THE

SENATE DEBATES

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

THE SENATE

Wednesday, November 15, 2006

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, November 15, 2006, at 11.10 a.m.

PRESENT

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

Her Honour Senator Dame Patricia SYMMONDS, D.B.E., G.C.M. BA (Hons) (PG CE), J.P., (Deputy President)

Senator the Hon. E. R. GRIFFITH, G.C.M., J.P. B.A. (Econ. & Hist), Dip. Pub. Admin., M.Sc. (Financial Studies)

(Minister of Agriculture and Rural Development) (Leader of the Senate)

Senator the Hon. Miss L. V. EASTMOND, LL.B. (Hons.), LL.M. (Minister of Commerce, Consumer Affairs and Business Development)

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

Senator R. W. GRANT, B.A. (Econ.) G.Dip M.A.

(Parliamentary Secretary, Ministry of Tourism and International Transport)

Senator I. St.C. LINTON

Senator Miss S. C. V. HUSBANDS, B.A. (Hons.)

Senator Miss P. E. PARRIS, J.P.

Senator G. P. I. GOODING-EDGHILL:

Senator G. P. B. NICHOLLS, B.Sc., (Hons.), LL.B. (Hons.)

Senator F. J. STUART, B.A., LL.M.

Senator Dr. D. S. LOWE, Ed.D, M.Ed, B.A., Dip. Theology

Senator Sir JOHN STANLEY GODDARD, K.A., G.C.M., B.Com., F.C.A., LL.D. (Hon.) (U.W.I.)

Senator the Hon. Mrs V. E. Newton, S.C.M., B.A. (Spec. Hons.), M.A., LL.B. (Hons.) (U.W.I.), F.L.A. (Gt. Brit.), L.E.C.

Senator the Very Reverend H. E. CRICHLOW, G.C.M., B.A. (Hons.) (Dunelm)

Senator Sir Allan FIELDS, K.C.M.G.

Senator Dr. F. L. CHANDLER, Ph.D., B.Sc. (Hons.)

Senator R. O. MARVILLE, B.A. (Hons.), M.A. African Studies, M.B.A.

Senator A.A. BYNOE

Prayers were led by Rev. Father Errington Massiah.

SUSPENSION OF STANDING ORDERS

Mr. PRESIDENT: The Senate is in session.

SENATOR the Hon. E. R. GRIFFITH: I beg to move that Standing Order 45(2) be suspended for the rest of this Sitting.

The question was put to the Senate and agreed to.

PRESENTATION OF PAPERS

SENATOR HON. E.R. GRIFFITH: Mr. President, I am commanded to lay the following the documents before the Honourable the Senate.

1. Annual Report of the Needhams Point Development Inc for the year 2004.
2. Annual Report of the Needhams Point Holding Limited for the year 2004.
3. Annual Reports for the Barbados Water Authority for the years 2000-2001 and 2001-2002.

MOTIONS RELATING TO THE BUSINESS

OR SITTING OF THE SENATE

On the motion of SENATOR HON. E.R. GRIFFITH, Standing Order No 22 (1) was suspended for the remainder of the Sitting.

INTRODUCTION OF RESOLUTION

SENATOR the Hon. E. R. GRIFFITH: Mr. President, I beg to give notice of the following Resolution.

SENATOR HON. E.R. GRIFFITH: Mr. President, I

beg to give notice of the following Resolution:

(a)To approve the borrowing by the Government of the sums of up to Sixty-five million dollars ($65 000 000) in the currency of the United States of America on the international capital markets for the purpose of strengthening the foreign reserves by the issue of securities through Deutsche Bank Securities Inc. as Lead Manager and (b) Approve the establishment of a sinking fund for the redemption of each issue of securities and for the moneys necessary to maintain and service that fund.

PUBLIC BUSINESS

ORDER NO. 4

RESOLUTION TO APPROVE THE BORROWING BY THE GOVERNMENT OF SUMS OF UP TO SIXTY-FIVE MILLION DOLLARS ($65 000,000) IN THE CURRENCY OF THE UNITED STATES OF AMERICA ON THE INTERNATIONAL MARKETS FOR THE PURPOSE OF STRENGTHENING THE FOREIGN RESERVES BY THE SECURITIES THROUGH DEUTSCHE BANK SECURITIES INC. AS LEAD MANAGER AND (B) THE ESTABLISHMENT OF A SINKING FUND FOR THE REDEMPTION OF ISSUE OF SECURITIES AND FOR THE MONEYS NECESSARY TO MAINTAIN AND SERVICE THAT FUND.

11.20 a.m.

SEQUENCE 2

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Senate 58, sequence 03, 11.20 a.m.

Senator the Hon. E.R. GRIFFITH: Mr. President, the Resolution before us is seeking the approval of the Senate for the Government to borrow US$65 million to strengthen the foreign reserve. It is also seeking approval for the establishment of a sinking Fund for the redemption of each issue of securities, and for the monies necessary to maintain and service that Fund.

At the outset, let me say two things. Mr. President, the Resolution says that the purpose of the loan is for the strengthening of the foreign reserves. I wish to emphasize that because I have heard persons elsewhere speaking about the Government borrowing to prop up the reserves. I have heard it on radio stations and elsewhere in the public domain. In Barbadians language, you prop up something that is about to collapse. You could not be propping up reserves are now in the amount where the cover 21 weeks of import, remembering, of course, that the benchmark is 12 weeks.

Sir, if the benchmark is 12 weeks, and we have import cover of 21 weeks, any borrowing could not be intended to prop up the reserves, but to do what it says in the Resolution, that is to strengthen the reserves. Therefore, I want to make that abundantly clear so that those unsuspecting persons in the public domain will not be misled, by persons who choose to use this particular matter to satisfy their own personal desires, even if it means providing misleading information to the public.

The subject of debt is one that evokes tremendous amounts of emotional reaction, particularly from persons who are unfamiliar with the intricacies and the complex nature of the subject. Therefore, I wish to spend a little time this morning, Mr. President, putting our situation in context.

Sir, let me say that borrowing is a normal part of life, for individuals as well as for Governments. If you look at the debt profile of countries around the world, starting with the developed countries, the United States of America, the United Kingdom, France, Germany, Japan, to take a few, you will discover that all of them have debt outstanding, domestically, and on the foreign market. They are developed countries with resources far greater than anything we have or will ever have in Barbados. They have found it necessary, from time to time to borrow in order to continue with the development of their respective economies.

How then, a small country like Barbados can expect to live in this world and to have an infrastructure of the level that we now have, without borrowing. In fact, I wish someone to tell me what Barbados would have been like today, if over the years, it had not borrowed to improve its productive capacity, and to earn further foreign exchange and improve the living standards of the people. How else it would have achieved what we have achieved today by relying entirely on the slender resources of our own?

Sir, it is by borrowing on the international market that countries are able to expand the resources that are available to them for the development of their infrastructure and other aspects of the economy. You would notice that I have said borrowing on the international market because I have to make the distinction between borrowing on the domestic market and borrowing on the international market.

Mr. President, if we go back to the issue of borrowing by developed countries, you will notice that a country like Japan, the total debt of Japan today is 170 per cent of the GDP. Of course, I do not say that with any intention of suggesting that Barbados should follow that example. The point I want to make is that every case has to be dealt with on its merit. It is not a question of simply saying Barbados is going borrowing again.

I repeat. The total debt of Japan today is 170 per cent of its GDP. Japan is an economy that is stronger than Barbados and they have found it necessary to borrow. The issue from my point of view, and from the point of view of any person who is willing to do the appropriate analysis and not rely only on mouthings that when put together do not constitute anything that suggests there is any soundness or depth to the argument, will show that it is necessary for countries from time to time to increase the resources available to them, in order to promote the development of those particular countries.

Mr. President, as you know, a Government gets revenue in two ways. One by taxation and the other by borrowing. If you borrow on the domestic market, you do not expand the resources available to the country. All you do is take resources from one group, into another group. The total resources of the country remain the same because they are finite within that geographical area.

Mr. President, the issue there is that if the Government takes resources from the pool into the public sector, it has to watch two issues:

1. It has to make sure that those resources are used, not to promote and fuel consumption, but to increase the capacity of the country to move forward, because those resources taken from the pool into the public sector are not available to the private sector. Therefore, the Government has to make sure to use them in a manner that will make up for any loss of investment by the private sector.

2. Borrowing to the extent where the private sector is crowded out.

Mr. President, if you analyse the present situation, where our total debt is such that 70 per cent is on the local market, and 30 per cent external, and you ask the following question: Is the borrowing by the Government to the point where it is having a crowding out impact on the private sector? The answer is, no.

If you look at the liquidity situation in the country, you would discover that it is a healthy one. Savings continue to rise because of the huge increase in deposits by individuals in the bank, and there is money available there for both the private sector and the public sector to use to continue to promote the interest of the country. Therefore, there is no issue of crowding out there.

Those persons who are familiar with this subject know that there is no threat to the exchange rate by internal borrowing. If you understand the issues, you would know that is the case. A threat to the exchange rate comes from external borrowing and I will deal with that in due course, but there is no threat from the internal borrowing. Therefore, there is no crowding out. There is no threat to the exchange rate.

Then, you ask yourself, how is the Government using the resources which it has taken from the citizens through its borrowings by way of various bonds. Sir, you can see the projects around the country that are taking place. The only persons who would not see them are those persons who do not want to see them, because some will see them and still not see them but they are there.

Mr. President, on the external market, the situation is a little different. There are different implications on the external market and you have to look at a number of issues.

Senate 58, sequence 03, 11:30:14

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SENATOR the Hon. E. R. GRIFFITH: Mr. President, what is the purpose of the borrowing? Can the country service the debt? Can the country repay the debt, when the retirement date arrives? How is the exchange rate threatened, in anyway, by the extent of the foreign debt?

Mr. President, if you look at the debt profile of Barbados, you would notice that 70 per cent of the debt is owned by locals, while 30 per cent is owned by foreigners, and that 30 per cent is a manageable portion. You would also notice, when you examine the structure of that debt, that it is well-spaced out, and that there is no issue of bunching of repayments. Therefore, you are not going to find yourself, at any time, with any huge lumps of payments, which you cannot manage. Mr. President, that is part of the strategy required for proper debt management, which is the situation that now exists, when one examines the debt profile of this country.

Mr. President, this particular loan falls due in 2035, 29 years hence. If you do the discounting on the exercise, you would discover than 29 years hence, the value of this would be far less than it is at the moment. Sir, we would not get into those intricacies because when I speak on this matter, I want the public at large to understand exactly what I am saying. Therefore, I am not going to go into those details, to confuse anyone. That is not my intention. My intention is to make sure that members of the public are able to understand, so that when they hear people, who speak against the loan, telling them that they will support it because they have no choice, those persons would know to say to them that they are wrong, that those persons had a choice but that the facts do not bear out what those persons are saying. In addition, those persons who are making these statements would be judged, if they had voted against it.

Mr. President, it is not a question of whether or not those persons speaking out against it had a choice because the facts do not support anything they are saying. Instead, these persons know that and therefore have covered themselves, by saying that they had no choice but to support it. Sir, that is not true.

Mr. President, let me say this: on the external front, there are a number of issues you have to look at. This loan, which the Government is about to borrow, is being done within a clear strategy, which was annunciated by the Prime Minister and Minister of Finance, some time ago. Sir, the Prime Minister's annunciation was that, from time to time, Barbados will borrow on the external market, to the extent of the debt, which it has to retire in the particular year. Therefore, what is happening here, is that this amount that is being borrowed, more or less approximates to the amount of debt that is being retired this fiscal year. Therefore, the net position is virtually unchanged. Furthermore, when you look at the debt service ratio, because that is one of the matters that has to be taken into account, you have to pay interest over the time, while you repay the principal subsequently. That interest is paid out of the foreign exchange earnings. Therefore, when you take the ratio of the interest you have to pay to service the debt against your foreign exchange earning, you would find that it is about 6.7 per cent by the end of 2006. It is lower than it was last year. Mr. President, anybody who is familiar with what is happening around the world, would tell you that 6.7 per cent is a very manageable situation.

Sir, Barbados, even in its darkest days, has never defaulted on any of its loans. It has never benefited from rescheduling of debt, or any such concessions from any international institution or member country. Therefore, if Barbados, in its darkest days, did not collapse then, I would like to know from those persons - who speak of the state in which Barbados now finds itself, that compels them to support the borrowing because they want to look after the interest of the people and get them out of this state - how, in 2006, in a situation where, in spite of the borrowings on the external market, the exchange rate remains healthy, the reserves are at 21 weeks cover, when the benchmark is at 12, and they are no where near Barbados reserves went some while ago, and the country continues to grow.

Mr. President, in dealing with the issue of sustainability of the debt, you not only look at the ability of the country to service the debt, in the first instance, to repay it when the time come, but you also look at whether the debt situation has reached the stage where the country has now slowed down and stopped growing. Sir, economic growth is still taking place in Barbados, where it is at 3.4 per cent this year, which is higher than last year and it is expected to continue to grow, from as far down the road as we could see. I am sure that as the various projects, which the Government has conceptualised, are implemented, we will see further activity being fuelled in this economy.

Mr. President, that reminds me that I have to raise an issue. You would have heard the number of discussions within recent times about the present economic situation in Barbados, where you would have heard people making a number of statements saying that the non-traded sectors are now leading the economy, and that the non-traded sectors are the sectors that consume foreign exchange.

Sir, on the surface that is true. That is why the person who made the statement that a little learning is bad, has spoken a mouthful. Sir, while on the surface that is true, if you do the analysis of the particular situation that needs to be done, you would discover that there is more in the mortar than the pestle, and this is the issue. Yes, the normal classification of activities in the economy, is that certain activities are being classified as part of the trading sectors: tourism, manufacturing, agriculture, et cetera. These produce outputs, goods and services that are traded on the international scene and allows us to earn foreign exchange. There is then the other group of activities called non-traded sector. Mr. President, the famous sector about which persons speak is that of construction. People glibly say that construction consumes foreign exchange and that is now leading the economy.

Mr. President, last week I was discussing this matter with a friend of mine, a person whose views on economic issues, I have always respected because of the soundness and depth of the analysis which the person brings to bear on the subject. My friend then raised the issue on the classification and these glib statements about construction being in the non-traded sector and therefore consumes foreign exchange.

11.40 a.m.

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SENATOR THE HON. E.R. GRIFFITH: He asked me this question: If you build a house, is that part of the construction activity? I said yes. He said that the house would be consumed by the owner in a short space of time, so that you could say that the input for the house took up foreign exchange even though the house is not the kind of output that would help you to raise foreign exchange. He asked me if you build a hotel, an airport or a seaport, is the same result likely and I said no. I said to him that he had a point because here we are building capacity to increase production over time and to earn greater level of foreign exchange.

Mr. Speaker, that is benefit of analysis so that you do not accept everything that is written in a textbook, because you always keep in your mind that the people who write the textbook, at the point in time of writing, are speaking about particular situations. You have to be able to take the theories put forward and apply them to particular situations, which means that you have to do the analysis to determine if what is being said is applicable to your situation or not, that is a point I have to make now.

Mr. President, when you look at what is taking place in the construction sector, you have to acknowledge that a large part of the construction activity is going to help Barbados to build capacity, to earn foreign exchange later on. Sir, how on earth are you going to carry the country to the next level to be able to earn greater foreign exchange if you do not build the hotel, if you do not expand the airport, the seaport, engage in construction and things of that sort. Mr. President, while in the short run that activity would be consuming foreign exchange, in the long run, it is going to put you at a level where you could earn greater amounts of foreign exchange. Sir, you have to develop the capacity and, Therefore, it is not simply a matter of saying that construction activity consumes foreign exchange because you have to know exactly what it is that you are talking about and, it is worth paying some attention to.

Mr. President, I go back to the question which I asked earlier. If Barbados had not borrowed over the years, would it today, have the type of infrastructure, which we have in place? Would people today be enjoying the standard of living which they enjoy? I tell you no. Sir, it is like a friend of mine, who once told me that he wanted a house but that he no intention of owing anybody and that he was going to wait until he was able to build his house out of his savings. My friend was a school teacher and you know that school teachers are not paid that handsomely that he would be able to accumulate such a great amount of savings in that time. Poor fellow, he would have had to wait until his retirement to get a large sum of money in his hands, by which time, the house would cost three times the amount he received in his gratuity. I had to give him a little unsolicited advice. I told him to go to the bank as soon as he could and get a mortgage, otherwise, he would not own the house. Sir, he took the advice and he now owns the house for which he has repaid for over time.

Mr. President, according to the definition being promoted all over the country, he was bankrupt because, at any given time, in the earlier years of the mortgage, the mortgage would have far exceeded his annual income and, according to this new definition now being given, he would have been bankrupt. Now, we know that is not true because, unless the person who gave him the mortgage, for whatever reason, outside of the contract, had called in the mortgage in less than a 25-year period, he would not have been expected to repay the mortgage so quickly.

