily because of the refusal of the Government to encourage the private sector of Barbados to breathe more healthily. The Government has suffocated the private sector by the imposition of taxation and it has taken Government a long time to understand the issue.

This Government refused to restructure the Barbados economy and simply ran on the oil provided by the Sandiford Administration when the stabilisation package already put in place was successful and what was needed was growth and the repositioning of the Barbados economy which has not occurred under the Owen Arthur Administration. The Owen Arthur Administration is going to have a legacy of retarding the progress of the Sandiford Administration because they have taken the excesses from the revenue side and have been able to skilfully put in place the Urban Development Commission and the Rural Development Commission.

Sir, I heard a story recently where a young man was going overseas attempting to get a football placement in Canada and somebody told him to check the Urban Development Commission and see what would happen. He went there, met someone who knew him for a number of years and received \$5 000 to assist him with his trip. Sir, this is happening at the Urban Development Commission and the Rural Development Commission. You can approach the Urban Development Commission and Rural Development Commission for anything you want and there will be handouts without any justification for these handouts. Sir, it does not have to be anything related to housing or the provision of water toilets as long as you want something and it can go towards a vote you will get it.

Sir, the same thing happened in Deacons. There was no permission granted to build the present kiosk that replaced the old one but almost overnight \$106 000 was granted to the individuals of that community and this obviously will cause Government to increase the loan limit.

Asides.

SENATOR C. A. MASCOLL: I am happy to see that the young men have used the political environment to benefit themselves but you have to ask how they were able to do it so easily. After pushing down the stall in less than a week they were able to rebuild the kiosk on the same site with all of the same dimensions and amenities.

Sir, if Government is going to be handing out money in this way, then they have to increase the loan limit because they anticipate an early election and they are now preparing to splurge in this economy over the next five to six months even though we are supposed to be deep in recession.

Asides.

SENATOR C. A. MASCOLL: Sir, this economy is deep into recession and it is a sad state of affairs. 12.55 p.m.

Mr. PRESIDENT: Order, please.

SENATOR C. A. MASCOLL: Mr. President, this is a sad state of affairs that we are in. In an economy that has underperformed substantially, we are now seeing the beginning of economic decay that was never anticipated by that side. Sir, there was talk about the OECD and how the Prime Minister flew all over the world to resolve the problems for Barbados and how he has become renowned for his contributions to the OECD.

Sir, could you imagine that the sector that was supposed to be protected is now almost dead in Barbados? Foreign sales corporations have declined substantially and there is evidence of it in the Estimates of 2002-2003. Sir, you will see that the revenue derived from that source has been slashed dramatically.

Mr. President, the company PRT that was supposed to be a flagship for Barbados has now closed and returned to the USA. The company Heritage promised that when it downsized initially, that it was closing down and that it was preparing to become more involved in the affairs of Barbados. Now, Heritage that was once PRT has now decided to fold up and leave the country.

Over the last five years we have lost CDS and PRT, a sector that once employed almost 3 000 people. Now, today we have a sector called the International Business and Financial Sector employing less than 1 500 in Barbados. Sir, if you want evidence of this, you can read a well written and edited journal called "Business Barbados" and see that there was an article by Greg Hoyos on PRT and what it means for Barbados. We have to get involved in high-value offshore businesses and PRT constituted that kind of business.

Mr. President, walking around with your hands in your pockets and looking impressive at the OECD meetings have translated into nothing for the Barbados international business sector.

Manufacturing: This Government has played games in the manufacturing sector. Rather than confront the situation as it was in 1995, when WTO insisted on certain provisions to prepare the sector for the future, this Government decided to delay the implementation of policies under Minister Farley. That delay has caused decay in the manufacturing sector.

Asides.

SENATOR C. A. MASCOLL: Sir, you have a situation in which the Minister delayed the implementation of policies to the detriment of manufacturing and it also happened with agriculture.

Agriculture, in all fairness to the Minister, is at the lowest as it every was. We were promised that there would be linkages between agriculture and tourism and we were supposed to hear that we would consolidate where we are and go forward. We were supposed to give a full-scaled survey and the use of state-of-the-art technology. We were supposed to have all kinds of things being put in place to package our vegetables but we have Southern Meats, which is a disgrace for this Government.

Mr. President, the Government pumped in excess of \$5 million and the directors decided to get out of the operation in the early and left Government holding the bag.

Asides.

SENATOR C. A. MASCOLL: Similar to Carib Express Airline where the Government pumped in excess of \$2 million and LIAT is still serving the people of the region.

Mr. President, it does not stop there. We need to increase the loan limit because of the way in which we are squandering money in Barbados. We need to find money to pay for Greenland because we were supposed to get millions of dollars from the IADB to put Greenland in place but we have now poured millions of dollars into the hole at Greenland. There is a lovely road that was built to enhance the status of the incumbent in the constituency of St. Andrew. This project was called "Environmental Madness". "Mount Stinkeroo" is once again becoming stink. Mr. President, when you drive towards the new fire station i n St. Thomas, you will smell "Mount Stinkeroo". I suppose that the Senator on the Other Side will have to raise some matters with the Minister of Health.

Asides.

SENATOR C. A. MASCOLL: Mr. President, you have the GEMS of Barbados which is arguably the worse set of money ever invested in the history of Barbados. Sir, over \$100 million were spent in that project and there is no anticipation of any return in the foreseeable future. It is impossible to recover the \$120 million spent in the GEMS project within the next fifty years.

Asides.

SENATOR C. A. MASCOLL: The Hotel Resorts Limited borrowed money on the market to push other small hotels out of business because they had full government support.

Asides.

SENATOR C. A. MASCOLL: The GEMS project has been put in place to the detriment of the people of Barbados. There is then the unfinished specimen of NHC at Warrens where we have spent in excess of \$60 million and now we have decided to take corrective action.

Asides.

SENATOR C. A. MASCOLL: We have more wastage here and that is why we have to increase the loan limit. Sir, there is also the National Petroleum Corporation (NPC) which has wasted a lot of money. The only reason that Barbados is currently standing is because of the excess borrowing that we have incurred.

