
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, February 1, 2000

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, February 01, 2000.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed. (Speaker)

His Honour J. M. EDGHILL, J. P. (Deputy Speaker)

Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.) (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)

Hon. D. A. C. SIMMONS, Q.C., LL.M. (Attorney General and Minister of Home Affairs) (Leader of the House)

Mr. D. J. H. THOMPSON, LL.B. (Hons.) (Leader of the Opposition)

Hon. Sir Harold ST. JOHN, K.A., Q.C., LL.B.

Mr. L. R. TULL, Q.C., M.A. (Oxon.)

Hon. Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)

Hon. G. W. PAYNE (Minister of Tourism and International Transport)

Hon. R. C. EASTMOND, J.P., B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C. (Minister of the Environment, Energy and Natural Resources)

Mr. D. CARTER (Chairman of Committees)

Hon. R. N. GREENIDGE, B.A., LL.B., (Minister of Labour, Sports and Public Sector Reform)

Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Housing and Lands)

Hon. R. D. MARSHALL (Minister of Public Works and Transport)

Hon. H. F. LASHLEY (Minister of Social Transformation)

Hon. R. St. C. TOPPIN, LL.B. (Minister of Commerce, Consumer Affairs and Business Development)

Mr. D. St. E. KELLMAN

Miss H. E. THOMPSON, LL.B.

Hon. Miss M. A. MOTTLEY, LL.B. (Minister of Education, Youth Affairs and Culture)

Mr. T. A. PRESCOD, B.A.

Rev. J. J. S. ATHERLEY, B.A., B.Sc. (Parliamentary Secretary, the Attorney General and Minister of Home Affairs)

Mr. D. T. GILL, B.Sc.

Mr. N. A. LYNCH, B.Sc., M.B.A.

Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil (Minister of Agriculture and Rural Development)

Hon. R. R. FARLEY, B.Sc. (Minister of Industry and International Business)

Prayers were taken by Canon Father Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, January 25, 2000.

Hon. D. A. C. SIMMONS: Mr. Speaker, the Minutes of the House of January 25, 2000 needs to be amended because the Honourable Member for St. James South is not recorded as having attended Parliament last Tuesday. That is an error because she sat at the very end and certainly about 3.00 p.m. I remember her asking me if we were going to go on for dinner. Her name is not in the Minutes and I would wish the Minutes to be amended to include her.

I therefore move that the Honourable Member for St. James South be minuted as having been here last week, Sir, and subject to that Amendment, Sir, or any other which any other Member may wish to move, I beg to move that these Minutes be confirmed.

Hon. G. W. PAYNE: I beg to second that, Sir.

Mr. SPEAKER: If there are no corrections or observations, then let these Minutes stand confirmed.

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

I am to report to this Honourable House that I am in receipt of the following:

- (1) The Auditor General's Report and Statements of Accounts for the year 1998-1999.
- (2) The Accounts and Statements as prepared by the Accountant General for the month of April 1999.

PAPERS

Rt. Hon. O. S. ARTHUR: I am commanded to lay the Land Tax (Rate of Tax) Order, 2000.

Hon. R. N. GREENIDGE: Mr. Speaker, I am commanded to lay the Annual Report of the National Sports Council for the Financial Year April 1, 1997 to March 31, 1998.

FIRST READING OF BILLS

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the Fire Service (Amendment) Bill, 2000 be read a first time.

Hon. G. W. PAYNE: I beg to second that.

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

SUSPENSION OF STANDING ORDERS

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's Sitting.

Hon. R. N. GREENIDGE: I beg to second that.

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

GOVERNMENT BUSINESS

ORDER NO. 2 – THE SAVINGS BONDS ACT, CAP. 104A

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I rise to move the second reading of this Bill to amend the Savings Bonds Act which is not only intended narrowly to provide a lawful authority for bonds up to a limit of \$250 million to be raised but also to give effect to a very important aspect of

Government's overall economic policy to sustain the coherent development of the Barbadian economy and to ensure that the financial arrangements that are available to us as a State to create the conditions for that sustained development are in place.

I will deal narrowly with the aspects of the Savings Bonds matter that is before us and then I will speak more broadly about the economic environment within which this particular measure is being dealt with.