Mr. President, if you look at it in that simplistic approach, that is how you get the arguments that are being made now that Barbados is bankrupt. Sir, we know that is not true because, at no point in time, are you going to be asked to repay all the debt at one time. In my friend's case, if for some reason the bank had called on him to repay the whole mortgage, at least, he had the house, which he could have sold to pay the debt and escape being bankrupt because he had an asset.

Mr. President, that is the essence of this discussion here. What is the purpose for which the Government is borrowing money over time? Sir, the Grantley Adams International Airport, the Barbados Hilton Hotel, the Barbados Agricultural Management Company - is borrowing money to construct a new factory, as we seek to transform the sugar industry to make it into a viable operation - and projects like that, which are designed to improve the productive capacity of the country, so that it can reach the higher level and continue on its merry way towards becoming a fully developed country, as set out in the National Strategic Plan, by 2025.

Mr. President, how on earth are we going to reach that level if, over time, you do not expand your productive capacity? How are you going to expand your productive capacity without seeking additional resources by way of borrowing; by way of attracting investments from foreigners and so on? Sir, you cannot do all that you need to do and still maintain the normal social services and so on by depending entirely on your tax revenue. The Government, quite sensibly - not only this Government but successive Governments - has made decisions to borrow. What is at stake is not just the borrowing but how the borrowing is use and how the entire process is managed because, that is what we have to deal with.

Mr. President, you hear people talking about burdening a future generation and, in the literature, it is referred to as "inter-generational equity". Sir, let us take a look at it. If you borrow on the domestic market, funds are moved from one group to another group, so the resources available to the society as a whole remains the same as

Mellon, writing in 1948, puts it. Mr. President, this is not a new subject because in 1948, this was a hot topic in the area of Public Finance and Mellon wrote and said that it was a question of moving it from the right hand to the left. You had Learner, and other persons supporting that view and, I also support it. Sir, on the domestic setting, the issue of inter-generational equity does not arise in the same way that it could arise on the external setting.

Mr. President, on the external setting, the issue only arises if the funds are used to fuel consumption. If the funds are used for capital accumulation, then those persons who inherit the assets, which have been created, start off at a higher level than they would have been, if those assets had not been in place to start with. They are now able to start off at a higher level of operation than they otherwise would have been but then, there is an issue of where the burden is. Now, this is a much more complicated subject than those who speak about it understand. It is an issue of the incidence of the burden.

S57/11:50

Sequence 5

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SENATOR HON. E.R. GRIFFITH: A tax is levied here, and legally, that is where the burden is, but the economic incidence may be elsewhere, when you take all the circumstances into account. It depends on the reaction that is sparked by the imposition of the particular tax, so too is it with debt.

Sir, because the statutory incidence would be placed on future generation, the economic incidence need not be on them. There is an issue of the marginal benefit from the investment, in relation to the marginal cost of the funds. As long as the marginal benefit exceeds the marginal cost, there is no burden on the future generation. That is an argument that I will stand by. It has to make sense, because that is a fact. When you do the analysis you will discover that, so it is more, than meets the eye.

Mr. President, it is alright to speak about these things on the surface, and to say so loudly too, believing that noise is a substitute for depth and proper analysis. That is not the case. It has never been and it will never be, not when you are speaking to people who understand the issues.

Sir, in that framework, we need to analyse the situation in Barbados with the debt. The total debt today is larger than what the Government has said, repeatedly, and in the Strategic Plan, that it is aiming for, that is 60 per cent of the Gross Domestic Product. In fact, while there is nothing magical about 60 per cent, 60 per cent is the target that is used by the European Union, where it says to his member countries, that none of them should exceed 60 per cent in terms of the debt of the percentage of the Gross Domestic Product.

Mr. President, remember that I said earlier, when I was dealing with the debt profile of the developed countries, that Japan today has a debt of 170 per cent from the Gross Domestic Product. I made the point that while Barbados would not follow that example, you have to look at the Japanese situation on its own.

Sir, over the years I had to deal with persons from outside of Barbados, who come to these shores and often repeated what they learned in a text book, or what they learned when they were initiated into the organisations for which they worked. They also spoke about the size of deficit and things of that sort. While in theory all of that is true and nice, there are circumstances from time to time, that require decisions to be taken, that would either allowed the system to come to a halt or would allow it to continue, and decisions have to be taken from time to time.

The Government, over time, has taken the decision that it will spend money, particularly at times when there is a slack in the private sector, so as to make sure that people remained employed and that the necessary infrastructure is developed, that in due course, would put us in a position to earn our way, at a higher level in this world.

Sir, that meant that there have been occasions when the deficit was higher than what is normally accepted, but these are not things that happened by accident. These are things that result from deliberate decisions, fully cognizant of the need to bring the situation back over a period of time. The Government has set itself the target of bringing the debt back to 60 per cent over time. It is on its way down.

Sir, even with this loan, the debt, as a percentage of Gross Domestic Product, is going to be lower than it was previously. It is coming from 95 per cent to approximately 85 per cent, even with this. Sir, the objective is, over time to bring it down, but whenever it is considered necessary, to take action that would make sure that Barbadians continue to work and that the country continues to earn its living, the Government, of course, would have to take the appropriate action.

Mr. Speaker, my position on this matter is, Barbados faces no problem by borrowing the $65 000 000 to strengthen the reserves, not to prop up the reserves as is being said, because all that is being done here is a precautionary step, to guard against any outflows which are likely to take place, as a result of the fact that there is a trend of imports exceeding exports, even though there has been a slight decrease in the situation, and there will be a

loss of reserves over time. We want to make sure that it can still remain around 21 weeks. Sir, as I said, that is not propping, because we are far above the benchmark, which is twelve weeks. You do not prop up something that is doing well. You prop up something that is about to collapse, and the reserves are far from that.

Mr. President, there is no threat to the exchange rate, as a result of the profile of the foreign debt of the Government. There is no great risk of Barbados defaulting on any of its debt and there is no great risk of Barbados not being able to service the debt.

Sir, say what you like, it is remarkable that a country of this size can today, in this world, obtain funds on the international market at 6.6 per cent. I have taken part in many road shows in the United Kingdom and the United States of America over the years. I remember the hard times and the good times. There were times when we had to pay interest rates higher than this. Senator Barker will give you all of those details. I am going to speak in general terms. I know that there were times where we had to pay.

Sir, one thing that was always said, even in our dark days, that Barbados has a tradition of honouring its obligations. Sir, for Barbados in 2006 to go on the international market and get a loan at 6.6 per cent is remarkable. That tells you the confidence that persons on the international market have in Barbados, even if there are persons in our midst, and I do not mean in this Chamber, I mean in Barbados, that would say otherwise.

In spite of all that is being said about Barbados being bankrupt, it still enjoys an investment grade rating on its sovereign debt, that too is an achievement that has to be borne in mind.

Sir, once, when I was attending a road show in the United States of America, what one of the agencies said to us: " You really, by the manner in which you have managed your affairs, merit a higher grade, but because of your size, countries like China and others, who are bigger, but not as well-managed in terms of the fiscal situation, will get a higher grade than you, because they have more potential in terms of resources than you have."

Sir, we get penalise because of our size, but in spite of that, we still get an investment grade. Mr. President, what does that tell you?

12.00 p.m.

Sequence 6

Wednesday, November 15, 2006

Senate 58, sequence 07, 12.00 p.m.

Senator the Hon. E.R. GRIFFITH: Sir, that tells you that you have had to work extremely hard to get that level of respect from the international community, and that they cannot do other than give you what you really deserve, even if they take off a little mark. Sir, that is how it is with the teacher that is reluctant to give you a grade A, even though the teacher knows you deserve the A.

Asides.

Senator the Hon. E.R. GRIFFITH: I see Senator Dame Patricia smiling. I am sure she would not have done that. She would have given the student his just due. Sir, we get penalised because of our size. The important point though in this exercise, Mr. President, is that regardless of what the doubters in our midst say, Barbados is well-respected in the international community and long may that be, because the day that ceases to be, we are in trouble, as a small country.

Therefore, it is our interest, all of us, to ensure that our affairs are managed in the way which would allow us to retain this type of respect in the international community. Now, that does not mean there would not be people around us, who would be detractors. People say all sorts of things which they know not to be true, for various reasons. We understand that, but the facts will speak for themselves.

Sir, the debt profile of Barbados is such that even in a situation, where our debt is higher than we want it to be, we are not in any situation where the country is in jeopardy, or is about to collapse, far from that, Mr. President. Therefore, this loan that is being sought to strengthen the reserves is something which merits the support of all members of this Chamber, but of the country at large.

Mr. President, when all is said and done, persons will have to admit that all the development, the new Hilton Hotel, the Grantley Adams International Airport, the expansion now taking place at the seaport, the schools which are being renovated and things of that sort, even the roads that are being built so as to facilitate the easy movement of persons. In that regard, Mr. President, I am really looking forward to the $34 million package, which will come to St. Philip soon, because we too, will get some of the benefits that others have been enjoying for sometime.

Sir, how are we going to provide this infrastructure if we rely entirely on our resources of taxation, when we have to pay for the day-to-day running of the schools, the Queen Elizabeth Hospital that everybody complains about, the transport, the education of our people and all the other services that have to be provided.

Mr. President, with those remarks, I beg to move that this Resolution do now pass.

Mr. PRESIDENT: Senator Stuart.

Senator F.J. STUART: Mr. President, I am indebted to the Honourable Leader of Government Business, the Minister of Agriculture for his lecture in the introduction to economics. I have heard him in these moods before, answering the Opposition even before it speaks and explaining as best he could, the difficulties facing the Government.

Now, I am not going to make the mistake to which he referred by talking about a loan to prop up the foreign reserves. I agree with him entirely that the use of the phrase, prop up, connotes the existence of something that is collapsing. I will stay with the word, strengthening, if only because that connotes that what you are trying to strengthen is weakening, and is therefore more faithful to the facts.

Sir, over the last 12 years, there has been the persistent boast about this Government's management of the economy of Barbados. Recently, I read in one of our local newspapers, a columnist boasting that unlike the Opposition, the Government had in its midst, five highly trained economists and, therefore, the path of error by this regime, could be successfully steered away from.

I wonder, in the light of these facts, why it is that people in Barbados have anything at all to complain about. The truth is that when you have finished talking about the economy, and when you have finished talking about the ratios, and when you have finished giving the statistics, ultimately, all politics is about the satisfaction of human needs, the making of decisions to maximise human satisfaction and to satisfy human need. Sir, of course, as far as possible, to moderate human discontent.

Sir, if all that we heard here this morning is anything to go by, then Barbadians should be the happiest people in the world, they should be rejoicing day in and day out, because we are the best run country anywhere in the world, our size notwithstanding.

Mr. President, the flaw here in all of this is that, as I have said before, and this is now something in the nature of a stuck record, as long as the statistics are right, as long as the percentages and ratios are right, this Government deludes itself into believing that all is well in Barbados.

I have previously referred to this as the fallacy of misplaced concreteness, the belief that if you say something and you put the figures out there, that somehow, these figures make some kind of leap and assume a meaning all their own, and that people's pressing needs are in that regard, satisfied.

Men and women walking the streets of Barbados know that this is not so. Their daily experiences tell them that this is not so. Therefore, they have now reached the stage where, when they hear these things, they turn off because there is really no connection between what they are hearing and what they are actually experiencing in their everyday lives.

Senate 58, sequence 07, 12:10:14

Wednesday, November 15, 2006

SENATOR F. J. STUART: Mr. President, this is perhaps what led, some time in 1994, an Oxford and Cambridge-trained Professor of Economics, Professor Paul Ormerod, to write a book, attractively entitled: "The Death of Economics". He argued that what most of our economists say is now so far removed from human reality, that most of the theories and models on which they rely, could be abandoned and that we need to get back to the real purpose of economics and politics - political economy - which is to maximise human satisfaction and to ameliorate human discontent.

Mr. President, Simon Jenkins, a respected columnist from "The Times" had something to say about that book: "The Death of Economics". He said:

"Economics is an accessory after the fact of economic crime. It peddles bogus objectivity, such as statistics purporting to measure unemployment or productivity, or price inflation. It peddles no less bogus models of money supply, employment and growth. The thousands thrown out of work, as a result of modelling and modelling errors, in the past five years, might be a little consoled, if they knew somebody else suffered for contributing to their misery and for the dud growth forecasts that prolonged it".

Mr. President, he went on to say:

"The only remorse I have encountered is from the 'Henly' forecaster, Professor Ormerod, who has suggested that much current economic theory should be abandoned or at least suspended, until it can find a sounder economic base. If there must be a government economist, I say, give the job to Ormerod".

Mr. President, what Barbadians are experiencing is really nothing new. These difficulties have been experienced elsewhere, but when all is said and done, actual human experience, contradicts all that we have heard here this morning.

Mr. President, perhaps this is the first speech made, in a very long time, by Senator Griffith, in which the fact of his own experience prevented him from journeying into Ministry of Agriculture, to show how economic management and the number of loans the Government has been getting, have been helping the Ministry over which he presides.

Mr. President, in her recent review of the economy, the Governor of the Central Bank of Barbados, did not have much that was positive to say about the Ministry of Agriculture because clearly, with all of his enthusiasm in the Ministry, Senator Griffith, is, I think, quietly discovering that the Government is not as committed to agriculture as he is. Therefore, when he would have heard and would have read the Review of the Governor of the Central Bank of Barbados, so far as it relates to agriculture, Senator Griffith would have understood that no matter how many loans the Government gets, and no matter what the ratios are, the reality is that if agriculture presided over by himself, was in a position to earn foreign exchange, in a way that could impact positively on this economy, the Government would have to do less borrowing. Sir, agriculture is one of the traded sectors to which he referred, which fits under the classification, to which Senator Griffith referred and subscribes.

Mr. President, the story there has not been very positive. In fact, three years have now passed and if the truth is to be told, and told it must be, not one piece of legislation has come to this Honourable Chamber to assure Barbadians of the sustainability of the agricultural sector, or Government's commitment to the sustainability of the agricultural sector.

Mr. President, I am making this point very clearly that Senator Griffith has satisfied me of his own commitment to the development of agriculture in Barbados and to making a difference in that Ministry, but I am saying as he spoke here today, he felt unable to reach into his own Ministry, to satisfy any Barbadian that we would not soon be back here again for another loan, to further strengthen, rather than to prop up, the foreign reserves of Barbados, because of the fact that agriculture is not doing what it was supposed to do.

Mr. President, I want to make it very clear that historically, the Democratic Labour Party has taken a very positive and creative view on the issue of borrowing by this Government. Recently, this Government has found it necessary, not to quote the dire predictions and the dire analyses of the late Tom Adams on the issue of the national debt, but to quote the enlighten views of the late Right Excellent Errol Walton Barrow on that subject. Mr. President, in the dark days of Barbados, when the late Tom Adams was in Opposition, Barbadian were given the impression that borrowing was wrong. Therefore, when I hear the Barbados Labour Party quoting Mr. Barrow nowadays, I smile, because they give the impression he was talking in a vacuum. Sir, he was responding to somebody and in many cases, he was answering the Barbados Labour Party, who had set or had purported to set their face against foreign borrowing.

Mr. President, I entirely agree with Senator Griffith that had we not done that borrowing, Barbados would not be where it is today, but I want somebody in this Honourable Chamber, to stand up and quote the views of the late Leader of the Barbados Labour Party, Mr. John Michael Geoffrey Manningham Adams, on the issue of foreign borrowing. I want somebody to stand up and quote him and not quote from the late Errol Walton Barrow. Let us hear what the Barbados Labour Party really thought about foreign borrowing. Mr. President, we are in 2006, but Mr. Errol Barrow is still being quoted. As recently as this week, he was being quoted.

Mr. President, our position on foreign borrowing is very simple, which is, if you are borrowing to build capacity, future generations should not be heard to complain if they have to carry some of the burden of the borrowing because of the fact that they are going to be enjoying some of the benefits of that borrowing. That has been our position from the 1960s. In fact, from every year, since Independence, that has been her position. That is the policy that we have pursued and therefore, when it comes to this loan today, all we need to hear from the Government is that this loan is intended to build capacity in Barbados.

We do not believe that the loan would have been necessary, if the traded sectors of the economy were performing in the way in which the Government wanted them to perform. Therefore, the need to have this loan is really a confession of failure, but even with the confession of failure, the reality is that the purpose of the loan, according to what the Honourable Leader of Government Business said here today, is to build capacity and not to take care of current problems. Sir, we take him at his words.

12.20 p.m.

Wednesday, November 15, 2006

SENATOR F.J. STUART: Therefore, the Democratic Labour Party, true to the economic philosophy, which it has been pursued consistently, ever since it formation and certainly, for the entire period of Independence when we could preside over these things ourselves, we accept the need for foreign borrowing.