Mr. President, over the last five years this Government has borrowed more than a billion dollars and I do now know what is happening. When we debated the \$150 million in this Chamber, it was suggested by Senator Barker that it was only \$75 million. We later discovered in the debate that it was \$150 million. We also discovered that the money was being borrowed to prop up the private sector because of the ill effects of globalisation and trade liberalisation. We have now seen globalisation and trade liberalisation upon us and not one penny has been used to assist the private sector of Barbados, even though in the Resolution it was said that the loan was being borrowed because of the ill effects of globalisation and trade liberalisation. To this day, the private sector cries out for help. Whenever you talk about excessive taxation and the high cost of tourism, the Prime Minister says there is nothing wrong with the high costs. We have witnessed that Barbados is going under and, contrary to what was said in this debate earlier, of all the tourism destinations last year, Barbados was one of the weakest performers in tourism. I am going to quote the Central Bank Annual Report to demonstrate that.

1.15 p.m.

In spite of what happened last year, Bermuda...

Mr. PRESIDENT: Please refer to the page, Senator.

SENATOR C. A. MASCOLL: This is page 25, the Central Bank Annual Report, 2001.

Bermuda had an increase in stay-over visitors of 11.9 per cent, Bahamas – 2.7 per cent, Belize 0.9 percent, US Virgin Islands – 0.6 per cent, Jamaica – 0.3 per cent, St. Maarten declined by 1.7 per cent; Barbados declined by 4.9 per cent. Only the Dominican Republic did worse last year and everybody experienced September 11 unless Barbados was very far East. Remember when there was Y2K coming the then Minister of Education said,

“You know we have an opportune occasion here in Barbados to make sure that Barbados is marketed because it is the furthest easterly country in the region so the sun will rise first in Barbados and therefore we can attract visitors”.

You do not get worse than that. As a result, we were told that on the East Coast there would be a major tourism event in the Y2K year because we are the most easterly and therefore when the sun rises, you can see the sun first and then you would have what happened in Bridgetown that we are hearing we need to rejuvenate the City of Bridgetown and therefore we have to put a lot of housing so that it would not sleep at night, and all kinds of things.

The evidence is clear. In fact, a recent report from CARICOM said that the Barbados economy performed the worst of all Caribbean economies in the year 2001. That is a fact. So how can Barbados perform the worst and it is supposed to be the most resilient? Because Barbados was being mismanaged prior to September 11. To this day, it is being mismanaged.

I do not see just numbers. I look behind numbers. When you borrow a lot of money and parade it as foreign reserves and then manufacturing is not earning any foreign exchange, tourism is in trouble, sugar in trouble, the international business sector is in trouble, I know that eventually you would be in trouble. Borrowing just masks it for the initial period and that is all that has happened.

Barbados is so well stocked with borrowed funds that we are not going to see the full impact of this crisis, not for another year and a half. That is what is happening. Because of the borrowed foreign funds you are going to mask the underlying problems in this Barbados economy. Somebody recently remarked to me, “Mr. Mascoll, it might not be a bad thing to lose the next election.” I said, “But why?” Then they explained why, that the difficulties that this economy

is in would be very difficult to correct and therefore I could understand the reasoning. I had to tell the person, "I prefer to win a bad one than lose a good one." I do not mind.

We need to be concerned. In EduTech, the loan limit had to be increased because of it. EduTech is supposed to spend in excess of \$700 million. Recall that we are no longer going for foreign funding, so could you imagine having to finance EduTech? EduTech was supposed to be the new way forward, the basis for new growth and opportunity and development in Barbados because people had to understand how to use computers. Let me tell this Chamber because I am prone to make comments that may not be popular among the minority groupings, and by minority groupings I do not mean white. I mean minority philosophically.

I am saying to you that EduTech, the way it is conceptualised, is a waste of time. The evidence is clear now and I said this about two to three years ago. It is poorly conceptualised because the new technology does not require us to go this route any longer. The wireless technology; this is too expensive how it was conceptualised. You know that. EduTech is a programme that was badly conceptualised and therefore we had to increase the loan limit because we are wasting money.

It is not a bad idea but it is just like the Bible. The Bible is a good thing but it can be misinterpreted and misunderstood and misused by people. You cannot go against the Bible because the intent is good but people can misuse it and this is precisely what has happened to EduTech. You have all forms of wastage. I have spelt them out on so many occasions. You talk about the economy so let us look at the Barbados economy that was supposed to be performing better.

The social sectors, we would have expected, in light of all the prosperity, that the QEH would look like a place that you would want to go because sufficient funds would have been allocated. The Leader on the Other Side had a honeymoon. It has now stopped. The people got accustomed to the soft voice and they said to give him a chance but now all of a sudden comments, criticism, coming his way again. So it is his time to be a politician. He is not a full-fledged politician, we understand, so he has to deal with it. Before they thought he was just a caretaker but now he is full-fledged. He would have to find a way to deal with the problems of the QEH.

Given the economic performance so-called in the seven-year period we should have found a way to deal with housing. No matter how much you talk about housing it is quite clear what is happening in housing. In fact, there are some people now fronting in housing. You have an

Englishman coming to Barbados fronting for a local politician who switched from B to D or from D to B. He is now fronting for this individual and that is where our housing programme has gone to the extent where individuals who cross have been selected and identified because they did not get certain postings for largesse.

You have individuals who do not know how to read a plan, cannot tell you how a house can be constructed, they cannot tell you anything about a house, they do not even know what is permaclad but they are getting contracts to build housing in Barbados under the guise of an Englishman who is a "Bill" but then you have a "Joe" getting piece of the pie. That is what this Side does well.

This Side takes individuals from the Other Side, bring them over and then deliver and the National Housing Corporation programme is about giving this body piece – "give he piece – Braddie, give he piece – Joe, give he piece – Tudor, give he piece ..." This is how it is being allocated.

The housing programme in Barbados now is more to do with how the Government intends to give those who cross the Floor piece of the pie.

Certain remarks made by SENATOR C. A. MASCOLL were ordered expunged from the record by Mr. PRESIDENT.
1.25 p.m.

SENATOR C. A. MASCOLL: I agree and I withdraw the statement, Mr. President, but I would like to know why the Chairman resigned from the National Housing Corporation. It is the business of the Opposition to know everything that happens in the Government, so there is good reason to know why the National Housing Corporation Chairman resigned and I am asking for that question to be answered.

Mr. PRESIDENT: Senator Mascoll, you have two minutes in which to conclude your speech.

SENATOR C. A. MASCOLL: Thank you, Mr. President.

Mr. President, I therefore could understand, on the one hand why we need to increase the loan limit because of all the squandermania and the bad performance in the economy. I also understand that there may be another reason for increasing the loan limit, and that is, because we expect and anticipate that new funds will be put into the system in the not-too-distant future.

I am saying that all of this is a direct consequence of mismanagement on the part of the Owen Arthur

Administration. I have demonstrated over the last hour that there were several things wrong with the Barbados economy and the social sectors that were not addressed. They have now come home to roost and will continue to haunt the people of Barbados. Those realities will be fully known within the next two to three months.

Asides.

SENATOR C. A. MASCOLL: The evidence is there because the people are now beginning to feel the effects of this mismanagement where it hurts. That is, in their pockets.

I thank you, Mr. President.

SUSPENSION OF SITTING

SENATOR THE HON. J. X. WALCOTT: Mr. President, I beg to move that this Sitting be suspended until 2.35 p.m. today.

The question that the Sitting be suspended until 2.35 p.m. was put to the Senate and agreed to and Mr. PRESIDENT suspended the Sitting accordingly.
1.30 p.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR T. E. BARKER: Mr. President, after the long ramble before lunch, I feel that it is incumbent on me to bring this debate back to the Bill in question.

The last Senator who spoke, waxed far and wide, without giving any direction to the debate. He ignored the excellent presentation by the Leader of the Senate and sought to go on a reckless frolic but he forgot one important point which is, that this amendment to the Local Loans Act, was coming since March of this year.

March of this year, the Minister of Finance presented in the Other Place and subsequently in this Chamber, Sir, the Estimates of Revenue and Expenditure. In the Estimates, the Honourable Minister of Finance said that he is seeking \$218 million in financing from domestic sources.

Sir, this is in the Estimates page 8 where the net domestic financing was \$218 million for the financial year, of which, Sir, \$70 million was to be in the form of debentures, \$35 million in Government savings bonds, \$110 million in Treasury Notes and \$3 million in tax reserve certificates.

The Government therefore said that it was seeking to raise \$218 million from the domestic sources under these

Heads. Now, if the Honourable Senator was doing his homework, he would have realised that the Local Loans Act was at the limit of \$1.8 billion, by the end of January last year. Sir, I am quoting from the Government and Financial Statistics of May, and it is also in the early edition – we saw that \$1.7 billion was outstanding in the form of debentures and \$110 million in the form of Government savings bonds. Sir, we had virtually reached the limit by the end of last year. Sir, if he was doing his homework, if he was this big guru that he pretends to be, he would have realised that if the Government was to realise its intention, for which approval was given by this Chamber that the only way the Government can do that was by seeking a raise in the Local Loans limit.

Sir, this amendment is consequent to a decision made in this Chamber to approve the Estimates. All of this fuss about going back to the economy shows that he is not on the ball. He is not doing the work that he is supposed to do as President of the Democratic Labour Party and a back door Leader.

Mr. PRESIDENT: This is irrelevant, Sir.

SENATOR T. E. BARKER: Sir, the point is that the Bill was in the making, so to speak, from the time these Estimates were presented to the Chamber and that was in March. I do not know what the fuss is about. If he had a problem with raising the local loans limit, he had every right, because the Rules gave him a two-hour speech but in that two-hour speech, he never came to this point.

Sir, as I said, the point is that this Government knew before hand what its requirements were and they presented them to Parliament in good time and in good order so what we are here discussing, assent was given in a special way.

Sir, there is a reason why there must be limits on local loans and why it is necessary because it gives this Chamber a chance to have a say, so to speak, on Government borrowing and the actual level of Government borrowing. The Government is now seeking to raise the limit from \$1.8 billion to \$2.2 billion and in a few years time, it is expected that we would have exceeded this limit and we will have to come back to this Chamber. So that this Chamber and the Other Chamber always have an overseeing role on the level of debt.

Sir, only yesterday I was thinking about this and asked why must we have a limit but upon deeper reflection, I realised that the Act gives Parliament some say in ensuring that the country does not borrow more than it is able to repay and that is the interesting point.

I did not hear the last speaker mention this point but the Government always has to ensure that the level of

indebtedness is not more than the country is able to bear. Therefore, Sir, we have to look at the economic reports of the Government to see whether or not they are holding fast to that mandate of ensuring that the level of borrowing is sustainable.

Therefore, Sir, when I looked at the last Economic Report for the year 2000, the one for 2001 is not yet available, I am pleased to note that the Government debt is not out of line. If we look at all the indicators, the level of borrowing must be related to our ability to repay, especially when it comes to foreign borrowing. Obviously, the difference between foreign and local borrowing, as we all appreciate, is the fact that in one case you have to look for foreign exchange to service the debt, both in terms of interest payment, as well as amortisation.

Sir, we are pleased to note that we have come far from the intolerable levels of the early 1900s, when almost 20 per cent of our exports in goods and services went to service national debt. We have managed to reduce it so that in the year 2000, it was 7.3 per cent of exports in goods and services. I feel that this is a good indication of the excellent management of this economy. Our ability to service our foreign borrowing is well under control because of the activities of the Government in ensuring that our foreign exchange earnings and the sectors which derive the foreign exchange earnings are properly maintained in order to service the level of debt.

2.40 p.m.

Yes, it is true that a lot of people are in debt but they do not lose sleep over it because they know that their assets and their cash flow would allow them to handle a certain level of debt. The same thing is true of countries. We have to ensure that our cash flow and our assets will allow us to handle our level of debt. That is why we are glad to know that the percentage of our exports of goods and services which go to service foreign debt is declining. It is interesting to note that the level of indebtedness by any country must be related to its assets. So the Government looks at things like proportion of debt as a percentage of Gross Domestic Product (GDP) and found that whereas it was as high as 30 per cent in 1992, in the year 2000 it was down to 13 per cent which is less than half if we measure our debt as a percentage of our total worth.

Asides.

SENATOR T. E. BARKER: Sir, I am referring to the Barbados Economic and Social Report 2000 which I presume all Senators have a copy of.