Mr. President, having said that, the Honourable Leader of Government Business cannot just dismiss those persons who say that the non-traded sectors consume

foreign exchange, while the traded sectors earned foreign exchange because the biggest challenge facing this economy today for Barbadians, not in 2025 or 2030 but today, is the earning of foreign exchange. Sir, that is what the Government said; it what the Governor of the Central Bank of Barbados said and it is what the Opposition is saying as well. The sectors that the Government promised us, armed with its five economists, would have been earning the foreign exchange Barbados needs, are not performing to the satisfaction of the Government itself. This must mean that something is fundamentally wrong with the way the economy is being managed.

Mr. President, the test for me and, certainly for my Party, really has nothing to do with what the statistics are saying. As Senator Barker said in this Chamber some time ago, years ago, both he and I were made to read a book called "The Use and Abuse of Statistics" and there is also another book called "How to Lie with Statistics". Sir, statistics can be made to say anything but, when all is said and done, the Litmus test of the state of the Barbados' economy is how ordinary men and women are experiencing life from day to day. How they are fairing when they try to access affordable health care; how they are fairing when they try to access affordable housing or land; how they are fairing when they try to use the public transport system. If all is well and the benefits of all this grand economic performance, are not filtering down to the ordinary man and woman, the ordinary housewife, the ordinary artisan, then something is fundamentally wrong. There is a disconnection between what the Government is saying and doing and the actual experiences of ordinary people in this society.

Sir, that is why there is so much restlessness and so much discontentment. Sir, that is why the National Commission on Law and Order had to make the point that based on its soundings in Barbados, it is evident that all is not well in Barbados. I read that Report from cover to cover and I did not see anything about any GDP, foreign reserves and so on. This is the actual lives of ordinary people being affected by decisions being made by this Government and forcing the National Commission on Law and Order to come to the conclusion, that based on all they have heard, all is not well in Barbados. Sir, ultimately, that is what managing an economy is about.

Mr. President, if you get all the figures right; if the foreign reserves are all right; if the size of the fiscal deficit is all right; if the size of the current account deficit is all right and the lives of people who have to live in this society, who have to go to the hospital; who have to catch bus; who have to go to the NHC; who have to go to the National Assistance Board; who have to go to the supermarket, if they lives are not all right, then as far as we are concerned, the economy is failing them.

Mr. President, I am not going to detain this Chamber with any long speech because the Government will soon be back for another foreign loan, sooner rather than later and we will have go through this same thing again and will be listening to another lucid and impassioned lecture from Senator Griffith, so there is no need for me to detain this Chamber with this.

He has assured this Chamber that the purpose of this loan is to assist the Government in building capacity to help future generations and to carry Barbados to what he calls, the next level. If that is so, that is quite in keeping with the policy of the Democratic Labour Party. I have no reason to stand up here today and fight this regime on this issue but, I just want to sound a toxin that, in spite of all the impressive talk about the state of this economy, the lives of ordinary men and women in this society are in a near crisis position because the benefits that are supposed to filter down to them, as a result of this impressive management, are not being felt and, that is the challenge facing this regime. It is on the basis of its ability to confront that challenge that I will determine whether it has succeeded or not and, it is on the basis of its ability to confront that challenge that ordinary men and women in this society, the housewife, the labourer, the artisan, the maid; these are the people who need to feel the full impact of Government's splendid economic management and they are not feeling it.

Mr. President, that is why the National Commission on Law and Order had to come to the conclusion to which it came. Sir, that is why people told the National Commission on Law and Order and the Commission quoted them, in language that basically suggested that there is a law for one set of people and another law for another set of people. A kind of two Barbados taxonomy, as it were, and unless the Government confronts these issues and stop hiding behind statistics, percentages and fractions, the stage of crisis at the level of the society may soon be reached, that is the warning that I want to sound.

Mr. President, I do not mind all the talk about whether the debt to GDP ratio is going to be more favourable after this loan than it was before it. Sir, all of that may be true, that is the academic side of the issue but the reality has to be tested at the level of what people are actually experiencing in this society. I am saying that the benefits that should be reaching them are not reaching them and, in that regard, Government has failed.

Mr. President, I heard Senator Griffith say that somebody, somewhere, said that he had no choice but to support this Resolution because it is for the benefit of the people of Barbados and that if he did not support it that some harm might come to the country. I really find no fault with the statement. I support it for the same reason. It is consistent with the Democratic Labour Party's policy and,

withholding benefits from the people of Barbados is not the policy of the Democratic Labour Party.

Mr. President, if the foreign reserves need to be strengthened, it must mean that, from the Government's point of view, they are weak or weakening and, therefore, trying to distinguish between propping up and strengthening is really a distinction without a difference.

S58/12:30

Sequence 9

Wednesday, November 15, 2007

SENATOR F.J. STUART: Therefore, the Resolution will have my support, because the Government's confession by implication today is, that the foreign reserves are either weak or weakening, and therefore, they need to be strengthened. If they need to be strengthened, as a patriotic Barbadian and as a member of a responsible Party, I have a duty to support this initiative.

Sir, with those few words, I am obliged to you.

Mr. PRESIDENT: Senator Sir John Goddard.

SENATOR Sir John GODDARD: Mr. President, we have listened to very interesting presentations here this morning, delivered from two very different points of view, and I enjoyed listening to both. Sir, the basic issue is, should the Government borrow $65 000 000 to strengthen the productive capacity, and both speakers have agreed on that. I think all have agreed that it is not for consumption. It is to strengthen productive capacity.

Mr. President, I want to commend Senator Griffith, because he was not here talking about agriculture, the Ministry for which he is responsible. He was here today using his background, after many years in Government, in finance. I thought he did a good job of explaining to us and the people in Barbados why debt is important and why it has to be managed. I found it interesting and informative.

Mr. President, I am not alarmed at the level of the national debt. However, what concerns me is the trend of the national debt to the Gross Domestic Product ratio that is rising. He has admitted that, and said these steps would have to be taken to reduce that ratio.

Sir, I was amazed to learn that the ratio in Japan today is 170 per cent, maybe, Japan can afford that for a while. I do not think any country could sustain that ratio. We cannot even contemplate it. I am anxious to see that the Government is taking the necessary steps to reduce it to 60 per cent where it probably belongs in our circumstances, a small developing country.

The national debt can be reduced through fiscal surpluses. We automatically assume that the fiscal deficits are inevitable, that is not so. There are times when fiscal deficits are necessary for the development of the country, there is no harm in that. Sir we have earned fiscal surpluses in the past, so that surplus can go towards reducing the national debt. An alternative is the sale of capital assets, Government land and shares in the government-owned corporations, but the fiscal surplus, to which I have referred, would come about, when the Government can see its was to increase the earninings in foreign exchange, in the tradable sectors and simultaneously reduce the amount of Government current expenditure.

Mr. President, in every organisation, and Government is no exception, there is waste, and that becomes a cost to the taxpayers. I would like to see the Government aiming at reducing its fiscal deficit, aiming towards a fiscal surplus, with the reduction of the national debt very much in mind, rather than having to go the other route of selling off capital assets.

Sir, what I enjoyed about Senator Griffith's presentation, was the use of the vast knowledge and years in the Department of Economics and Finance, so he was not speculating. It was based on knowledge and experience. I would like to thank him for the presentation. Mr. President, that in no way is to detract from what Senator Stuart had to say. His concern is the welfare of the people, and that is as it should be, but you cannot separate statistics and finance from the words and the feelings. They have to be married.

I can draw encouragement from both presentations. It is good that we can have this disagreement in this parliamentary democracy of ours, because we benefit and the public becomes better informed.

I support this Resolution, Mr. President.

Mr. PRESIDENT: Senator Bynoe.

SENATOR A. A .BYNOE: Mr. President, I rise to support this Resolution to borrow $65 000 000 to improve the foreign reserves of this country. Perhaps, I should begin y saying to the Opposition, that if a man named 'Jenkins came up to me and gave me an economic theory, I would think twice, shocked, stroke. I might even ask him to repeat it to find out whether he can say the same think twice, stroke.

Mr. President, this Resolution to borrow is no desperate action. This is what we call good housekeeping. This is a case of budget forecasting, which is an essential element for good financial planning. Over the last twelve years, anyone whether an inside or outside of Barbados would have to say that this Government has done a good

job, with respect to the financial management of the affairs of this country.

This country has a favourable credit rating and has the ability to repay. We have heard that the debt service ratio today is 6.7 cents in every dollar of foreign exchange earned. There are not many countries within the Caribbean, there are not many countries within this hemisphere, there are not many countries beyond this hemisphere which can point to such a proud record.

Mr. President, this Government borrows to create a favourable, social and economic climate in this country. S58: 12.40 p.m.

Sequence 10

Wednesday, November 15, 2006

Senate 58, sequence 11, 12.40 p.m.

Senator A. BYNOE: It would be interesting to consider what the Government puts its borrowings to, borrowings accumulated over the past 12 years but I will refer to borrowings between 2000 and 2006, and to answer the question posed by the Opposition, as to what it is that the Ministry of Agriculture can point to, although we have the Minister in this Chamber, but I have a record here.

Mr. President, under that Ministry, we can see that the Government has used its borrowings for the rehabilitation of the Cheapside Market, the Fairchild Street Market, and the Eagle Hall Market although this still needs some attention, Conset Bay, Skeetes Bay, the Development of the Scotland District, for repairs to the Oistins Jetty, construction of the Paynes Bay Fish Market, the Tent Bay Fish Market, the Glebe Vendors Market and land for the landless. All of these projects affect the ordinary man in this country.

Mr. President, when the Opposition makes the point that the ordinary man continues to be dispossessed in this country, that does not stand up when we see that the Government encourages and has implemented projects for the benefit of the small man of this country. There are many more traders in this country now, within the retail sector, than in the year 2000. This is because of the kind of infrastructure, the kind of development that this Government has encouraged towards the small entrepreneur in this country.

Mr. President, this Government has borrowed to improve the health services of this country and we look at the two sewerage plants in this country, within recent years. All of this is for the development of this country, so that we have good, solid waste management programmes in this country, so that persons who come to this country as tourists or relocate to this country can feel confident that here is a Government that has been able to provide the kind of infrastructure to which a lot of them are accustomed, in their own developed countries.

Mr. President, within the Ministry of Energy and the Environment, this Government has used its resources at Harrison's Cave and now, shortly, we will be considering a botanical garden and a national park. Within the social sphere, again, this Government has promoted NIFCA, and other aspects of cultural heritage. All of this can only be done if the Government uses its funds well. Mr. President, that is exactly what this Government has done.

I am sure that later we should hear of what is happening at the seaport and the airport in some detail. What has happened with our roads? The Government, through its borrowings has funded the kinds of capital projects that redound to the benefit of this country. We have heard how the Government over the years has funded transport, free transportation for those over age 65. All of these areas constitute a cost to the Government's revenue. Mr. President, these are initiatives that speak well for the development of this country.

Mr. President, this is not a Government of shirkers or of talkers. This is a Government of doers. Money is a necessity to get things done. We know it in business. We have to negotiate overdrafts and other types of loans to keep our businesses afloat. There is no difference with respect to Government. The Government must also borrow, if we intend to create and continue the pace of economic development that this country has been known for.

Mr. President, with these words, that I beg to support this Resolution.

SUSPENSION OF SITTING

Senator the Hon. E.R. GRIFFITH: Mr. President, I beg to move that this Senate be suspended until 1.50 p.m. today.

The question that the Senate be now suspended until 1.50 p.m. was put to the Senate and agreed to and Mr. PRESIDENT suspended the Senate accordingly.

Senate 58, sequence 11, 12:48:03

Wednesday, November 15, 2006

RESUMPTION

MR. PRESIDENT: This Sitting is resumed. Senator Barker.

SENATOR T. E. BARKER: Mr. President, I rise to gladly lend my support to this Resolution before us, where the Government is seeking the permission of this Honourable Chamber to borrow up to US$65 million, on the international capital market, for the purposes of strengthening the foreign reserves of this country.

1.50 p.m.

Wednesday, November 15, 2006

SENATOR T.E. BARKER: Sir, I support this measure, noting that there has been a lot of talk, especially emanating from the other side, misinformation, I may add about the national debt and what this loan would do to our economy. They are even saying that the fact that we had to go and borrow US$65 million, means that the economy is in disarray. I even heard the unwise word of desperation being used.

Mr. President, I want to debunk such theories because nothing is further from the truth. The fact that we are going to the capital market at this time and for this amount of money is really nothing new, nor does it signal any extraordinary events. What it does signal is that this Government is being (1) proactive and (2) that it is taking wise decisions, timely decisions regarding the future of the economy, bearing in mind, the difficulties in the international economy and bearing in mind the fact that we have to position our country so that we would not have to do what other administrations had to do.

Mr. President, I am reminded, I cannot forget it because all of us in here, yourself included, lived through those years of the early 1990s when, in their unwisdom, the then Government, led by the Democratic Labour Party waited until the last minute. Sir, the cynics would say that they waited until the eve of a General Election but I would not go there but they waited until the last minute, when the country had virtually ran out of foreign reserves, when at one time there was $11 million or something like that, they waited until that event occurred before they went to the capital market. The result of this, is that they had to go and put on the books of this country, a loan of 30 million pounds sterling. The fact is that the best interest rate they could find was 13.5 per cent.

Mr. President, I spoke about this in this Chamber already and it pains me to have to repeat it. This Chamber ought to be cognisant of these facts because it is very important. The then Government waited until our creditworthiness was at such a low ebb that the only loan they could get was that massive loan - note Sir, that it was on the eve of the 1991 Elections, I do not know if it is significant but maybe, it is just coincidental - and even today, this loan is on the books and every year, it is costing us, in interest alone, $13 million on the debt.

Mr. President, there were many occasions when we wanted to retard that debt. They are people who would have lent us money to retard that debt but the investors, noting that they had a milch cow, refused to give up. Sir, notice in the Estimates for this year, which we have approved in this Honourable Chamber, that this loan is still taking almost pride of place in the Appendix. I note that $94 million of that loan is still outstanding and every year, we pay $13 million in interest on that loan, which was at a rate of 13.5 per cent. Sir, it all resulted from the fact that the Government waited until the last minute to take corrective measures.

Mr. President, we found that there has been a slippage in our foreign reserves, the Central Bank of Barbados reported on that but, as the Honourable Leader of the Senate said, we have 21 weeks coverage. We note that the price of oil had a very detrimental effect on our economy and I have the figures, Sir. Mr. President, Senator Stuart talked about me and said that I read books with figures. I might have internalised it but, I am not sure that he did. The fact remains that we need to have these figures to bear out the point primarily because one of those same books say that figures do not lie. It also said, most uncomplimentary, that while figures will not lie that liars will figure. Sir, I am always reminded of that particular statement.

Mr. President, the point is that price of oil, over the past two or three years, had a serious effect on our international reserves. Sir, these figures are found in the Economic and Financial Statistics which are put out by the Central Bank of Barbados, the latest issue in August, 2006. Sir, whereas in 2002, our import bill for fuel was $189 million, because of the dramatic increase in prices, it is now $375 million, that is one commodity alone. We have spent about $180 million more on the same commodity each year.

Mr. President, there has not been any dramatic increase in the amount of fuel use but the world market price of oil has moved from about $30 and it went as high as $76 and, that has caused a serious deficiency of international reserves. Sir, do not forget that we are asked to pay out close to $200 million and more per year on one commodity. It is remarkable that this economy can withstand that kind of shock and still all the fundamental indicators, GDP, growth, unemployment and so on, have remained at very high level.

I think that it a tribute to our economic management that, for one commodity alone, a $200 million increase has not brought about financial ruin but, there is always a downside. When we are paying that amount more for one commodity, it will have an effect on our foreign reserves. Sir, I am contenting that is the single most important item

which has confronted the economy and, which has caused us to have to seek this loan.

Mr. President, it is not only fuel that has gone up but, I am glad to note that even in terms of capital goods, which effect business activity that we have moved from $400 million per year in 2002 and now it is close to $600 million. While we know that is obviously beneficial, in terms of keeping our people employed, our families going and so on, yet the fact is that we have to look for $200 million more a year to pay for those imports. Sir, we see that our import bill has gone up tremendously and it is not really within our control because, we do not control the price of oil. Sir, as I said before, that is the single most important factor in any foreign exchange problem, we have had over the last two or three years, the price of oil, over which we have no control.

Mr. President, we are going for a loan for reasons, which I have just mentioned but, doing so in a timely manner.

S58/14:00

Sequence 13

Wednesday, November 15, 2007

SENATOR T.E. BARKER: If we listen to the radio programs and read the newspapers, we would get the impression that everything in this country is doom and gloom and every thing is in ruins, but the international community, which has no strong reason to love the Barbados Labour Party and the Barbados Government, have all said that the Barbados economy is well-run.

Sir, the fact that we can go to the capital market and get a loan at 6 3/4 per cent is indicative of the feeling over there, that this economy is well-run, and that the economy is able to support this level of debt. If it were not so, then the interest rate would be at 13.5 per cent. They might lend you, but would lend you at high interest rates.

In spite of that, we have maintained a very strong credit rating. I agree with the Leader of the House when he said, that it is only size that is preventing us from getting an even higher rating. The fact that we are doing so well in the eyes of the community, should alert the people of Barbados that their Government, in whom they have put so much faith, is doing its best to ride out any economic storm that may appear.

Mr. President, the size of the debit, like it is for a household or a person, must be dependent on two things; (1) your ability to service the debt and (2) the strength of your economy. On those scores, looking at the data that is available, not the fabricated data, our country is doing very well.

Sir, we hear of figures of 60 per cent. There are indicative figures. What do they measure? They measure debt to Gross Domestic Product. We know what debt is, because every time the Government borrows, it has to come in here, as it is doing now, to seek permission, so that the size of the national debt is not really in question, but, of course, the size of our economy is in question. That is another issue that we would not really go into at this point.

Mr. President, we have to be very careful how we are looking at percentages. We always have to worry about the base on which these percentages were derived, in the first place.

Sir, with regard to these indicators, we have to bear in mind that the fact that our debt management policy is seeing a reduction in these ratios, for the simple reason that our economy is growing at a fast rate. It is estimated that this year, Gross Domestic Product at market prices will grow in the region of 13 per cent.

I heard a commentator, with a singular lack of knowledge, complaining that the figure is too high, 13 per cent growth in Gross Domestic Product is too high, forgetting that when a person talks about growth in the economy, they are not talking about nominal growth. They are talking about real growth. The difference between nominal and real is that nominal ignores the effect of inflation.

We know that for a lot of reasons our economy is having more inflation that it normally does, primarily because of the high price of oil. Therefore, for us to get a 4 per cent growth, and by growth, I repeat, we mean real growth, that is fundamental, we must first of all account for the 7 per cent inflation and add 4 per cent on top of that, so that when you compound it, because the 4 per cent would be on the compounded figures, 13 per cent is more than reasonable.

Sir, without any magic whatsoever, the ratios would come down primarily, because the base on which you calculate the ratios has adjusted, because of the growth in the economy. Our debt management strategy must, therefore, have more to do with ensuring that the conditions for growth are there, and are maintained. That is the best way of getting the ratios in line, when the base upon which the figures are calculated keep moving.

Mr. President, our strategy must therefore account for the fact, that we put measures in place, in order to ensure that Gross Domestic Product grows by a substantial amount. That is the key to it.

Sir, therefore, when I hear the other side talking about reducing public expenditure - I am getting a babel of voices about what they are going to do. They want to reduce the fiscal deficit, as though you wave a magic wand. Sir, without doing what they did in 1991, and there about, that is, send home 4 000 public workers... If they want to offer that as a solution, they ought to come out and say it. If they are going back to cut salaries, they ought to come out and say it. Do not come and believe that you can cut the fiscal deficit in a painless way. It cannot happen.

Sir, anytime you are going to make massive cuts, it is going to be extremely painful, as we all experienced in the 1990s. There was always the strategy of ensuring that the economy is on a growth path, that is the key to keeping the national debt within proper limits. That is the key.

Sir, the Government has stated that it will only borrow, especially on the external market, the amount of money to cover the amortisation for that present year. Mr. President, has this loan gone against that policy? The answer is no. If we look in the Estimates, which this Chamber passed in March 2006, we would see that $112 million or so, was the figure for foreign amortisation. It is in there.

Sir, I am told that figure was an estimate, but the actual figure is a few million dollars more, so, the figure of $65 000 000 would just about cover the amount of amortisation for the amortisation, which we would have paid during the year. Therefore, by simple arithmetic, it means that the size of the foreign debt would not have increased. Mr. President, if you are borrowing only the amount that which is to be paid, then in absolute, the debt would have remained constant. It is just a case of who you owe, but the debt would have remained constant.

Sir, given the fact that the Gross Domestic Product has increased by 13 per cent during the year, this would mean that you come out smelling sweeter, all because you have stuck to your plan, of only borrowing the amount equivalent to that which you have paid in foreign amortisation and the fact that you have put measures in place, to ensure that the economy keeps growing. That is the key to our debt management strategy.

Sir, we must make a distinction between foreign debt and local debt, because there are qualitatively different. They have different implications for the economy. The Leader of the Chamber explained that for us this morning, and it makes sense.

Sir, we are going to borrow money to keep the country going and to improve the productive capacity of the country and so on, but at the same time we are going to be cognizant of the fact, that foreign debt has other implications for the economy, in terms of the foreign exchange and so on. Sir, we would want to ensure, that we keep that in moderate limits.

14.10 p.m.

Sequence 14

Wednesday, November 15, 2006

Senate 58, sequence 15, 2.10 p.m.

Senator T.E. BARKER: Sir, that has been followed, so much so that in the past five, six years - it is only in the last two years, because of the high price of oil that we had to go to the market - between 2001 and late 2005, we did not go to the foreign market for almost five years, and that is a fact. The result was that we were able, within those five years, to bring down the size of the foreign component of our national debt. This is verifiable by looking at the figures. I am sure that Senator Stuart would have poured over these figures, since he confessed that he read books on statistics.

Asides.

Senator T.E. BARKER: Sir, a lot of old talk but I do not think that anybody can reasonably fault our strategy.

Sir, the whole issue of debt is an emotive issue. Perhaps, we should look at our own society, how we view debt. We know, Sir, especially in years gone by that debt is how the old people got their homes. They may have had a little ‘meeting turn’, and when they turn came, they would get a few hundred dollars or whatever, maybe, less depending upon the size. They would go to a store, called, Picker. Those of us who are old enough would know about these stores. You would go there and carry some dollars and you would get all the lumber you wanted, but they had to ensure that every month, they were able to service the loan and pay back what they were called upon to do.

Traditionally, that is how Barbadians got their homes, otherwise a lot of them would not have been able to get their own houses. Sir, debt is a way of life, not only in modern Barbados but even in the days of our foreparents. Sir, that is how they operated. The important thing was that every month, they put that money aside because they did not want anybody to come and take up their homes.

Sir, they were not afraid to go into debt but they always made sure that the debt is manageable and this Government has done exactly that. We have made sure that the level of debt is manageable. Therefore, when we look at the ratios, the debt service to foreign exchange earnings, 6 per cent and 7 per cent and, Sir, as the Leader of Government Business asked, which country, in the hemisphere, has these sorts of figures.

On one side we hear of desperation. The Government is desperate and we are up to our necks in debt but when we dispassionately look at the figures, and all the available information, yes, we are in debt. I am not going to come here and say we are indebted. We are indebted to ourselves and to the rest of the world, but they are within reasonable proportions.

There is another issue to consider, when we are looking at debt ratios and all of that. In some countries, people do not include National Insurance debt as part of national debt. In our country, we do. Some countries do not factor that as a component of the national debt. We have raised this with the international agencies on more than one occasion.

We feel that if you are talking about international standards, if you are talking about standardising ratios and all that, then, you have to compare apples with apples. Sir, do not compare the United States of America that does not include Social Security debt in their debt ratios, when we include that in our debt ratios.

Therefore, we have to be careful when we go out there saying 60 per cent and 70 per cent because of what. Sir, when you talk about percentage, you have to give me the base and you have to make sure that the calculation is standard. It is standard because we make sure that we put in all those things.

Sir, then, there is the question of government guaranteed debt. In my job I meet with the international agencies and we trash out these issues. I do not believe that we should include, for example, the Barbados Light and Power debt, as part of the national debt. There is a reason we guarantee the Barbados Light and Power debt. Their debts are so huge. The fact that it then becomes a charge on the Consolidated Fund, and given our standard in the international community, when we guarantee the debt of the Barbados Light and Power, they get a much better interest rate and it benefits the country, in that we have to spend less money on debt service.

The country as whole has to pay less money on debt service because of the fact that we would have negotiated a better interest rate. This is the only reason that we guarantee the loans for some of the private concerns, and it makes sense, because the less money they have to pay out in terms of foreign exchange, the better it is for the country.

Sir, to include that in the national debt, in my view, is carrying it a little bit too far, because you are talking about a commercial operation. It is inconceivable, given the fact that their rate of return is guaranteed by the Government through the Fair Trading Commission, to think of them reneging on the debt is unthinkable.

Therefore, the Government would feel safe in guaranteeing that debt, bearing in mind the public purpose which is being served.

Sir, to include commercial debt, for example, national terminals and our entities like the Port, which operate at a profit, to me that does not make sense. Therefore, if you include all these, you would get all sorts of crazy figures.

I think we should go by the figures that is given by the Central Bank and we should stick to those figures. If we use the 60 per cent as a guideline, then we are just a few hundred million above where we should be. Sir, the fact that income is increasing tremendously, especially as it is projected to do so over the years, means that if you use the 6 per cent as a benchmark, then we are virtually there. I do not see the big issue. If you say that is a benchmark, then we are almost there. The fact that the Government has stated its policy of only borrowing to the tune of amortisation, means that within two to three years, according to international standards, we would have satisfied the criterion on our debt.

Sir, what am I saying? Yes, we are borrowing. We are not ashamed that we are borrowing in this Resolution. We are not going to apologise for it, because we believe that it is in the best interest of this country at this point in time, to be proactive and to ensure that whatever happens down the line, our economy is safeguarded. This is very important. Sir, we are not going to wait until our foreign reserves are at an extremely low level to make a move. We are going to ensure that the development of this country is not curtailed, because of a lack of foreign exchange.

Mr. PRESIDENT: Senator Barker, you have one minute left.

Senator T.E. BARKER: Thank you, Sir.

Mr. Speaker, people talk about construction but this country will not start to grow, unless our productive capacity is enhanced. Whether it is tourism or manufacturing, no matter what it is, in order to get more persons here, we must to have more beds available for them.

Sir, that means that we have to keep up the level of investment in our hotel plants, our condominiums or whatever. We have to keep up the level of investments and that is going to require that we need foreign exchange, in order to carry out that task. The Government is ensuring that they borrow to make sure that the necessary foreign exchange is there, so that when this country has to expand in order to meet its obligation and so on, that there is foreign exchange.

Sir, with those few words, I want to support this measure.

Senate 57, sequence 15, 14:20:14

Wednesday, November 15, 2006

SENATOR Miss S. V. HUSBANDS: Mr. President, I rise to support the Resolution before this Honourable Chamber, which looks at the borrowing by Government of US$65 million from the international capital market, to strengthen the foreign reserves and for the establishment of a Sinking Fund.

Mr. President, I have listened to the discussions taking place around Barbados over the issue of the national debt; I have listened to the concerns of ordinary Barbadians as they listened to those of us who occupy political office, those of us who aspire to lead the country, and I recognise that many Barbadians feel a level of concern, which is emanating from the misinformation which is being bandied hither, thither and yon, across the entire country. And it is unfortunate.

Mr. President, as I examine what is happening, you can forgive the ordinary Barbadian why because the ordinary Barbadian would not have the exposure necessary to be able to understand public finance and some of the issue pertaining to public finance. However, that is not true of all of them. There are a number of regular Barbadians, who have some background training and who have the capacity to understand what is going, but when you are talking about the average man on the street, they depend on us as people who are their political leaders, to be able to educate them and help them to understand what is happening. What they do not expect and should not expect is that we would come before them and tell them things that are untrue; that we would put positions that technically are not right; that we would come to mislead them or to lead their fears to aggravate that sense of panic in them; that we will come before them and help them to understand the truth and say to them what ought to happen.

Mr. President, I am very concerned that what you are hearing coming from the Democratic Labour Party, is that they are putting a spin on information that is doing one or two things to me. It is either leading me to believe that they know better but they are taking the time out for political mileage to use it by getting Barbadians afraid, or they really do not have a sound grasp of macroeconomic issues and the management of an economy and therefore do not understand the strategy that is being put before the people of Barbados, concerning how we are going to build capacity for the country; how we are going to manage our debt; how we are going to pay our bills in the future, et cetera.

Mr. President, I think it is unfortunate that at a time, in 2006, for the Democratic Labour Party to be unable to put the truth before the people of Barbados and is unable to give some analysis to the debt situation in Barbados. I think this is unfortunate because what they are saying to Barbados is that they really are not in a position where they are ready to run this country because they not demonstrate an understanding of what it is we are seeking to do.

Mr. President, I really have to congratulate the Honourable Leader of Government Business. He has done an excellent job this morning by speaking very clearly on the issue of national debt, in a way that the average Barbadian can understand, and I was very pleased to hear Senator Stuart saying that he listened to it. Furthermore, I felt that it would have been educational for Senator Stuart, and I trust that it has enlightened him and would make him better prepared for the future.

Mr. President, one of the things I think that is very important for all of us to understand is the importance of taking risk. Sir, very often you see this issue where people do not understand about debt because they do not have an understanding of how you grow an economy or how you grow a business. Sir, even amongst small business, there is this problem. A lot of people feel that they could take their ordinary cash and finance the growth of their business and that for them to go to another level, they want to wait until they accumulate enough cash to be able to do it, without understanding that they cannot effectively grow a business, without incurring some level of debt. Sir, debt is incurred by sitting and looking at the risk factors and making decisions based on managing risks, and it is no different in managing an economy. In an economy, risk has to be managed. Risk can be calculated and you are able to make decisions that help you to build out your capacity to grow and create profit for the future. This is true for both business and economy.

Mr. President, if we want to increase our ability to earn as a nation, then you have to be able to get monies to invest. There are two ways to get money to invest, you either borrow it or invite persons to invest their money into the country, so that you are able to begin to build productive capacity, that you build the sort of activities that have the possibility for generating jobs, have the possibility for generating foreign exchange; of creating profit, so that Government revenues would grow and as a result Government is going to be able to do more on the social side. You cannot build social capital without building economic capital. It just does not happen.

Mr. President, I really deprecate how often you hear this coming from the other side, who try to separate out social development from that of economic development. It does not happen. Sir, social services do not come freely, somebody has to pay for it. Therefore, in order to earn it, a

country has to pay for it. Therefore, any time you want to increase what you are going to offer to your citizens, it is vital that you have a programme for how you are going to grow your economy, that you can afford to pay and put on the table the things that people need, to help them to live efficient lives.

Mr. President, when a business or an economy is going to grow, it must get capital to do this. Barbados has before it, the challenge of taking an economy that was standing on tourism, offshore businesses, had a little manufacturing and agriculture, and we have had to plot a path, where we are going to be able to create an economy that was going to enable us to grow our foreign exchange earnings, so that we can afford to say to Barbadians that they have a future in this country, their children have a future, they can live, not only just as well as you have lived in your lifetime but your children have the opportunity to live better than you have, and so that we can see Barbadians developing from strength to strength. This the aim of the Barbados Labour Party. This is what we aim to do. How are we going to be able to do it?

Mr. President, if we go to borrow money, to invest in various projects, is going to help us to build productive capacity, there are certain conditions that would obtain. When we were under the Cold War policy, small countries like ours, countries that were in deep debt or deep trouble, et cetera, countries that could not have earned nor pay their way, very often there were developmental assistance, aids, forgiveness of debts, and that allowed small economies that were not developing or growing, to get money to be able to produce development. Barbados has graduated from that position and is now in a position where it has to earn its own way and where it has to pay its own development.

Mr. President, what does that mean? It means that we have to get money from the open capital markets, which means that we have to go to business institutions and borrow money, and that they are not going to lend that money, unless they can see, from how we manage our economy, looking at our figures, that we have the capacity to repay that loan. That is one of the conditions that Barbadians need to understand, that has changed over the last few years. When Barbados goes out and is able to borrow money and that money is successfully borrowed, you are making a statement that people have examined how the economy is functioning and they are satisfied that you can get that money and that you have the capacity to repay. Sir, there is nobody out there giving out free money, when the economy is going bad. We are able to borrow because the economy is good.

Mr. President, these are the things that we need to look at, when we are talking about the issue of public debt. Sir, the fact that we have been able to get these loans at the interest rates that we have been able to attract, speaks very well of the economy, to which both Senator Griffith and Senator Barker have spoken about that.

Mr. President, sometimes when you hear people talking about national debt, you get the impression that you can run a country without debt and that there are many countries in the world that do not have debt. That is not true. All countries carry some level of debt.

2.30 p.m.

Wednesday, November 15, 2006

Senator Mrs. S.C.V. HUSBANDS: The issue, therefore, is not whether you have debt but whether you have the capacity to pay it. The issue is not whether you have debt but whether you are going to be able to create the investment, that would bring the returns that would allow you to pay back that debt. Sir those are the issues.