That is not an indication that our debt is unmanageable, because our debt as it relates to our total assets is declining. All of these are important indicators which show that while we always have to be careful about our debt we have to make

sure that the relationship between debts and assets are always in our favour so this Government must be highly commended for not putting us in a situation where we have to go for excessive borrowing. It is also very important that we manage our affairs to ensure that our indebtedness is not excessive because...

Sir, I want to make a very important point which is that a lot of the debt that we incur goes for capital projects. When we build a school, we build it to last 100 or more years, with maintenance, of course. It does not make sense to force my generation to pay rent for an asset which is going to be used by future generations. It is clear that future generations are going to benefit from the expenditure of this generation, so it is not pernicious to ask them to contribute some of the payments.

Now, in spite of what the Opposition said that the level of capital expenditure in this country is exceedingly high, if one looks around one would notice that districts that had tracks for roads where people had to wear two pairs of shoes as they did in the days of slavery are gradually coming to a stage where there is a paved road in almost every district because this Government feels that once you have a settled community it is a person's right to have paved roads; so that is where the money is going. We are carrying services to the people. It is alright to build lovely highways but we must cater to the little gaps where the people live.

Asides.

SENATOR T. E. BARKER: In the same Danesbury which the Honourable Senator represented for some time the people now have a decent road to where they live for the first time and he is going to talk about squandermania when he refused when he was a Member of Parliament to ensure that they get a proper road.

We are preparing our children for this present age so the money spent in EduTech in spite of the harping from the Opposition is money well spent. We are spending some of the funds as well in the communities by carrying internet access in the communities. I had the privilege of opening two of the community centres recently, one in Bush Hall and the other at St. Elizabeth Village, St. Joseph. So we are carrying services to the people. Of course, this is going to cost money but it is an investment in the future of this country and in our people. So if we have to raise the loan limit to do so, we are not going to compromise the economic future of this country because we are going to ensure that the level of indebtedness is commensurate with the level of wealth in the country and our ability to repay.

We are committed to ensuring that the Queen Elizabeth Hospital has the funds to cater to the needs of the people of

this country. Under the Democratic Labour Party the Hospital was starved of funds because a lot of funding that should have been used there was not being used there, so we are putting that institution in a position where it can adequately cater to the needs of the people.

The important thing about local loans is that they give the people a chance to invest in their own development, therefore, it is taken from the pockets of ordinary local people. I feel that Government needs to put more savings bonds on the market and that is why I am glad that this Resolution has come before us because the Government wants to have \$35 million in savings bonds this year. I am sure that a lot of people would look for this opportunity because it is a very attractive vehicle for savings because you get high interest rates and since it is tied up for a few years, you cannot go and pick at it as you would like. It is almost a forced saving so to speak. You put the money down knowing that you do not have access to it as you would have in a bank account where you can wake up a morning and say you want a \$100 and, therefore, you can go to the bank and get it. It is not as easy as that. So this mechanism is ensuring that ordinary citizens participate in their own development; and that is a very important concept. Sir, it is one thing to borrow from the banks but it is also necessary to ensure that ordinary citizens can invest in the education of their children, in health facilities and in the provision of roads.

2.50 p.m.

Mr. President, savings bonds do not give 1 per cent, as the Opposition is saying, it gives a lot more in the vicinity of 7 per cent. I do not know where that idea came from. Again, that is misinformation and the Opposition is very good at giving misinformation.

I am sure when the savings bonds come on the market that, in spite of what the Opposition is saying, there would be an excess in demand for them and, therefore, by raising the local loans limit, this Bill will become another vehicle for people to save. I do not see anything wrong with that. That is highly commendable.

Sir, a lot of talk was made of the fact that interest rates are now low. The theory is that because interest rates are low, the ordinary person will not be able to access interest rates on their money. Mr. President, there is another side to the coin as Senator Mascoll has conveniently ignored. When the rates are low, business can access funds at a lower cost, which is crucial. A fundamental fact is that businesses need to have access to funds at a lower cost. If not, if we are talking about lack of investment but having higher rates, we would have even less investment. Anybody who did a first-year course in economics would know that.

Mr. President, we are pleased to note that Treasury Bills are even much less than the Savings Bonds rates. We believe in a low interest rate regime because it is a necessity for businesses to be able to access funds and expand their

businesses. Mr. President, jobs can only be created from two sources; either by the creation of new enterprises or the expansion of existing enterprises and, in both cases, there is the need to access funds.

Mr. President, in doing that, we are ensuring that we keep unemployment at an historically low level and not as it was during the period of the Opposition when it was 25 per cent. It was only during the last year that unemployment had risen by 1 per cent. We hope that the next figure will show it has dropped below the 10 per cent figure. This came about because, in our view, we paid attention to the economic fundamentals, to make sure we have a low interest rate policy which would encourage business to take advantage of what is going on.

Mr. President, the Senator made the point that the level of Expenditure is low. In this country Barbados? If the Honourable Senator was checking the information put out by Government in the Barbados Economic and Financial Report for the Year 2001-2002, the Honourable Senator would find, and quoting from the Report:

“Whereas in 1993, ordinary citizens spend less than \$2 billion on consumer spending. It was \$3½ billion in the year 2000...”

I do not understand from where the Honourable Senator is getting his information. If I did not know better I would say the Honourable Senator is trying to mislead us but I know that the Honourable Senator knows better. I would say that the Honourable Senator does not understand the information. I would suggest that the Honourable Senator should go back to the source. Especially as the Senator is making statements for all Barbados to hear, he should try to be accurate.

Mr. President, the people of this country have more confidence in the ability of the economy. They have faith in the ability of the leaders of the Barbados Labour Party to chart the economic course. Even though we cannot prevent stormy waters, at least we can prepare our boats to manage through difficult waters.

Mr. President, when the Budget was given in August, 2001, in spite of what the last Speaker was saying, the Government then recognised the economy was in difficulty.

Mr. President, reading from page 8 of the Barbados Economic and Financial Report:

“In our case, there is now clear evidence there has been a slow down in economic activities in the first half of 2001...”