Mr. President, I took the time to take a look at what was the debt ratio to GDP of other countries. I found that Barbados was not so far out from what was happening across the world among countries. It was mentioned today that Japan was at 170 per cent of their GDP, that Jamacia is at 128 per cent, that Singapore is at 102 per cent of their GDP, that Canada is at 69 per cent and that the United States of America is at 64 per cent, so to talk about the economy of Barbados being on the brink of collapse, simply is not true because those economies are not on the brink of collapse simply because they have a debt ratio to GDP that is in excess of 60 per cent. Sir, if you have economic capacity and you have things happening in your country that could earn the money, then it is not a problem, the issue is not the debt but whether you could pay it.

Mr. President, the OECD in their public debt management network talked about public finance and public debt in this way and said that when you are examining public debt, you need to look at the risk that is inherent in the debt structure, you need to look at things like the interest rate, the repayment, what is the income that is going to come into the country. You also need to look at your financial projection, what you may borrow in the future and once you balance those factors, that will tell you whether or not your debt is manageable, not whether or not it is X per cent to the GDP. Sir, it is looking at its structure; looking at the interest; looking at your income; looking at your projection and looking at capacity to repair. Sir, these are the critical issues.

Therefore, if one were to step back and analyse, when you look at the approach of the Barbados Labour Party versus what the Democratic Labour Party brings to the whole issue of the public debt and the whole issue of how we are going to finance Barbados forward, one of the things that you would have to conclude is that the

Democratic Labour Party lacks the confidence in the economy of Barbados. They lack the confidence in our capacity to earn and that they, as a Party, do not feel themselves capable of being able to manage risk. In other words, what they are stating is that if they were in the position to lead the country, they would not have approached our development this way, which means that they would have sought to avoid borrowing.

Mr. President, up to this day, I have not heard anything from them that suggest they have an alternative path by which they were going to make growth occur. I am not quite sure how they were planning to do it. I do not know if they were planning to run the economy on a cash basis because I would like to let them know that is impossible and that if you are going to take an economy forward, you have to be able to manage risk and that you need to have confidence to be able to invest and see the returns come from your investment.

Mr. President, another difference between the Democratic Labour Party and the Barbados Labour Party is the innovative approaches that are used. I am going to speak about that a little later. I can only say that standing and looking at how the Barbados Labour Party is actually managing the economy of Barbados, given the challenges and constraints, that we are doing remarkably well in the way in which we are managing and handling the affairs of Barbados.

What are the characteristics then of an economy that is in trouble? Sir, one of the things which has troubled me is that I actually heard a lady expressed some concerns about the fact that she felt that the economy was in such shape that the dollar would become devalued. I asked her how she had arrived at that conclusion and why she felt that way. She told me she had heard a lot of talk and that she wanted to conclude a particular transaction quickly because she did not know how things were going to be in the future.

Mr. President, I feel that it is important that we are able to explain to people what is the difference between and economy in trouble and an economy that is growing. The first characteristic when an economy is in trouble is that you are unable to pay your debts. You are unable to pay your normal expenditure, including basic things like salaries. When you examine Barbados' situation, that is not the case because Barbados meets its debts. Barbados pays what it owes. It has been able to meet its expenditure and has been able to take on board, massive capital projects because they have the capacity to do so. If the economy were in trouble, we would not be able to do that.

Mr. President, another characteristic of an economy that is trouble versus one that is in growth is that when you do not have the earning going on in your economy and Government has to find revenue in order to meet basis needs, what you find is that you have to keep increasing taxation in order to be able to meet it expenses because you are not getting the economic growth.

Mr. President, what has been the case for Barbados? Barbados has not been increasing taxation rather, Barbados has been on a trend, over the past few years, to reduce taxation. We have seen reduction in taxation on corporate tax; we have seen reduction in taxation to individuals, people under $25 000 have taken off the income tax role; we have seen the reduction in land tax, people who have land under $125 000 in value do not pay land tax and what we have seen is a serious programme of tax reform that is reducing the level of taxation. Sir, what does that mean?

Mr. President, it means that the economy is on a growth path, that the Government's revenues, through economic production, will continue to grow and help replace that revenue that would have come from the reduction of taxes so that we can continue to meet our expenditure needs, to meet social needs and, at the same time, put an ease in the pockets of Barbadians. You cannot do that if the economy is in trouble. Therefore, we would have to conclude that the economy of Barbados is on a growth path.

Mr. President, another characteristic when an economy is in trouble, is that Government's capital projects have to go on hold. They have to stop building and spending because they simply are not earning enough to make it happen. What is the truth about Barbados at this point in time? We have massive expansion of our capital projects. We have road programmes for hundreds of millions of dollars. We have housing and buildings. We have built Kensington Oval for $100 million; we have built the Grantley Adams International Airport and there is expansion at the seaport. We have done capital expansion, in terms of tourism, look at the Barbados Hilton and how well it has been performing. We have been doing other things in the economy. We are able to do this because the economy is growing, it is not in trouble because you cannot do that if the economy is in trouble. Sir, the economy of Barbados is on a growth path.

Mr. President, another characteristic of an economy in trouble is limited domestic investment and foreign investment. Sir, investors are not going to come here, if an economy is in trouble because they want their money to earn and get returns of their investments. If we look at Barbados, what has been happening in terms of investment. We are on the brink of some massive investments coming into Barbados, especially in the area of tourism. You could look at what is going to be happening at Sam Lord's Castle, at Apes Hill, Lakes, Paradise and other activities, attracting foreign direct investment into Barbados. This means that they are people, ordinary private citizens with

millions of dollars, who have confidence in the economy of Barbados because it is on a growth path.

Mr. President, another characteristic of an economy in trouble is job losses. Those losses normally start in the public sector to help reduce their expenditure and it spills over into the private sector. What has been the reality in Barbados is that we have had, over the past few years, rapid job creation. We set ourselves a target of generating 30 000 jobs and, we have been able to bring unemployment down to a mere 9 per cent. We have not only created jobs for Barbadians because of the expansion that has been going on and people being absorbed into work, we have a number of areas where we are unable to get sufficient labour to supply the need.

Barbadians now have options, they want higher paying jobs, and are no longer willing to take some of the low paying jobs. As a result, that has created employment for people outside of Barbados, within the region, because the economy is on a growth path, it is not falling down on itself.

Mr. President, another characteristic of an economy is trouble is that you would get a reduction in consumer spending, that is a natural follow on coming from job losses.

S58/14:40

Sequence 17

Wednesday, November 15, 2007

SENATOR Mrs. S.C.V. HUSBANDS: Sir, what we have seen in Barbados is, that we have had more consumer spending than ever before. Sir, for example, this year we imported approximately 2 500 cars. It is stated that Barbados imported approximately 300 cars a month, that cannot be happening in an economy that is in trouble. When an economy is in trouble, importation of cars decrease, people hold on to them.

Sir, the point is, Barbadians have more spending because they have more jobs. Even if you look at mortgages, you will see that our mortgage levels now stand at $850 million. That is speaking of an economy that is in a growth mode, with more and more Barbadians owning and financing their homes, through the commercial banks.

Sir, another characteristic of an economy in trouble is a reduction in savings. A reduction in savings would tell you that things are stressful, the cost of living is high, people are not making it and people are losing their jobs. Sir, when you see high savings in an economy, it is on a growth path.

Sir, in 1990, our savings were at $435 million. Today, the savings among Barbadians - we are not talking about foreigners or non-residents, we are talking about Barbadians - stands at $1.6 billion. That means, Barbadians are not only meeting everyday needs, but they have something to set aside and are saving. That is an indicator that the economy is doing well.

Sir, what about our foreign reserves? In 1990, it was $125 million. At one point it dropped as low as $11 million. Sir, when you compare that to 2006, it stands at $1.9 billion. That is not an economy that is in trouble.

Mr. President, the questions for Barbadians are. Why are we borrowing? What are we borrowing for? I want Barbadians to have the assurance, that our borrowing is not because things are in shambles, but rather, we are building a future for every Barbadian. We have looked at our economic circumstances and capacity, and we have taken the decision, the bold step that we have to build the economy to a position where, not only would we be able to sustain our current standard of living, but we should be able to provide an even better standard of living for future Barbadians. We are preparing a future for them.

Sir, how are we doing this? Where is this money going? I heard the Honourable Senator Stuart attack Senator Griffith saying that he is avoiding talk about agriculture, because Government is not committed to agriculture and nothing is happening in agriculture. I know that Senator Griffith will deal with that, when he gets the chance. Just to remind Senator Stuart that in agriculture alone, we have had investments in markets and the building of markets. We have had significant investment in cotton. We have had investment in fuel cane. We have spent money researching alternative products that can come from sugar. We have spent money on the Scotland District. We have looked at investments in new technology, to get Barbadian farmers into greenhouse production, et cetera. We have also invested in our energy sector. We have invested in tourism, not only in terms of the Hilton and the Port, et cetera, but in tourism promotion. We have been spending a lot of money in advertising to bring more people into Barbados.

Sir, we are looking at the promotion of our services, because we recognise that Barbados has a distinct advantage, in the sale of its services and it is necessary that we build out capacity, to attract more business for Barbadians, in terms of services. We have been able to invest in the BIBPC, which is going to help to promote the export of services in Barbados.

Sir, we also have the small business support. It is not only in the big areas that Government is spending or investing money. Quite a bit of money is spent to assist small businesses to build export capacity. All the

borrowing we are doing is enabling Barbados to support these sectors, so that these sectors are able to produce foreign exchange and jobs, earn profits and pay taxes to allow Government to meet the needs of Barbadians.

Mr. President, when we make all of that investment in the economic capacity of the economy, what is Barbados hoping to get out of it? Every time you make an investment, that investment begins to pay off, in terms of the growth of that investment, producing jobs, et cetera, Government is earning at many levels, when you get that growth.

For example, if you look at the Hilton, Government would have invested a sum of money there. What we have seen is, that the Hilton has performed very well in its first year. As it continues to perform and to develop, Government is going earn from the income tax from the people who are employed, the tax that is charged on visitors, the profits, corporation tax, that would come from the suppliers of Hilton with the goods and services, so, Government is going to be able to get returns on that investment, from at least four different sources. As long as the Hilton continues to perform, that will keep adding to the Barbados situation year after year. That is why we have invested.

Sir, what will Government do with that money? This is where earnings coming from the investments are going to impact on the everyday Barbadian. Not just the person will benefit directly by gaining jobs, the taxi driver, entertainers and the people who work in housekeeping, at the front desk, restaurant, et cetera. The people who are going to benefit are also the ordinary Barbadians, who may not have taken the time to even go and visit the Hilton. We are talking about people in St. George, St. Lucy and St. Michael. We are talking about the ordinary citizen of Barbados. How are they going to benefit?

Mr. President, as Government gets that revenue, Government is able to put things in place that will benefit the ordinary citizen. Those benefits Barbadians forget.

Sir, we are so concerned, that we cannot get a living room suite, as quickly as we would like, and we may have to save up a little bit, to make the down payment and then pay the weekly or monthly amount. I do not know why that should be a problem at this time, because so many people are offering no down payment on living room suites. Everybody has something in his life to wait on. I do not care who it is. They are very few of us, who can close our eyes and buy whatever we want, whenever we feel and whenever we like. We have to budget. We have to plan. Sir, budgeting and planning does not mean that we are not living a good life.

Sir, the Inter American Development Bank, did a study of the competitiveness of Barbados in the 21st century, and they spent some time examining the economy closely, how it was behaving. They talked about the safety net programmes that are available in Barbados.

For example, the safety nets available for children, like our school meals programme, subsidised bus fare, in terms of school tickets assistance, with uniforms and books. These are what children are able to get. Sir, low-income families receive social assistance, benefits housing and housing repairs.

In terms of unemployment, we have an unemployment benefit, youth training and small business development. For the elderly, we have pensions, assistance with homes for the aged and provision for people who are disabled. These are some of the social safety nets, which exceed quite a bit of what the other countries have. Barbados has a very strong social net programme.

Mr. President, we also looked at our telecom situation. For example, Barbados has dispersion of 519 cell phones per thousand Barbadians. That means that almost half of the population of Barbados have their own cell phones. In America the dispersion is 546, almost on par.

Mr. PRESIDENT: Senator Husbands, could you please wind up?

SENATOR Mrs. S.C.V. HUSBANDS: Sir, we have universal school access for nursery children that would be coming on stream.

14.50 p.m.

Sequence 18

Wednesday, November 15, 2006

Senate 58, sequence 19, 2.50 p.m.

Senator Miss. S.C.V. HUSBANDS: We talked about the roads, et cetera and there are so many other things that are happening at the social level, which are coming as a result of the care taken by this Government to build out the economy, so that all Barbadians can benefit.

I want to end on this note. I remember reading in the Gospels, the story about the man who gave some men money to invest. When he came back after a little while, each one was able to say what he was able to do. The one who was given ten talents, he said that did so and so with the money and he got so much return. The one with five said what he did and got so much return, et cetera.

Their master looked at them and said that, you have done well, you can now go and rule over cities. Those men were able to take that money and take risks, manage risk, calculated risk, and they were able to invest and see returns on that investment, that the master was able to earn more from his money, through their stewardship. He recognised that they have the skills for governance.

I want to say to the people of Barbados that this is exactly what the Barbados Labour Party is doing. We are taking what God has given to us, we are investing it and we are going to produce returns, and that certainly demonstrates our ability to govern and manage this country for the benefit of every single citizen.

Mr. President, I am obliged to you.

Mr. PRESIDENT: The Deputy President will take the Chair at this time.

Madam DEPUTY PRESIDENT: Senator Eastmond.

Thank you, Madam Deputy President, I think it is important for the people of Barbados and for the constituency of St. Philip West in particular, to know that I support this Resolution to approve the borrowing of up to US$65 million. I am not going to make a very long presentation because I believe that the Leader of Government Business, Senator Erskine Griffith did an excellent job...

Asides.

Senator the Hon. Miss L.V. EASTMOND: ...about outlining the circumstances of the economy of Barbados and the reasons for borrowing this money at this time.

I also believe that my colleagues have made excellent presentations in support of the particular Resolution. I can even say that my colleague on the other side, Senator Stuart did a good job in supporting the Government on this particular Resolution and we are grateful for his support. We know the difficulty that he has, being a man of reason and logic, often he is torn between having to defend a Party position, and unfortunately, they get the privilege of speaking before he does, so then he finds himself in a position where he has to support that Party position, which usually is illogical and inconsistent with what he is saying.

Therefore, I have to compliment him for being able to do that. It is a feat that is absolutely remarkable because one thing about Senator Stuart is that I know it has bothers him to have to speak in an illogical fashion. I just wanted to make a few points because I think it is very important for us to always put what we are talking about in a particular context. We should try to cast our minds back as to why we are where we are now and have some discussion about what happened in the past.

Madam Deputy President, you will recall that in terms of the management of the Barbados economy, after the Barbados Labour Party administration took the reins of Government and got rid of the International Monetary Fund from managing the economy in Barbados, Barbados has been on an upward path from then.

Let us not forget that in 2001, we suffered a world wide recession, triggered in large part by the events of September 11th 2001. Mr. Speaker, when that occurred, Barbados had a decision to make either it was going to increase the debt that it had on its books, by seeking to trade itself out of the recession, by bolstering our capacity to earn revenue or it could take the other approach that would be less risky.

Maybe, politically, you would probably be able to explain it now, and say to people that we had a recession in 2001, so we had to lay-off some people. This was not the approach that the Government took. The Government identified tourism and international financial services, and it made a determination that those sectors were supposed to be treated in such a way that we would do whatever we needed to do to ensure that we had the capacity to perform in those two areas. Essentially those two areas are the engines of continued growth for the Barbados economy, tourism and international financial services. Sir, this is what we did and we incurred significant debt through that process.

We have no regrets about having done that because if we had lay-off people, the economy would have contracted further, because these individuals would not then have had the ability to continue to purchase goods and services, which would keep the economy ticking over. Therefore, we believe that was the appropriate step to take. If you read the last IMF Report, you would see that this particular factor was identified.

I notice that the other side does not quote the IMF Report, if it does not suit them. The truth of the matter is that the last IMF Report did not speak of gloom and doom, in the way that we heard others on the other side speaking.

The IMP identifies that Barbados should seek to reduce its debt. The Barbados Labour Party administration agrees that we should seek to do that but, we also recognise that we should do it over a period of time, which is manageable for us and that would not cause severe hardship on the people of Barbados because we have time.

We are a country and it is felt that this country will continue in perpetuity. There is no evidence that it will come to an end. It is not like when we have our own

personal savings and we are going to run out of time to repay a loan. This is not the circumstance. As the loans become due, as long as we have the capacity to pay them, there is not a difficulty. I would also like to make the point that we must not think a point is going to come when Barbados is going to stop borrowing.

For example, let me use myself and not use anybody else. I do not expect that for my entire life, I will continue to borrow. I do not expect to be in debt for ever. I hope that when I reach that age of comfort at 60 or 65 that I will not have any loans outstanding, but that is not going to happen for a country.

The country is going to continue to have debt, because the debt that you incur, the money that you borrow, helps you to continue to build out the economy. This point was made. I was very happy that my colleague, Senator Husbands made the point that the power houses we usually quote, not even the United States of America but the ones like Japan and Singapore, their debt to GDP percentage is over 100 per cent, and Barbados is not in that circumstance.

Madam Deputy President, everybody is always quoting Singapore and how well Singapore does, et cetera, it is of a similar size to Barbados. If you follow the argument of the others to its logical conclusion, it would mean that Singapore is considerably worse off than Barbados, at this point in time.

Senate 57, sequence 19, 15:00:14

Wednesday, November 15, 2006

SENATOR the Hon. Miss L. V. EASTMOND: Mr. President, I want to make that point because I know that Barbadians are concerned about the debt, and in my view, this is a good thing because it means that they are actually listening and are prepared to engage themselves on macroeconomic issues. Sir, we cannot say there is anything negative about Barbadians that. The responsibility is upon us to make sure they understand what we are saying.

Mr. President, what we seek to do, is to explain, in ordinary layman terms, that most of us at the development stage in our own personal lives, when we have a mortgage, when we are sending out children to school, when we are trying to improve our homes, we are in debt. Therefore, if you were to look at the ratio of our debt to our income, we would be in a worst off position than that of Barbadian, Japan or Singapore. Sir, in the same way that an individual is developing his or her personal life or circumstances, Barbados, as a country, is seeking to improve its own personal circumstances. Mr. President, I am pleased that Barbadians are interested in the issue. This is why I am trying to put it in a broader context, so that they do understand.

Mr. President, I would also like to make the point because I know that often, he who talks the loudest and the longest, people begin to believe that person. That is why I have decided to make an intervention. It is not necessarily that I am going to say anything, in addition to what was said before. I am not going to add anything, but it needs to be repeated, so that individuals, who did not catch Senator Griffith earlier this morning, maybe they would catch my voice and would understand that part of the process of development has to do with incurring debt and borrowing money.

Mr. President, Senator Stuart, being true to himself and being true to his training as an attorney-at-law, which teaches him to be logical, has to accept that the whole concept of deficit financing and borrowing was something that the Right Excellent Errol Walton Barrow understood and practised as a Prime Minister of Barbados, and that is absolutely correct. If you look at the economic history, you would see that the economists take the view that the kind of financing that we previously had, where we wanted always to be in a surplus position, that did not work to the benefit of Barbados. If you go back to photographs of Barbados before l966 and look at the circumstances of Barbados... Sir, do not let us forget. I think sometimes it is good. I think sometimes before the Government Information Service once showed some footage of what Barbados was like at that time, because we forget. We forget that there used to be children running around, without clothes or shoes. We forget that many of the roads we now see as paved roads and we quarrel about the fact that these roads have pots holes, were, in fact, cart roads. We forget that most of the children were going to schools, in buildings that were provided by the Anglican Church, buildings that have now become Town Halls and Church Centres. The Government has now found itself in the position where it can build modern school facilities for children but before that, under the good graces of the Anglican Church, children went to school in those little building that were nce Church centres. How would we have been able to ever build that kind of infrastructure, such as the schools, hospital, polyclinics, without borrowing money?

Mr. President, it is just like us. Most people would not have been able to build their homes, unless they had borrowed and, therefore, it is the same circumstance with Barbados. It also does not matter how developed we have become. It is still often the most effective use of money, not to use your cash or revenue that you would have generated but to borrow money and repay it over a longer period of time. Even when you have a choice in your own personal life, you have some money on your savings accounts or in your insurance premium, but you still go and borrow money to do something because you realise that it

is better for you, to have that long-term loan that you would repay over a longer period of time and would still have some cash in your savings accounts or in your insurance policy, where you can still invest in mutual funds or buy shares in the companies that are available. We still do that and still borrow but the issue has to do with managing those financial transactions, at the same time.

Mr. President, those of us who do not feel able to do those things, take a more conservative approach. We might have a saving account and might never borrow. We try to save up the money and then buy something. In this way, our development is going to be restricted, on a personal basis, if we do that. If we do not utilise our money effectively and spread our risks, if we do not make sure that we still have some cash in hand, those are the issues that confront us.

Mr. President, clearly what the other side is saying is that they do not feel they have the capacity to manage the finances of a country in that way. This is not something for the faint hearted. I am not suggesting to anyone in Barbados that if they feel more comfortable saving their money to buy, that they should not do that. They would not progress as quickly as somebody who utilises their finances in different ways to generate revenue, while having cash in hand or taking out a loan, but if persons feel comfortable doing that, they could.

Mr. President, I understand that, in 2001, the other side would have probably have taken the position that the easiest thing to do, would be to send home some people. That is what they would have been able to manage because that is their prescription. They have done it before. That is easy for them, as they are used to that. Sir, we are not used to that. We believe we can manage this US$65 million. We believe that we can engage in infrastructural development, and we believe that we can work on improving our productive sectors, at the same time. Therefore, we do not have a difficulty.

Mr. President, furthermore, we do have a difficulty with Barbadians registering their concerns about issues. Sir, life is always filled with challenges and Barbadians must pursue the Barbadian dream and must clamour for the things they feel they must have, in order to make their lives better. When they clamour for it, Governments hear them. Hopefully the Opposition would hear them too but we have not heard any response from them as to what they would do, to solve any of the problems that Barbadians have identified. We are seeking to solve those problems. We are addressing them.

Mr. President, there is no country in the world that does not have a challenge. I remember recently seeing a documentary on Norway, one of the Scandinavian countries. At the top of the Human Development Index, the Scandinavian countries lie approximately within the five countries of the Human Development Index, but the people of Norway were complaining about taxes being levied by Government and whether taxes were too high, and whether or not they should put themselves in a position where they would have to pay for social services, so that Government would not continue to pay for them. Sir, as human beings, no matter how high is your standard of living, you continue to question and seek to be better. That is why people say that we are made in the image of God, because are also working and living, trying to be as good as He is. That is why we are doing it.

Mr. President, even though the standard of living is high in Norway, they still want better for themselves. Therefore, people should not believe that any discourse within Barbados about making Barbados better, that we on this side see it as negative. We do not see it as negative. What we see as being negative is for individuals to try to take advantage of the genuine concerns that Barbadians have, in order to score cheap political points. Sir, it does not help any of us. We must not mislead Barbadians. We must not put ourselves in circumstances where they do not understand the issues because of the fact that we have confused them.

3.10 p.m.

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SENATOR the Hon. Miss LYNETTE EASTMOND: Madam, apart from 2001, we know that many challenges facing Barbados, in terms of growth and competitiveness, have to do with the fact that world has engaged in trade liberalisation process. Barbados is a member of the WTO and Barbados can count itself as amongst the founding members of the WTO, we were one of the first to sign up in 1994 and, you never hear us on this side making a huge point about the fact that the challenges that we now engage in because of the WTO agreements, that these agreements were negotiated under a Democratic Labour Party administration.

Madam Deputy President, you do not hear us bellyaching about that because, we believe that it is better to be participating than not to be participating and that any changes, it is better to make them from within. You do not hear us making an issue about it, but the challenges, which we have in agriculture and manufacturing and the fact that many subsidies are now illegal; the fact that we have to liberalise the services sector; the fact that there is more competition in our local market, the fact that the tariffs at the Port have had to be reduced and, therefore, those agreements have reduced the amount of revenue that Barbados is able to earn; the fact that our options, in terms of managing the economy are severely constricted now because of the agreements that we have signed on to.

Madam, we have not put those problems at the feet of the Democratic Labour Party and remind people that they are the ones who negotiated the agreements. Madam, we do not do that.

Madam Deputy President, we believe that if we were in Government at the time, that we would have signed onto the agreements as well, we might have negotiated them better but we would have signed onto the agreements as well so, we do not make that an issue but now that the challenges have arisen, we know that we have to address them.

Madam Deputy President, one would think that members of the Democratic Labour Party, seeing that they were fully engaged in creating the challenges and the problems and I assume that they understood what the challenges would be when they negotiated the agreement, so one would think they would be in a position now, having negotiated the agreements, to say what some of the solutions are but, all of a sudden, they have gone dumb and are now, Madam President, in a position where they are saying that if they let us know what they ideas are, that we might steal them from them.

Madam Deputy President, a colleague of mine, once gave me an idea for a particular project. I told him that since he had given me the idea, that I would let the superiors know that he had contributed the idea. He told me that I did not have to do that because where the idea came from that he had a lot more. If the Democratic Labour Party allows us to know the one idea which they have, apparently they have no more so, the one idea they have as to how to manage the Barbados economy and the one idea about development and growth, it is in cotton wool somewhere and in a secret place. Madam Deputy President, I better see if it is over by Barbados National Standard Institute because we look after certain things in a fashion that nothing can contaminate them, so it might be there.

Madam Deputy President, the one idea which they have is somewhere hidden away. I do not know if Senator Stuart knows where it is but, I am advised that he might not know where it is. Madam, the one idea, which they have about the development of Barbados is cloistered away somewhere. They are afraid that if they let out that single idea they would have no more. It is what you would call being bankrupted of ideas. I wish they would take the position where they could give out one idea because they have more where it came from but, apparently, that is not their position.

Madam Deputy President, I want to certainly say that all is not doom and gloom. On the side of the Democratic Labour Party they seek to give the impression that all is doom and gloom which is completely contrary to what seems to be happening because, why would anybody want to invest in Barbados if it were all doom and gloom. Why would anybody be interested in coming here, certainly, that cannot be the case.

Madam Deputy President, what I find is happening is that you hear individuals on that side talking about the country being bankrupt and that the dollar is going to be devalued. The point I want to make is that if you read the IMF Report, you would find that the IMF is not calling for any devaluation of the Barbados dollar. You will not hear the IMF saying that Barbados is bankrupt and they are to ones, who you would expect hearing those things but, somehow, the Democratic Labour Party is saying that Barbados is bankrupt.

Madam Deputy President, they must be careful about what they say because, if they say it too long, too hard and too loudly, the people in the international community would also hear them and then, that would be to the detriment of Barbados. I do not understand how it is that the international community, the same IMF, which they had running Barbados back in 1991, is not of the view that there would be any devaluation; is not of the view that Barbados is bankrupt but, somehow, they have a different position.

I must say that I have to congratulate Senator Stuart because he listened to Senator Erskine Griffith and you know that the two of them are from St. Philip, and I am also from St. Philip but Senator Stuart listened to him and said thanks for the lesson in economics. He went on to suggest that he did not know anything about it and he went on to talk about something else and went on to speak about agriculture and, that is fine. I wish other people in the Democratic Labour Party would admit that they do not know anything about economics and talk about something else. They should talk about health but, then again, they might not know anything about health either. Sir, why talk about economics when, clearly, they do not know anything about economic.

Mr. President, somebody gave them a few rudimentary principles of economics but those can only go so far and Senator Stuart knows that. Sir, Senator Stuart said thanks to Senator Griffith for lesson, that he was not sure what he was talking about and that he would talk about something else. Sir, I have to caution that if you do not know about a subject that you should not talk about it and that reading a book called “Economics Made Simple” or a book called “Economics for Dummies”, is not going to help you. I am not referring to the Honourable Senator Stuart but, they are other people, whom he knows well that have two books which he continues to read. In fact, I understand that he rejected the one call “Economics Made Simple”, and that he is now studying “Economics for Dummies”, only that one, and that is where all the pronouncements come from.

Mr. President, I would like to assure the public of Barbados that in all seriousness, we appreciate the statement of your concerns about the debt. We are pleased that you are interested and listening to the issues about macroeconomic policy in Barbados. We are happy about that and we wish to assure you, that the issue is about managing the debt properly and managing our financial circumstances properly and that the definition of being bankrupt is not being able to meet your liabilities they come due. Barbados has always been able to meet their liabilities as they become due in the past and, we will continue to do so in the future but, we take your concerns on board.

Madam President, I am obliged to you.

MADAM DEPUTY PRESIDENT: Senator Linton.

SENATOR I. St.C. LINTON: Madam Deputy President, I rise in full support of this Resolution for US$65 million to strengthen the balance of payments in the Barbados economy.

S58/15:20

Sequence 21

Wednesday, November 15, 2007

SENATOR I. St.C. LINTON: I want at the outset to say, that whether we borrowed on the national debt side, or guaranteed debt for particular projects in Barbados, the objective was to build capacity, for the development of this country to make life better for Barbadians, to give opportunities, for Barbadian businesses to grow, and for individuals to have opportunities within the economy to invest, and at the same time build their homes, whether by mortgage, which has shown that one institution in Barbados, the Barbados Mortgage Finance, has in a year, granted over $600 million in mortgages to Barbadians. Is that building the capacity for Barbadians?

Madam President, there are two areas which I want to deal with. In building capacity in Barbados, since this government came to office, it has found itself with two particular problems, which I am going to lay at the foot of the Democratic Labour Party, who failed to recognise that building capacity and the standard of living for Barbadians, should have been paramount when they were in office during their twenty-three years.

I recall when the first oil crisis hit us in the early 1970s. I also remember the Minister of Trade and Industry, I believe it was Mr. Branford Taitt, who was concerned about the impact of the first oil crisis on the economy of Barbados. The Right Excellent Errol Barrow, who was out of the island at the time, came back to Barbados and said to Barbadians that there was no energy crisis. I do not know how many people would remember that.

Madam, the Democratic Labour Party, prided itself in having a small debt, at the time. I think it was BDS$278 million. Sir, when money was available, that the country could have obtained a loan at a reasonable interest rate to build capacity, and they did nothing at all about that first oil crisis. The result was, in 1974/1975, the inflation rate in Barbados, rose to 88 per cent. Mr. President, I remember, being a member of the union committee, when I was working at the hospital, when we went forward for wages to meet the inflation rate of 88 per cent, the same Right Excellent Errol Barrow did not agree with the unions, and went for the first time and legislated salaries, without an agreement. They lost the Government in 1976.

Madam Deputy President, the Barbados Labour Party came to office, having recognised what took place in the first energy crisis, began to formulate capacity building in regard to energy in this country. They began to put the idea of having wind-generated energy in place. We must also remember that the Barbados Labour Party, was also looking at wave energy to build capacity, in view of the fact that the organisation of the OPEC countries, was prepared to use energy at anytime, to hold the whole world at ransom, and they began to plan for that.

Madam, the Democratic Labour Party came to office in 1986, and they offered everything to the people of Barbados, which they knew they could not have given. They became the Government and did absolutely nothing about building energy capacity in Barbados. To the extent that they were satisfied to provide Mobil, with an income after tax of 12 per cent, no attempt to build capacity in regard to energy in this country.

Madam Deputy President, this Barbados Labour Party came back to office in 1994, with the objective of building capacity, throughout this economy to keep Barbadians employed, and to have a reasonable standard of living in Barbados. What has happened in regard to energy? In the midst of building that capacity, at the Barbados National Oil Company Limited, what happened in regard to oil and energy? Energy and oil rose to a price unprecedented in the history of the world, but the Barbados Labour Party, in building capacity and building on energy capacity in Barbados, was in the midst of establishing bunker facilities, so that at any time a crisis came, we would have been in a position to bunker at least three months of oil supply in Barbados, to cause our economy to be able to balance out the situation.

Madam, the fact is, we had to borrow money to do that, and we still have to borrow more to do it. Sir, building out that capacity on energy, the Democratic Labour Party is saying to us that the Barbados economy, is in trouble and

that the exchange rate is in trouble, not recognising that having built that capacity, we are in a position, as the oil prices ease, to reduce the cost of energy in Barbados. Is that not forward thinking and planning?

Madam Deputy President, let me go to another area. When we look across Barbados, for the last twenty-five years, due to a particular factor, the earning capacity of Barbadians and the availability of mortgages, never in the history of Barbados, have Barbadians been able to build homes as they are able to build today while meeting their commitments in regard to housing themselves? Sir, never before. Mr. President, do you know what spurred that? The Barbados Labour Party giving an opportunity to persons who lived on estates in Barbados, and who worked for years for nothing on those estates to get land at ten cents a square foot.

15.50 p.m.

Sequence 22

Wednesday, November 15, 2006

Senate 58, sequence 23, 3.30 p.m.

Senator I. St.C. LINTON: Do you know the Democratic Labour Party, including the late Rt. Excellent Errol Walton Barrow voted against it.

Today, part of the building capacity that this Barbados Labour Party regime at this time is seeing that in Barbados, people are being housed, businesses are able to establish infrastructures, in keeping with the times. Sir, the Government has been able to build more roads than the Democratic Labour Party, in its 23 years in Government. Sir, what the Democratic Labour Party says is their territory in St. Philip, they will now have an opportunity to have roads built throughout that parish, which never happened before.

Indeed, I can say with my experience, knowledge and age that whenever this Barbados Labour Party came to office, whether it was in St. John, their territory, or in St. Philip, the Barbados Labour Party did more road construction than they did for themselves.