Sir, the Budget of last year was intended to put us back on the growth path. There was a clear admission by the Minister of Finance that things last August were not the best. Therefore, the Budget was designed to bring the economy back by way of incentives to both the agricultural and manufacturing sectors. Therefore, in September of last year when the crisis occurred, the package that came had not even started to bear fruit.

Sir, to say the Prime Minister never said the economy was in any difficulty was contrary to facts because the Prime Minister has admitted that it was. Sir, this was said publicly and I believe that we have a right in this Chamber to present all the information to the people of Barbados.
3.00 p.m.

Sir, I commend the Bill to the Honourable Chamber. We said early this year that we intend to finance Government operations. We also said how and where we intend to get the funds from so this Bill is simply putting in place the mechanism to give effect to what we said we would do. Sir, we said we would raise \$280 million and the only way to do that is by raising the limit because the outstanding instruments were already very close to the limit. Sir, there is no mystique about it because anybody paying attention to what was going on in the country would know this was coming and why.

We understand the implications of our debt both foreign and local, and we are not going to seek short-term gains at the expense of the long-term viability of this country. Sir, all of us had to live through the early 1990's. It was a painful episode when people lost their homes and their future because we did not pay attention to economic fundamentals and we felt we could do as we like for as long as we liked without knowing that there had to be pay back time. Sir, we are not going down that road again. We will borrow because we know that we cannot finance all the things we have to do from current revenue but we are going to ensure that the country has the ability to repay the loans whether foreign or local.

Mr. PRESIDENT: Senator Barker, please wind up your presentation.

SENATOR T. E. BARKER: Sir, the Government will manage this economy to the best of its ability using all of the information, common sense and technical expertise at its disposal. If we have to borrow, we will do so and spend it wisely by providing services to the people of this country who have put their faith in us and in the political system.

Sir, I thank you.

SENATOR LeR. H. McCLEAN: Mr. President, we have just been treated to the June 26th edition of Senator Barker's contribution on economic matters and we can be sure that every time there is a debate on the economy, we

will hear a revised version of that speech which will merely be updated depending on what the Opposition says.

We must first ask why there is a need to raise the loan limit. Sir, if the productive sectors are not working, then there would be more money in circulation, more taxes would be paid and Government would, therefore, have a greater revenue base. Unfortunately, at present all the productive sectors in the country are in decline.

During the bad days of the early 1990's, which this Government continues to refer to, we still had some of the productive sectors working; but none of them seem to be performing at present. Sir, tourism is down, manufacturing is dead and agriculture is on its last leg.

Senator Barker made the point that the loans which Government is acquiring are for capital projects. He put forward the thesis which was expounded by the late leader of the Barbados Labour Party, Mr. Tom Adams, that future generations must also pay for some of the development which is taking place at this time because they will benefit from these capital projects and, therefore, should pay something for doing so.

Sir, the present politicians are to take all of the credit for these projects but will give the bill to future generations. In fact, they are committing future generations to debt which, if given the choice, they would not incur. Sir, for example, future generations will have to pay for the Greenland Landfill project on which Government still has to spend \$4 million. They will also have to pay for the project at Warrens which started out costing \$35 million, is only 48 per cent completed but will now cost \$60 million and Heaven knows when the work will resume on that building for it to be completed.

Sir, we heard a lot of criticism about Sherbourne but at least it has been occupied for some time but no one knows if the project at Warrens will ever be occupied. First there was a problem because they discovered there was a cave under the site. They could not spend \$89 000 to do the necessary soil test to determine what the foundation would be like so they had to spend millions of dollars to sort out the foundation so we now have a situation where \$60 million has gone down the drain, the project is only 48 per cent completed and future generations will also have to pay for this.

Sir, we are committing our future generations to projects which present politicians want to take credit for and show off that they have done a lot but, in actual fact, they are providing unnecessary debt for present and future generations.

Sir, there is excess liquidity which has to be mopped up and Government is using this method as a fiscal mop to get

rid of the excess liquidity. The private sector is not borrowing from the banking sector because there is a climate of uncertainty, we do not know where we are going in terms of the economy and, therefore, people are not taking the chance to invest. The private sector is not borrowing from the banking system and Government decided that the only way we can get rid of the excess liquidity in the system, is to employ this fiscal mop and increase the local loans limit to absorb some of the liquidity.

3.10 p.m.

Sir, Senator Barker said that bonds give the ordinary man the opportunity to invest in Government. It gives him the opportunity to invest in providing roads, housing and education. I would like Senator Barker to talk to the ordinary man, and I do not think that he should use himself as an example of the ordinary man, and ask him how much money is he prepared to invest in Government paper.

In fact, you only need to look at the issuing of shares by the Barbados National Bank (BNB) and the Insurance Corporation of Barbados (ICB) and determine to what extent the ordinary man is prepared to invest in this country. You can only invest what you have. To give the impression that the ordinary man is waiting to invest in Government paper is really an attempt to think the unthinkable.

Mr. President, the Central Bank's Report, 2001, says that high excess liquidity was a dominant characteristic of the international system in 2001, owing to persistent weakness in the demand for commercial bank credit by the private sector. The private sector is not taking up the liquidity and the Government will do so.

Senator Barker made a song and dance about unemployment. The figures that are given on unemployment in this country need to be carefully examined. I think that there is a little sleight-of-hand going on where some of these figures are concerned.

SENATOR T. E. BARKER: Mr. President, "sleight-of-hand" is very unparliamentary.

Mr. PRESIDENT: It is, Senator Barker, and I ask that it be withdrawn.

SENATOR LeR. H. McCLEAN: Sir, I was speaking figuratively but I will withdraw the comment.

Asides.

SENATOR LeR. H. McCLEAN: The point is, if you have a workforce of 100 people and 90 of those people are working we will have an unemployment of 10 per cent. However, 25 people come into Barbados from Guyana and the number that is employed is increased by 25 but you are still taking out of one hundred. Sir, you now have 115 people

working but you have not increased the workforce. What is happening now, you have ended up with a smaller percentage because you are taking the increased number of employed people out of the original number. That is why people are of the impression that there is a drastic reduction of unemployment in this country.

Sir, when you look at the economic and financial statistics from the Central Bank of Barbados, you will see that in January, 2001, the unemployment scheme paid out \$2 million; at December 2001, it paid out \$2.89 million; at January 2002, it paid out \$3 million. There was an increase of \$1 million between January, 2000 and 2001. Mr. President, this money is being paid out at a time when persons who became unemployed in either November or December of the previous year, at a time when it is expected that employment should be at its highest.