I want to say that in having the opportunity to have good housing and better standards of living, one of the greatest necessities is water. In regard to this, this country has, for years been losing its production of water, through mains that are over 100 years old.

When the Barbados Labour Party left office in 1986, the then Minister of the Barbados Water Authority had set about a plan in which the Barbados Water Authority would have savings, in order to renew and restore the mains throughout Barbados. When the Barbados Labour Party left office, there was between $25 million and $30 million in that account, for the purpose of building capacity to supply water to all of these houses and businesses across Barbados.

The Democratic Labour Party came to office and took the money that was to do this and put it in the Consolidated Fund. They did absolutely nothing about building capacity, so that the people of Barbados could get clean water. We recall persons crying out that with the water that comes from the mains, they could not wash their clothes. Now, part of this debt ratio, money that is borrowed, has been secured to make sure that all of these rotten pipes by which we are losing water capacity that should go to Barbadians to stop the crying out, this Democratic Labour Party calls it debt.

Senator Stuart said something in here this morning about discontent. In all of these 12 years, unemployment is where it is, persons are able to develop themselves and more of our students are gaining education at every level. Look at the results of the past three years at University of the West Indies Cave Hill. We never had so many first degrees, and even one guy got a triple.

This Government has afforded the opportunity, not only at the University of the West Indies Cave Hill, not only at BCC, not only at the Samuel Jackman Prescod Polytechnic, for the young people of this country to access education. This Government goes beyond that and there is a special programme in which scholarships that come to this Government through foreign countries, OAS and others, Government is looking for some of the most outstanding young Barbadians, who have gained credit in particular areas that we will need for economic prosperity, to give them those scholarships, so that they can come back to Barbados, and continue to build capacity for this country.

Senator Stuart talked about discontent, but Senator Stuart forgot what he said to me. When I called the Opposition Party to come and tell the people what you are going to do. He said to me that an Opposition is not here for that. An Opposition Party is here to make the people dissatisfied. Now, he comes in here talking about discontent.

Senator F.J. STUART: Madam Deputy President, on a point of elucidation. I think Senator Linton is misleading the Chamber. I said that as long ago as 1958, C.L.R. James, in an article written on the political situation in Barbados, told the Barbados Labour Party then that it was wrong to ask the Democratic Labour Party what was it going to do, because the Democratic Labour Party is an Opposition Party, and the role of an Opposition Party is to accentuate discontent against the Government. That is what I said. It is

a matter of a public record, "An Analysis of the Political Situation in Barbados in 1958" by C.L.R. James.

Senator I. St.C. LINTON: Madam Deputy President, Senator Stuart did not only convey that to me. What I understood him to say is that the Opposition is there to breed discontent in the society. If Members of this Senate would recall when I spoke on the Appropriation Bill this year, my theme was breeding discontent in the society.

Madam DEPUTY PRESIDENT: Senator Linton, I think you had better go back now to the Resolution, please.

Senator I. St.C. LINTON: Madam Deputy President, I am going back there, because I am proving the point about what we are borrowing for, and what is the Opposition's position on borrowing.

They say they support us, but they are supporting us with one side of their tongues. I am simply asking when you breed discontent up and down this country, how will you solve it.

Senate 57, sequence 23, 15:40:15

Wednesday, November 15, 2006

SENATOR I. St.C. LINTON: Mr. President, this Government has demonstrated its ability and its capacity to manage this country and to have an understanding of what are the necessary actions to be taken. They did it in 2001, in order to keep Barbadians at work. Sir, anytime that a small country, like Barbados, can come under the pressures of the World Trade Organisation or OPEC, any Government has got to take action to strengthen the economy, to build capacity, so that when those times come, we would be able to withstand it, at least for a period of time.

Mr. President, I stand here and speak in these times because I am near the end of my tenure of life. When persons reach my age, they would not know how much farther they have to go. But I have sons and daughters, grandsons and granddaughters and have no problem at all, if they can gain the kind of support in their education, and are able to go out, like my children have gone out, and earn wages, which I never earned, and that we borrowed money to develop the system for their benefit, what is wrong with they having to contribute to what they have enjoyed and are enjoying.

Madam Deputy President, I stand firmly in support of the management of this economy and the Barbados Labour Party administration. Madam, before we came to office, do you know what was offered to my grandchildren? Bus fare and lunch money were offered to my grandchildren but the green light is on, in relation to the opportunities that my grandchildren would have. Madam, I hope I would be around a little longer to enjoy it as well.

Madam, I am obliged to you.

SENATOR the Hon. E. R. GRIFFITH: Madam Deputy President, I wish to I thank all Honourable Senators for their contributions to this debate on this Resolution which seeks approval for the Government to borrow US$65 million, to strengthen the reserves.

As I have indicated in my introductory statement, the reserves currently stand at a level which would accommodate 21 weeks of imports. This effort by the Government is a precautionary measure to ensure that, in spite of the gap between our imports and exports, the reserves do not fall far below the present level. As you know, the present level is well above the bench mark, which is 12 weeks, but we do not want it to fall significantly below where it is at present. Sir, as has been indicated, it is being held at a level which would allow the Government to continue with a number of its programmes.

Mr. President, Senator Barker, in his statement, has made the point that the capital inputs account for a large part of the imports. As you know, those inputs are the items which go into the various projects. Therefore, by ensuring that the reserves remain at an adequate level, we are, at the same time, making sure that the projects which are necessary to increasing the productive capacity of the economy continue. Therefore, it is important that the Government has adequate resources to cover those imports.

Mr. President, Senator Stuart, in his support for the measure, raised a number of issues in relation to agriculture. Sir, in my statement, I did not spend much time on the subject of agriculture because I felt I should have used my time, dealing with the issue of debt and debt management. In any case, not long from now, we would have a number of opportunities to talk about agriculture. I wish to assure Senator Stuart, however, that he need not worry about what is happening in agriculture. I know he has an interest in the subject and I will assure him that he would not be disappointed in the output from that Ministry. The various projects are gradually unfolding and he would understand that as we seek to modernise a sector, which has been operating in its present way for decades, it would take a little time. However, we are beginning to see light at the end of the tunnel. Sir, indeed, we are seeing light at the end of the tunnel and not imagining it. There are some significant activities taking place in the sector, which will put our sector at the top of the scale in the not- too-distant future. I know that whenever we speak about the transformation in the sugar industry, for example, there are the naysayers who spend time saying that a lot of talk was heard before but that nothing is happening.

Mr. President, the problem is that things are happening so quietly and so successfully, that there have been, in a sense, eluding their attention, because I think it is more of a problem of embarrassment, on their part, to see that these things are happening.

Mr. President, last year the Barbados Agricultural Management Co., for example, as part of the transformation process, put on the market a special brand of sugar known as "Muscavada Gold". We decided not to wait until 2009, when the full project would have been implemented but that we would implement phases of the project as we go along.

Mr. President, when that brand was put on the market, there were some naysayers who had predicted that it would have stayed on the shelves for a long time. Those naysayers words did not come to pass, for that brand has been selling very well. The company, on Friday, jointly with a local private sector company and a private sector company out of the United Kingdom, will launched a new product, which will be marketed internationally. That will be another manifestation of the efforts of Government to transform the sector.

Mr. President, furthermore, there was a site visit on Thursday at the Buckeley Factory, where persons assisted us from the company, along with the Chief Town Planner and persons from the Environmental Unit, were identifying sites for the proposed new factory. They have identified a particular site. The terms of reference for the Environmental Impact Study are to be completed by the end of this week. The intention is that by July 2007, the construction work would start. We expect that the project would be completed and that the factory would be commissioned as planned, for operation from January 01, 2009, which was always the target date for the production of electricity from the use of bagasse.

3.15 p.m.

Wednesday, November 15, 2006

SENATOR THE HON. E.R. GRIFFITH: Madam, that project is well en train and, in a way, it will be a greater part of the transformation of the industry because at that project, we will have a facility to make ethanol from some of the juice, we will generate electricity, the original plan indicated 40 megawatts, 10 megawatts to be used by the plant and 30 megawatts to be sold to the power company. Madam, revised estimates now suggest that we may be able to produce from the existing amount of bagasse, that we can generate about 55 megawatts, so that we are going to be doing at least 40 megawatts.

Madam Deputy President, the Barbados Agricultural Management Company is also putting in place a number of good agriculture practices aimed at increasing the yield per acres. I know that one of the naysayers sometime ago told me that I never grew a cane but that I keep talking about the yield too low. You do not have to be able to grow a cane to know that the yield is too low, all you have to be able to do is the economic analysis. Madam, knowing whether the yield is adequate or not, is not dependent on whether you are an agronomist or not but on whether you are able to do the economic analysis. Madam, this is why persons like that individual never looked at whether the yield was low or not because it does not begin on a knowledge of agronomy but it depends on the ability to do the economic analysis.

Madam Deputy President, the point is that 19 tons per acre is too low and I will stay by that. The Barbados Agricultural Management Company is putting measures in place to deal with that on their farms and, thankfully, there are some other private farmers, who have already started to do things like that. One particular farmer is getting as much as 36 tons from his field where he has been pursuing good agricultural practices.

Madam Deputy President, we are now having discussions with the Solid Waste Project because the intention there is that we will use the compost coming out of that facility, some 40 000 tons per year and beyond that, and we will use the material that can be burnt in the furnace to generate electricity as well.

Madam Deputy President, further than that, we will also be making adjustment to the harvesters, that now, through their inefficient operation cause us to lose as much as 10 tons per acre, leaving canes in the field. So, even without increasing the yield but by adjusting the harvesters, we could raise the yield per acre. It sounds simple but, it is true. It is a pity that the agronomist did not observe that before and help to put it right because it did not need any great effort to do it but, this is the problem that we face in this country.

Madam Deputy President, people who should know and pretend that they know, do not always know but Barbadians are strange, sometimes they do not like to say that they do not know. If you ask them a question, to which they do not have the answer, rather than say that they do not know, that they will find out and let you know, they will give you a bogus answer. They will speak with great authority and you would be tempted to believe it as well.

Madam Deputy President, we have discovered that the practice of leaving all the trash in the field is harmful to future production, rather than helpful. The farmer who now getting 36 tons per acre from his operation is the first person who put that to the test because he removed 80 per cent of the trash. Now that experiment has yielded fruit, what we will do with the 80 per cent of the trash is to take

it to the factory, separate from the canes, put it in the furnace to add to the bagasse to make more biomass and we will also put the tops, et cetera in the furnace as well.

Madam Deputy President, in the very near future, starting from Friday, these revelations will be made known and people will see the fruits of the work in the Ministry. Madam, as far as the legislation is concerned, I know that Senator Stuart would be glad to hear that he will soon have a lot to deal with in here with the modernisation of the legislative framework for the sector. We are doing it on both planks, we are modernising the legislation but making sure that the farmers use the technology to increase their productivity, to lower their cost and to expand their production.

Senator Stuart, as one Philipian to another, you know that I would not give you bad advice. Do not hold on to agriculture as a weak point in the performance of this administration because you would be disappointed. In fact, stay clear of agriculture, I give you that advise. You know that I would not lead you astray because the bond that binds Philipians together goes beyond the sides on which we sit. This is one area you should leave aside, find another area and you would be on safer grounds. Madam Deputy President, the point about this Resolution before us is that the funds are to be used to strengthen the reserves so that they would continue to remain at an appropriate level, which would lead us in a comfortable position to continue with the development, which is taking place in the country, so that Barbados can continue to make its way in this hostile environment.

I have mentioned in my statement that the present size of the debt is not one, which we need to be unduly alarmed at, that Government continues to manage the debt appropriately and, we will continue to make sure that the target, which Government set itself in the National Strategic Plan of 60 per cent of the GDP for its debts, would be achieved over time.

Madam Deputy President, if you look at the fiscal deficit, you would notice that for the first nine months this year, that there has been a surplus. Overall, if there is a deficit, it would most likely come out within the 2.5 per cent, which is the target that Government has always set itself, which is manageable. While it is nice to have surpluses, even with the small surpluses that may be generated from time to time, the level of infrastructural development, which has been taking place in this country, would still require additional resources, if it was to be done.

Madam Deputy President, this world is changing too rapidly for us to be tardy and slow with the development of our infrastructure, if we really want to keep abreast and if we want to be ahead, we have to move with the times to do that. Madam Deputy President, basically, that is our position on this matter.

With those remarks, I beg to move that this Resolution do not pass.

The question was put to the Senate and agreed to.

S58/15:60

Sequence 25

Wednesday, November 15, 2006

ORDER NO. 3

TO MOVE THE PASSING OF A RESOLUTION TO APPROVE THE COMPULSORY ACQUISITION BY THE CROWN OF PARCELS OF LAND, SITUATE AT FRIENDSHIP AND WATERFORD IN THE PARIS OF ST. MICHAEL, IN THIS ISLAND FOR THE PUBLIC PURPOSE OF THE DEVELOPMENT OF A NATIONAL BOTANICAL GARDEN

Madam DEPUTY PRESIDENT: Senator Griffith.

SENATOR HON. E.R. GRIFFITH: Madam Deputy President, the Resolution before us is seeking approval for the compulsory acquisition of lands in the Waterford area, for the purpose of constructing and developing a botanical garden. The particular area in question, including the portion of the land, which is owned by the Government, will be about 254 acres, for use in the establishment of the garden. The bulk of the land, 85 per cent or slightly more, is owned by private individuals, and that is the portion which the Resolution is speaking about.

On the land, which is owned by the Government, there is an orchard, which was established by the Ministry of Agriculture and Rural Development, now being maintained by the persons responsible for managing the project, so that when the new garden is developed, they will be planting material from the existing orchard to transfer to the botanical garden, in the particular area where they will be an orchard garden.

Sir, the preparatory work has been done. That is, there is a small technical staff in place, supported by a few administrative officers and about fifteen persons who are responsible for maintaining the existing orchard, on the land owned by the Government.

During the past few years, all of the planning was put in place. The result is, the project is now at a stage where in a matter of weeks, tenders will go out inviting applications from persons, who are interested in preparing the detail designs of the project. It is anticipated that Phase

one, which will see the installation of the CARICOM garden, and probably the orchard, will take place sometime between 2007 and 2008. That portion should be completed by 2008.

Madam Deputy President, the concept, which has been approved by the Cabinet, is one, where it is proposed that the botanical garden include a CARICOM Garden. This is an area where there will be plants that represent the CARICOM countries, so, there will be plants from different CARICOM countries. There will be a Children Safety Village, a herbarium and visitor facility, a gully ecosystem woodland area, an orchard, to which I referred, a palm garden, an ornamental garden, an amphitheatre, a demonstration garden, a happy theatre, a jogging track, artificial lakes and ponds will be created, a food crop garden and a heritage garden.

Madam Deputy President, all of these will have different features about them. The Heritage Garden, according to my information, will be an area where you will have, for example, all the varieties of sugar cane, which Barbados has used for generations, and that is a very important. Madam Deputy President, last year when I visited the Sugar Museum in Guadeloupe, I was very happy to see that in an area where they have a maze, created by different varieties of sugar cane, that about thirty of the varieties were, obtained from Barbados, and have been grown in Guadeloupe, over the years. In fact, the largest number of varieties came from Barbados, and there were on show. I was very proud to be a Barbadian, when I visited that particular site. Sir, in the Heritage Garden, you will find all the varieties, and other plants that have been grown in Barbados over the years, and other aspects of Barbadian culture will be demonstrated in this particular area, known as the Heritage Garden.

Madam Deputy President, the layout has been done, in terms of indicating where the lakes and ponds will be placed, and where the different gardens will be set. The topographical surveys and soil surveys have been completed, so, all the planning has been done. As I said, there are at the stage where they are getting ready to go out to tender, to invite persons to prepare the detailed designs, so that they can start with the project.

Madam Deputy President, the amount of land to be acquired is set out in the Resolution before us. I think that it is a project, we all should support and commend, because it will provide another opportunity for visitors and residents alike, to visit and to spend time with their family, and enjoy some of what we have to offer in Barbados.

Madam Deputy President, with those brief remarks, I beg to move that this Resolution be passed.

Madam DEPUTY PRESIDENT: Senator Stuart.

SENATOR F.J. STUART: Madam Deputy President, I do not intend to delay the Chamber with this matter. I just wanted to ask the Honourable Minister, having regard to the location of this land, whether I am correct in saying that this land is in the Zone one area, and whether there is likely to be any threat to the water table as a result of the location of this botanical garden. I think that conceptually, there is nothing wrong with having a botanical garden. I am aware that this land is in the Zone one area. I just wanted the Government's assurance that the fact that the water table could be under threat had been taken into account, and that all the necessary precautions have been taken.

I am obliged to you, Sir.

Madam DEPUTY PRESIDENT: Senator Barker.

SENATOR T.E. BARKER: Madam Deputy President, I rise to support this Resolution and do so with a certain amount of pride, because the area is an area with which I am extremely familiar, having come from the Green Hill area.