Mr. President, this is a period when there should be a lot of activity – Christmas season and the winter season. During this period one would expect the hotels to be doing well and a large number of people would be employed. Sir, why then is unemployment rising so rapidly? Why should we have this increase of unemployment benefits at a time when you are saying that unemployment is declining? Something has to be wrong, Sir. If you are telling me that you have fewer people unemployed but you are paying out more money in unemployment benefits.

I would like the Government to explain that anomaly if you want Barbadians to believe that there is a drastic reduction of unemployment in Barbados.

Senator Barker said that the Queen Elizabeth Hospital is in a better state because of the local borrowing. What have we got instead? We still have the situation where there is improper delivery of health care at the Queen Elizabeth Hospital because operating theatres cannot be opened and complaints of the inability to deliver proper care in the Pediatric Department. The doctors of the hospital are talking about these things. It is not the average man in the street. The average man in the street is telling you that they have to take basic things to the hospital for their relatives and friends who are hospitalised, things such as bed sheets and toilet paper.

SENATOR THE HON. J. X. WALCOTT: Mr. President, on a point of order. I am not clear which hospital the Honourable Senator is speaking about. I do not know of any cases where people are buying bed sheets and toilet paper to take to the hospital at this point in time. I would really like to know where he got his information from, Sir.

Mr. PRESIDENT: Senator, you can ask a question and you can make the point. There is a point of order that you

are misleading the House. I am not sure that you made that point but please proceed, Senator.

SENATOR LeR. H. McCLEAN: Mr. President, the Honourable Senator may be unaware of these things. I can assure you that there was an incident in this country where two young persons suffered serious injuries after a stabbing incident and their families had to buy linen. However, when the father visited the child and saw the condition of the bed that his child was in, he bought a bed and carried it into the Queen Elizabeth Hospital.

Asides.

SENATOR LeR. H. McCLEAN: Mr. President, the point was made by Senator Barker that the money that is being borrowed is being used to improve the conditions in institutions such as the Queen Elizabeth Hospital. I am refuting that claim which was made by Senator Barker because the conditions have not improved to the extent that the Honourable Senator is suggesting. As a matter of fact, we cannot see any improvement in the condition of the Hospital.

Sir, I would hope that less of this money would be used for things like an enquiry into the St. Joseph Hospital. It was claimed that with the closure of the St. Joseph Hospital, things would have been better at the Queen Elizabeth Hospital, and we are not seeing that. We are seeing money being borrowed on the local market to carry out enquiries and to do things which the people of this country believe would serve no useful purpose.

3.20 p.m.

Government needs to be more transparent in some of these matters so that the people of this country would not believe that they are being told one thing and something else is happening. In fact, the Senator made the point that the Government said a long time ago that the economy was in decline and I think the best analogy I can put to that is that somebody just warned you that they were going to come and kill you. Government told you in advance that this is going to happen and did nothing in order to stave off the impending decline in the economy. They believe that the only thing to stave off any economic problems is to borrow – that is what we hear coming through – whether it be on the foreign or local market.

Government believes the solution to the economic ills of Barbados is borrowing. We heard it when we discussed foreign borrowing that Government was able to borrow because of its high credit rating. You had a high credit rating so you can go and borrow. Now we have a situation where you have excess liquidity and Government cannot provide the environment in which people would want to invest and therefore take up that excess liquidity. Therefore,

Government uses its fiscal mop to take up the excess liquidity.

However we look at it, this Government believes that rather than this country being able to earn its way forward, the way to do it is to borrow your way through. You borrow on the foreign market, you borrow on the local market and then you boast that your foreign reserves look good from borrowings. You deal with your deficit by borrowing and the productive sectors continue to decline day after day.

I think, Sir, that what we need to see in this country is that Government starts to provide that environment which will cause people to invest, whether it be in tourism, manufacturing or agriculture. We have heard the point made time and time again that we cannot compete in the manufacturing sector and Government will continue to tell the manufacturers that they need to do this, retool and get out in the foreign market and all kinds of things but at the same time they will continue to pay the high cost associated with doing business in Barbados, high energy costs, high telecommunications cost, in fact, high taxation as a whole at every level. So that environment is not there which would encourage the productive sectors to work. We have agriculture which is in continuous decline to the point where farmers are now fed up with just hearing talk all the time. You get a situation where farmers are offered incentives and to this day all you are seeing is a public relations exercise telling you about these incentives and the availability of these incentives but when you talk to the farmers none of them have been able to benefit from them to this day.

As a matter of fact, we heard Senator Laurie recently making the point that even the forms to apply to get the incentives were not yet in place for farmers to use them.

We keep hearing these public relations gimmicks in every area. You are told that you can get this and that and unless it is something by which the Government can clearly see that there is a possibility of gaining some votes nothing is going to happen. A concrete road will be built because there are so many votes on that road or a few houses will be repaired because there are some votes in the houses but when it comes to doing things in the productive sector that people can become independent or self-reliant nothing is being done in those areas because this Government believes that the way to do things is to make sure that it can hand out.

The Ministry of Social Transformation can hand out something here and hand out something there. In fact, they can go to the point where they can finance a trip to Trinidad for people to attend a wedding. I think that one of the things that will have to be enquired into in this country would be the operations of that Ministry of Social Transformation because a lot of the money which is being pumped into that

Ministry is being misspent. You have persons living in government houses and not paying their rent who have had their rents paid by the Ministry of Social Transformation and I am not talking about ordinary people who owe \$2 000 or \$3 000. I am talking about a man who owed \$17 000 to the National Housing Corporation who is a contractor. His arrears were paid off through the Ministry of Social Transformation. Then we have the Urban Development Commission. Again reason for concern in this country.

I am saying that as a Barbadian and not as a politician only, I would advise the Prime Minister to examine the operations of these entities as soon as possible before they get any worse. They are declining day by day. You have senior persons who are associated with these bodies who are also some of the main contractors getting work out of them. If something is not done soon the whole of Barbados will soon realise the extent to which corruption is creeping into the system. The people will not take it kindly.