I want to commend Government for the choice of this land. This is over 250 acres of land, which was previously in agriculture, Friendship Plantation occupied most of it, and that part is not cultivated anymore, but the part to the north of the highway is still in cultivation. I know the area very well.

Madam Deputy President, I want to stress that this area is bounded to the west by a magnificent gully. Those who pass over the bridge, near the part that is now constructed, would have a look into a very deep gully, which runs from Jackson down to Storey Gap, and beyond. I believe this is an ideal area for something like a botanical garden, especially if we incorporate, and I suspect they will, the gully ecosystem in the whole project.

Madam, we have a very extensive network of gullies. A study was done, a year or two ago, looking at the gully system, in terms of their potential for biodiversity, because there are rare plants in our gullies, some with potential medicinal value...

16.10 p.m.

Sequence 26

Wednesday, November 14, 2006

Senate 58, sequence 27, 4.10 p.m.

Senator T.E. BARKER: The gully system is not a part of Barbados that we can easily ignore, even in terms of folklore and happenings, the famous Lancaster Gully, just a

few miles away, but that has special appeal, in terms of Barbadian history.

Sir, the question of the use of Zone one land is an important consideration. I believe that for the Botanical Gardens, we can find non Zone one area for toilet and bathroom systems. We can, and we should encourage the use of organic fertilizer, as opposed to, inorganic. This would be an ideal opportunity, where the Government can show how we can use Zone one land profitably.

I believe that Barbados, with its limited land resources, has to find productive use of Zone one land. We cannot afford to have hundreds and, maybe, thousands of acres of Zone one land out of meaningful production. We are too small an island for that. We have to ensure that the sort of activity that we allow in Zone one areas would not adversely affect the water table, but we cannot, in a small country, totally ignore all Zone one land. We have to find ways of ensuring that, yes, we use it, but use it in such a way that it would not cause difficulties for our water supply, and that is very important.

Now, the Botanical Garden, as I said, the site is tremendous. It is close to town, close to the Bridgetown Harbour, and not too far from the main population centre. I see this as a place for Barbadians basically, as opposed to a place for tourist. This is place where we should be encouraging people to go and visit because it is large enough to have proper facilities, in terms of recreation and so on. When it is completed, hopefully in a few years time, it should be a place that should be recommended for Barbadian use basically, first and foremost. We must always think in terms of providing facilities and amenities also for our people. They must be at the forefront of our deliberations, our thinking and our planning.

This is a very worthwhile venture. The area could not have been better. It is well-located and a lot of thought has gone into this project. I know because for a few years we have been talking about this project and a lot of the background work, as the Minister said, has already been carried out. We are continuing to work on aspects of this project.

I would like to think that when we do things here in Barbados that we do them to the best of our ability. I can see a transformation in that part of St. Michael. We know that it is bordering Waterford, the ABC Highway, in the front of Combermere School, and the Stadium. It is a nice area.

I would like to believe that the people from the area, Storey Gap, Spooners Hill and so on will see this as something that they can easily buy into. They should also see this as part of a Government, which is trying to ensure that the whole country develops and, as we seek to modernise Barbados, we put in place top class facilities for all people basically, and for those who visit our shores.

I do not think we can expect this to be a money spinner. It is not g to be a money spinner, but it is going to be another facility for our people, where they can go and enjoy the best that Barbados has to offer. I look forward to people visiting the magnificent gullies there and experiencing what I experienced as a boy, the coolness and nice atmosphere down in our many gullies.

I commend this project to the Senate. It is well-located and all of the concerns that have been mentioned are things that the planners have gone into. We are not going into a project, without looking at all the implications, and being proactive in ensuring that all of the legitimate concerns of the people are taken into consideration.

Madam Deputy President, I support this Resolution with all my enthusiasm.

Madam DEPUTY PRESIDENT: Senator Sir John Goddard.

Senator Sir JOHN S. GODDARD: Thank you, Madam Deputy President. I strongly support this Resolution but I have a couple of questions.

No mention has been made of the price, as compulsory acquisition, not only of the acquisition but what would the cost be to develop and maintain, because it is a big area of land, and it has to be developed properly, and maintained on a permanent basis.

I say that because we have Welchman Hall Gully, which I am told had financial problems. Madam Deputy President, let me say upfront that the information I am now using came to me from Senator Sir Allan Fields who could not be here this afternoon. He has not asked me to raise it but I thought it was an interesting point, so I would like to raise it.

I have been to Welchman Hall Gully. It is magnificent but it seems to have gone from the radar screen, and I understand for financial reasons. It has not been used or maintained and also Andromeda Gardens in St. Joseph. This is not as central. I do not know who owns it. It do not know if it is in a Trust but the principles are the same. It is a place where Barbadians can enjoy but it is also a place for tourists. Of course, they like sun, sand, sea and so forth. Mr. Deputy President, the Botanical Gardens would be an addition to that. Welchman Hall Gully is an addition to that. Andromeda Gardens would be an addition to that. I just raised those points because I thought they were worth mentioning.

Madam Deputy President, I certainly do support this Resolution.

Madam DEPUTY PRESIDENT: Senator Bynoe.

Senator A. BYNOE: Madam Deputy President, I rise to support this Resolution to acquire lands at Friendship, St. Michael to establish a botanical Garden. While we know that plans have been en train for this for some time, indeed, it is a welcome attraction for all Barbadians.

While speaking on this Resolution, I would like to draw our attention to other possibilities that exist presently within Barbados, in particular, the Graeme Hall Swamp. Madam Deputy President, I am prepared to make a document of this House, an article that was inspired by me, in the year 1982, when I was involved with a former Senator, Canon Andrew Hatch, with "Windows to the sea.

Then, I took two reporters, Harry Mayers and Roxanne Keenas on a dingy journey up and down the Graeme Hall Swamp. It would please, Senator Stuart to know that the dingy belonged to the Rt. Excellent Errol Walton Barrow.

Asides.

Senate 57, sequence 27, 16:20:14

Wednesday, November 15, 2006

SENATOR A. A. BYNOE: Madam Deputy President, Senator Stuart has asked if he lent it to me, so I will now have to give him the story. I was crabbing the week before, with Dame Nita Barrow, who liked to crab, and Leslie Barrow, the daughter of the Right Excellent Errol Walton Barrow. I was involved in a conversation when I said that I wanted to go up the swamp, but that I did not have anything to go in. She said: "Well, you could have my father's dingy". That is the story for you.

Madam Deputy President, as a result of that visit, Roxanne Keenas wrote three articles in the Barbados Advocate, the first of which I have in my hand, which will be made a document of this Honourable Chamber, at page 18 of the Sunday Advocate News, October 17th, 1982.

Madam Deputy President, I crave your indulgence to read the first three paragraphs.

Madam DEPUTY PRESIDENT: Senator Bynoe, does this relate to the National Botanical Gardens?

SENATOR A. A. BYNOE: Madam Deputy President, it does relate to our intension to beautify this country. Is that close enough, Madam?

Madam DEPUTY PRESIDENT: I will listen to hear what you have to say, and then I will decide.

SENATOR A. A. BYNOE: Madam Deputy President, I believe it is of particular interest because here we would hear statements from a former Barbados Labour Party Government:

"Government has a upon occasion made public statements regarding the future of the Graeme Hall Swamp area. Other Government agencies have also remarked on the area's present state and made requests according."

The Advocate News of November 29th l981, carried a story in which Prime Minister Tom Adams, during the official opening of Harrison's Cave, announced that Graeme Hall Swamp was to be developed as the next tourism attraction. He said development of the Swamp area for that purpose was now under consideration and would include a nature reserve and lake development.

Mr. Henry Forde, Parliamentary Representative for the area was reported in the Advocate News of January 21, 1981, as saying that Graeme Hall Swamp and the surrounding area should be preserved and used as a national reserve."

Madam Deputy President, the point I want to make here is that we have other areas in this country, in particularly Graeme Hall Swamp, which have been neglected, and I know there is a committee that is presently working toward Graeme Hall Swamp becoming a national park. This committee, I am told, also involves the present owner of the privately owned facility at Graeme Hall.

Madam Deputy President, having made that point, to which I am thankful, I would now speak more closely to our Botanical Gardens. Some time, in 1974, I think it was, we learnt that there were some 532 species of plants in Barbados, which, by 1990 or thereabout, had grown to some 700 species. It would be a good thing, if within the Botanical Gardens, we could seek to show as many of these species as possible. Furthermore, one would like to think that our desire to encourage other species would continue and that we would find it possible to find within the Botanical Gardens, tropical plants from other parts of the Caribbean, as is intended, but also further afield, such places as South America, Australia, South Africa, et cetera. This would please the hearts of some of us, who love fauna and flora.

Madam Deputy President, no one on this side or the other side, could have any objection to this Resolution and with those few words, I beg to support this Resolution.

SENATOR The Very Reverend H. CRICHLOW: Madam Deputy President, I rise to support the Resolution

to approve the compulsory acquisition of the parcel of land situate at Friendship and Waterford, St. Michael, for the public purpose of the National Botanical Gardens.

Madam Deputy President, I do not think that the idea of a national botanical gardens needs any telling. It is one of the things that every country should have. Therefore, since our education has started to look outwards, I am very pleased to hear that it would include a Caribbean Garden as well, and that lights would be provided. Madam, like Senator Bynoe, I would hope that it would extend even further.

We can see all the schools, beginning with primary schools, visiting the gardens and learning about the plants. We did not have that kind of opportunity, instead we read about plants from the United Kingdom and other foreign countries, but the ones that were all around us, we never read about because many books on our island were not written in Barbados and especially in this area.

Madam Deputy President, the many students who do botany will be very pleased to have a botanical garden in

Barbados and therefore I can see this as doing a lot for Barbados. I can see it doing more for our people than for our visitors, but I am sure that it would be a new experience for many of our visitors as well.

Madam Deputy President, I have great pleasure in supporting this Resolution and wish it every success. I hope that in the not too distant future, it would be established, so that our island might have one other additional attraction and also a necessary part of our cultural and educational achievements.

I thank you, Madam Deputy President.

SENATOR the Hon. E. R. GRIFFITH: Madam Deputy President, in responding to the question raised by Senator Stuart, about whether the land is in the area of Zone One, that is correct. It is felt that by using it in this particular manner, that, in some way, it would be safer than under its previous use.

4.30 p.m.

Wednesday, November 15,2006

SENATOR THE HON. E.R. GRIFFITH: Sir, one of the fears was that if it was allowed to continue that there was a likelihood of chemicals contaminating the water and that by making use of it in this fashion, steps would be taken to prevent that type of danger from occurring because, certainly, there would not be the same use of chemicals in this operation as would have been likely in the case of the general agricultural production. Sir, that has been taken into account and the intention is to make sure that the activities there are carried out in such a manner that there is no other use of chemicals that would lead to any contamination of the water because everyone recognises that a large portion of the water is in that particular area so that has been taken into account.

Mr. President, with respect to the question raised by Sir John, unfortunately, I do not have a figure before me but what I can say with some certainty, based on what I have read in the file, is that the views of the Land Tax Department have been sought to get a valuation from them as is normally done and that would provide a guide as to what sum of money the Government would eventually offer for the land.

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

The question was put to the Senate and agreed to.

SUSPENSION

SENATOR THE HON. E.R. GRIFFITH: Mr. President, I beg to move that this Sitting be suspended until Friday, November 17, 2006 at 11.00 a.m. I wish to remind members that we will start promptly at 10 o'clock in order to get through with our business.

The question that the Senate do now suspend until Friday, November 17, 2006, at 10.00 a.m. was put to the SENATE and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.

S58/16:33

Sequence 29

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SPEAKERS IN THIS ISSUE

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BYNOE, Senator A. A.
CRICHLOW, Senator The Very Reverend H.
EASTMOND, Senator the Hon. Miss L.V.
GODDARD, Senator Sir John
GRIFFITH, Senator the Hon. E. R.
HUSBANDS, Senator Mrs. S.C.V.
LINTON, Senator I. St.C.
STUART, Senator F.J.

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EDITORIAL NOTES — NOT PART OF THE REPORT

Prepared with the transcript; for checking against the recording and the Minutes.

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. *Masthead.* The session is not stated in the source, so no session line is printed.

Q2. *Dates in the text.* The source gives 'Wednesday, November 15, 2007' (15 November 2007 was a Thursday); 'Wednesday, November 14, 2006' (14 November 2006 was a Tuesday). The weekday and date do not agree; printed as in the source.

Q3. *Suspension.* Senator the Hon. E. R. Griffith moves that the Sitting be suspended until Friday, November 17, 2006 'at 11.00 a.m.' and says members will start 'promptly at 10 o'clock'; the procedural sentence gives '10.00 a.m.' and says that Mr. President 'adjourned' the Senate after a question that it 'suspend'. Printed as in the source.

Q4. *Take-slip before Order No. 3.* One take-slip reads 'S58/15:60', which is not a possible time. Printed as in the source.

Q5. *Order No. 4, Senator the Hon. Miss L. V. Eastmond.* The first paragraph of Senator Eastmond's speech ('Thank you, Madam Deputy President, I think it is important...') follows Madam Deputy President's call 'Senator Eastmond.' without its own speech heading, so it prints under the Deputy President's label. Printed as in the source.

Q6. *Introduction of Resolution.* The Leader's notice of the Resolution is given twice, the second time broken over two lines ('Mr. President, I' / 'beg to give notice of the following Resolution:'). Printed as in the source.

Q7. *Order No. 4, Senator Husbands.* The Senator is labelled 'SENATOR Miss S. V. HUSBANDS' in one heading and 'Mrs. S.C.V. HUSBANDS' or 'Miss. S.C.V. HUSBANDS' elsewhere. Printed as in the source.

Q8. *Headings of Orders Nos. 3 and 4.* The Order No. 4 title gives the sum as '($65 000,000)' and the Order No. 3 title reads 'IN THE PARIS OF ST. MICHAEL'; a line 'SEQUENCE 2' is set as a heading after the Order No. 4 title. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The Senate met in the Senate Chamber on Wednesday, 15th November, 2006 at 11.10 a.m., with Mr. President in the Chair; prayers were led by Rev. Father Errington Massiah. On the motion of the Leader of Government Business and Minister of Agriculture, Senator the Hon. E. R. Griffith, Standing Orders 45(2) and 22(1) were suspended. He laid the 2004 Annual Reports of Needhams Point Development Inc. and Needhams Point Holding Limited and the Annual Reports of the Barbados Water Authority for 2000–2001 and 2001–2002, and gave notice of the Resolution on foreign borrowing.

Order No. 4 was the Resolution to approve the borrowing of up to US$65 million on the international capital markets through Deutsche Bank Securities Inc. as Lead Manager to strengthen the foreign reserves, and the establishment of a sinking fund. Senator Griffith insisted that the purpose was to strengthen, not 'prop up', the reserves, and set out the debt profile: 70 per cent of the debt held locally and 30 per cent externally, a manageable portion; Japan's debt at 170 per cent of GDP; and the Government's target of bringing the debt back to 60 per cent of GDP, the European Union benchmark, from about 95 per cent towards 85 per cent.

For the Opposition, Senator F. J. Stuart called the Leader's speech a lecture in introductory economics, cited Professor Paul Ormerod's 'The Death of Economics', and said the Democratic Labour Party accepted the need for foreign borrowing and would support the Resolution, though it implied that the reserves were weak. Senator Sir John Goddard observed that both speakers agreed the money was not for consumption, and Senator A. A. Bynoe supported the Resolution. After the suspension until 1.50 p.m., Senator T. E. Barker rejected claims that the economy was in disarray, and Senator Mrs. S. C. V. Husbands argued that the issue was not whether there was debt but the capacity to pay it, pointing to consumer spending and social programmes.

With Madam Deputy President in the Chair, Senator the Hon. Miss L. V. Eastmond and Senator I. St. C. Linton supported the Resolution, Senator Linton arguing that borrowing had been to build capacity; Senator Stuart rose on a point of elucidation to say he had been misrepresented, and the Deputy President asked Senator Linton to return to the Resolution. Senator Griffith replied to the debate and the Resolution was agreed to.

Order No. 3 was the Resolution to approve the compulsory acquisition of land at Friendship and Waterford, St. Michael for a National Botanical Garden. Senator Griffith said the site, including Government land with an orchard already maintained by about fifteen

persons, would be about 254 acres. Senator Stuart asked whether the land lay in Zone One and whether the water table was at risk; Senator Barker spoke of the area's gullies; Senator Sir John Goddard asked about the price and the cost of maintenance, citing the financial problems of Welchman Hall Gully; and Senators Bynoe and the Very Reverend H. Crichlow also supported it. Senator Griffith confirmed the land was in Zone One but said the new use would be safer than its previous one, and that the Land Tax Department's valuation had been sought. The Resolution was agreed to.

The Senate then rose until Friday, 17th November, 2006.