I would like to suggest that rather than people trying to defend these things and wanting to discuss them out of hand that at least they take the time out to investigate what is happening in some of these agencies that have been set up by Government. In the final analysis, the taxpayers will have to repay this money that is being borrowed. Future generations will have to pay it back. Therefore, if you are going to commit future generations to these loans, at least let them see something that they can say at least the Government did something from which we can benefit, but do not commit them to loans which turn out to be wastage. There is too much wastage going on in this country at this point in time.

Rather than Government Members getting defensive and wanting to kill the messenger, I would hope that they would listen to the message and take action where it is necessary. I have heard the Minister of Health make points about the Drug Service and about what actions will be taken in order to improve the operations of the Drug Service. I can only hope that in doing so he will not be compromising the availability of drugs to the people of this country because already we have a situation where diabetics and persons with hypertension and the ordinary man that Senator Barker is speaking about are finding it extremely difficulty to get their medication. Persons with glaucoma have been unable to get the medication at times and therefore I would hope that whatever restructuring is being done with the Drug Service would be toward ensuring that these people can get a better delivery of health care in this country.

3.30 p.m.

Mr. President, it is okay to talk about committing future generations but, at least, let us ensure that we are building and leaving something for these future generations that they can enjoy a better standard of living.

I thank you, Sir.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I join this debate hoping to bring it back in line with what is mainly before the House, namely, the raising of the Local Loans limit. When I reflect on what has been said by both Senator Mascoll and Senator McClean, they ranged far and wide and indulged in a lot of mere gossip but refused to give specific information with which we could really grapple.

Sir, as a matter of fact, Senator Mascoll went so far as to attack the Minister of Tourism, the ex-Chairman of the National Housing Corporation, the Prime Minister for his travels and his work abroad, even though the Prime Minister was working on behalf of Barbados and the Caribbean and other countries in the OECD to protect our interest and successfully so, or whether he was working abroad, speaking about the vulnerability of small island states, given their special circumstances in the changing world. I know he is doing substantive things and I am very appreciative, as I am sure the rest of the country.

You will recall the time when Barbados was in a great deal of need, the revered leader of Senator Mascoll and Senator McClean, the dear departed Prime Minister Barrow travelled abroad and spent a year in Miami to recharge his batteries. The Prime Minister of Barbados has never had to...

Asides.

SENATOR THE HON. G. S. H. MURRAY: ...he spent time abroad. I understand it might be three months but he spent time abroad.

SENATOR LeR. H. McCLEAN: Mr. President, the Senator is misleading the Chamber.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I am not always clear on my history, but I know it did happen. The point is that they are not disputing the fact that he was abroad, all they are disputing is the length of time, three months, or one year, the principle is he went abroad to recharge his batteries.

The Prime Minister of Barbados does not recharge his batteries abroad, he goes abroad to get power and work and come back to recharge the batteries of the Barbadian economy and the Barbadian society.

Sir, Senator Mascoll ranged so far and wide that, for the first time in my life, in using cricketing terms, rather than hearing somebody appealing for light, he is appealing for lunch.

Aside.

SENATOR THE HON. G. S. H. MURRAY: I never saw it before. He was begging the Leader of the Senate to go to lunch, just because he was not sure what he was doing.

Sir, I also could not help but notice that Senator Mascoll spoke in terms of the small man, the average man, and that ever since he started to defend Lord Nelson, and Lord Nelson's type, he no longer spoke of the "poor, black man" that was the mantra of his party. What has happened to the poor, black man in Barbados? He has now become diffused into the average man or the small man. I hope that as leader, *et cetera*, whatever he is in the Democratic Labour Party, he will return to this philosophical moorings and his roots and maybe, reestablish his connection with the poor, black man.

Sir, he also made reference about the legacy of the Sandiford Administration. I think there are a couple of enduring memories of the Sandiford Administration, I think Barbadians will never forget. One is the Ode to the Environment in Rio, when he went abroad to present an ode in Rio at an environmental conference and brought great shame and embarrassment to Barbados. Sir, and also the economic holocaust that was imposed on Barbados because his party did not intend to commit political suicide. Those were the enduring memories, when people lost their homes, their families, their jobs and their hopes were in despair and had to be restored by the Barbados Labour Party.

Sir, we are not surprised at the attacks on the Urban Development Commission and the Rural Development Commission because we know that these institutions, and to use a Barbadian term and I hope that it is parliamentary, stuck in the craw of the Democratic Labour Party. This means that they have found them difficult to digest because they recognise the potential for development that these instruments provided, going straight into the heart of communities and transforming and uplifting the lives of the people. They have never given these institutions a chance to prove themselves. Everything they have done has been criticised by them without any facts or figures, but they just snipe and carp and take pot shots at them from time to time.

Sir, Senator Mascoll also talked about the closure of PRT and CDS, *et cetera*, and sought to blame that on the alleged mismanagement in the Barbadian economy. I thought that someone like him who has a long and wide-ranging memory of the Barbadian economy and economic matters would have at least drawn an analogy and connection with Intel, when the Democratic Labour Party was in power. The closure of Intel when 1 800 people went home, what was the cause of that? Was it the economic mismanagement of the Democratic Labour Party Government or was it the question of cost operating in Barbados compared with Puerto Rico,

the Dominican Republic or Manila. It was a pure question of economic cost. The same thing operates in these things so he must not believe that Barbadians have short memories.

Sir, Senator Mascoll said, and I quote.

"I do not just look at numbers. I look beyond numbers."

Sir, I took him at his word and when I took a careful look at the publication that he made, referred to, called, "Barbados in 2001, What Next? An Economic Analysis of the Democratic Labour Party." It is a six page document. When I leafed through it, Sir, it says an economic analysis. When I heard economic analysis, particularly something to which Senator Mascoll is going to make reference, I expect to hear facts, figures, statistics, dates and those kinds of things. I went through all six pages and the only kinds of figures that he made reference to in this document, which has been trumpeted abroad, quoted and referred to as some poem of great importance, is the years 2000, 2001, the 1900's, Y2K Millennium, since 1995, during the year 2000, in 1994, 2000 new jobs for a five-year period.

Asides.

SENATOR THE HON. G. S. H. MURRAY: Fifteen months – 350 million. In the last five years, two thousand doubled; 28 cents less than six years ago. Sir, that is the extent of the economic analysis.

Sir, I dismiss that for what little it is worth. If this were a serious economic report, I would expect to hear some reference to the Economic Report of the Central Bank, GDP and all the things they like to trot about from time to time. It is strange that it was not a single mention of those things and I wonder what next.

Aside.

SENATOR THE HON. G. S. H. MURRAY: Sir, it was laughable.

Mr. PRESIDENT: Are you laying that document in the Senate?

SENATOR THE HON. G. S. H. MURRAY: I am willing to make it a document of the House. I think every Honourable Member should have one.

Sir, if that were bad, I think that I really was very distraught when Senator Mascoll made the outrageous statement that EduTech is a waste of time. I said a man of his intellect, a lecturer of the University, *et cetera*, a Leader of

a once great party, how could he say that? But when I reflected that in the 1999 Manifesto of the Democratic Labour Party, the only reference they made to computers in schools, is a caption under a photograph, "computers replaced in the schools". Nothing more or nothing less, while the Barbados Labour Party had some five and one half pages devoted to education and made ample reference to EduTech. Sir, I have therefore to regard Senator Mascoll at times as just a question of killing time and making time but not really of any serious contribution.

Sir, on the other hand, Senator McClean in his presentation which was of the same ilk, boasted that at least some of the productive sectors in the 1990's were working. Then, I remembered that was the time when we had the phenomena of what was called "jobless growth". The productive sector was working, they were getting growth, but no people were being employed. They were boasting about economic growth but it was not being reflected in the pockets, pay packets or pockets of the people. We had jobless growth, when the rate of unemployment went as high as 35 per cent. The point is that we have systematically brought it down to less than 10 per cent and we hope to keep it there and make it universal.

Sir, they are criticising the Government and are ascribing all sorts of motives to the Government for passing this measure about raising the Local Loans limit. I take great comfort in the fact that this is no way related to the horrifying experience under the Democratic Labour Party when they raised the overdraft limit, broke it, then came back to the House to validate it retroactively. I repeat, they raised the overdraft limit and they broke it as a deliberate act of policy. They did not tell the Government or the country that they were breaking it and now they are talking about transparency. Then, they had the audacity to come and ask Parliament's permission to validate an illegal act, retroactively.

Sir, we are coming up front, like Senator Barker quite clearly pointed out in an excellent presentation, that overtures of this were made in the Estimates. Therefore, this was not any surprise because it is all part of a carefully concerted plan. I am sure that there are no hidden motives or underhand moves on the part of Government.

Sir, Senator McClean criticised the Queen Elizabeth Hospital (QEH) and the Ministry of Health in general. We know and this is anticipated that as soon as the Minister of Health became a declared candidate in the next election, we would expect to see this. So, we can expect that from every day from last Sunday, there is going to be a programme of attack on Health, the polyclinics, the geriatric hospitals and every aspect of health will now come under greater scrutiny because they know the potential he has to bear.

Sir, we know that the QEH is not only doing better but it is looking better and at least it is not being starved of funds as it had been under the Democratic Labour Party in those days of economic holocaust. I know people have faith in the Minister of Health and they are saying that there are things already being turned around for the better. He has a long way to go and he recognises it and he is not promising any crash programmes over Health and the QEH because he knows what it means by good health care management.

Sir, when Senator McClean gave us some computation of employment figures and tried to make all kinds of convoluted computations and permutations, I could not understand because I thought it was even worse than Senator Mascoll's ill-fated 5-4-3 Plan. It had no more merit than that, and I do not think he understands it but he just wants to pretend that...

SENATOR LeR. H. McCLEAN: Mr. President, on a point of order. I do not think that Honourable Senator's inability to understand simple things is a reflection on somebody else. If he does not understand, he does not understand and it is that simple.

Mr. PRESIDENT: I think you were trying to make a speech, Senator.

Asides.

SENATOR THE HON. G. S. H. MURRAY: Sir, I think that we have to put their contributions into proper context. The last point I want to make is when Senator McClean said that there should be an inquiry into the Ministry of Social Transformation. I am saying why is he waiting on the Government to do that, if he or his party has the information, his leader – is it the leader? I am not sure what is happening in the party, who is the Leader of the party, who is the Opposition Leader, who is the President, who is the General Secretary, who is resigning, who are candidates, nothing. I am totally confused as to what is happening in the Democratic Labour Party – the point is that there is a person who, by law, right and Constitution is the Chairman of the Public Accounts Committee and therefore has the authority and the legal right to call for the books, the files and information on any section of the Government.

Therefore, Sir, I would think that rather than waiting on this Government sometime down the years, we do not know how long it will take for the next Government, his Government could launch an inquiry. He has the right, in fact, he has the responsibility, particularly if he wants to enhance the chances of his party regaining Government, he is looking for a big scandal on the Barbados Labour Party, so he should jump at the opportunity and demand an inquiry, using the authority he has vested in him by the

Constitution and call for that inquiry. He should call for the information, get the books and look at what Senator McClean is seeking to proclaim, except if he believes that even that would not help the chances of the Democratic Labour Party. That is my conclusion.

Mr. PRESIDENT: That is irrelevant, Sir.

SENATOR THE HON. G. S. H. MURRAY: Thanks for pointing that out to me, Sir.

Sir, the point is that I am saying that the economic management of the country which this whole measure is tied into is in good hands. There is no loss of public confidence in this Government, especially in its economic management and leadership. The international agencies, for example, Standard and Poor's and institutions of that reputation continue to give their stamp of approval to the economic management of this country and I am sure that this measure today is meant to contribute and to give us the lead way, the means and the tools by which to further advance good economic management in Barbados.

I thank you, Sir.

On the motion of SENATOR THE HON. J. X. WALCOTT, the Bill was read a second time.

On the separate motions of SENATOR THE HON. J. X. WALCOTT, the Bill was read a third time and passed and cited as the Local Loans (Amendment) Act, 2002.

ADJOURNMENT

SENATOR THE HON. J. X. WALCOTT: Mr. President, we do not propose to discuss any further item on today's Order Paper. As a result, that has brought us to the end of business for today and I, therefore, propose that the Senate do now adjourn *sine die*.

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

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