May I say at the outset that we are now in a phase where there is a large number of delicious issues that have grasped the public's attention and this debate will be as good a place as any for many of these issues to be addressed. Therefore, I will be relevant and I will say as much as is necessary to deal with the issue at hand.

Sir, as regard the narrow history of savings bonds, savings bonds are financial instruments which are available over the counter in countries like the United States of America.

There are countries that have the good sense to recognize that very high rates of savings are an integral aspect of national development and in the United States of America it is in fact possible to purchase savings bonds on demand and in many respects that is where we really need to go. Just as there are no limits on peoples' capacity to consume, there really ought to be no limits on peoples' capacity to save. The better organized and more developed societies have already internalized that particular philosophy and hence savings bonds are available on demand and can be bought over the counter.

Savings Bonds serve a very important purpose in that they are attractive instruments to the small investor who may not have the sophistication to play the stock market or deal with futures and want to avoid the complication of having to get entangled with a lot of financial analysis before he or she makes an investment and we would like that to become part of the Barbadian economic way of life.

From as far back as 1978, the initiative began to create a framework within which savings certificates oriented, particularly toward the small saver, could become part of the overall programme for the management of the economy. Following that, in 1980, the Savings Bonds Act was brought to this Parliament and passed providing that there could be issues of savings bonds up to a limit of \$25 000.

Sir, the reality is that that limit was quickly reached and in 1986, the then administration came to Parliament with a resolution to raise the limit. However, the Savings Bonds Act at section 3 has the limit built into the Act but a Minister can come with resolutions to authorize issues within the context of the limit.

In 1986 and again in 1989, there were resolutions to authorize the issue of savings bonds but the limit has not been changed. Therefore, you will recall, Mr. Speaker, that in December, 1994, we came to Parliament not just to change the limit again but to validate the actions that would have been taken between 1986 and 1994 that could have been construed as being at variance with the law. We have come to a point where we deem it appropriate and, in fact, very salutary that the limit of savings bonds should now be increased and that they should be increased from \$100 million where it presently is to \$250 million where we want it to go.

11.30 a.m.

I have said to the House that I would rather if in some instances we would have Barbadians wanting to buy savings bonds rather than to buy cars; and they should be able to. We have to reach that level of sophistication and effectively move the limit for savings bonds. The fact is that the existing legislation has a limit built into it and we have to change that.

The savings bonds are directed to small and medium size investors. The way in which our legislation is drafted is that bonds not exceeding \$25 000 in value can be issued to one person or two persons jointly and bonds not exceeding \$50 000 in value can be issued to registered benevolent organisations or friendly societies so that this legislation was drafted to make this instrument as an investment instrument of first choice for small and medium investors.

The bonds also are generally attractively priced. Whereas you get 5 per cent by putting your money in a savings deposit these bonds should attract an interest of seven per cent or about. As you know, Sir, interest earned on savings bonds is free of income tax on individual holdings up to a limit of \$50 000 per issue, so not only is the interest higher but the fact of these savings bonds not being subject to income tax make them relatively more attractive as financial instruments to investors.

Therefore, Sir, there is every good reason why the Government should at this stage be able to expand the limit for the issue of savings bonds. The timing of this has to do not only with the need to finance Government operations – that is the lesser argument – but the need for us at this time in the history of the country to promote measures that can effect an increase in the level of national savings.

Mr. Speaker, this measure therefore comes as part of a continuum of policy measures designed to assist in sustainable development of this society by underwriting our domestic investment from a higher level of domestic savings. This issue of savings was in fact addressed as early as the 1996 Budgetary Presentation where I introduced as wide a range of new incentives to facilitate the Barbadian

public being able to invest in new financial instruments. Mutual bonds and retirement plans and the like have been in virtually every Budget and we have sought to address the issue of increased savings.

As the House is aware, Sir, in recent times the Government has also been addressing the issue of the need to increase savings and to reduce consumption in the society by the use of monetary policy. The only instrument of monetary policy now available to the Government of Barbados since we have accepted the precept of financial liberalisation is to move the minimum savings rate.

The Government of Barbados does not want to exercise any discretion in relation to selective credit controls nor setting the average credit rates. That has gone since 1992. We have moved the minimum savings rate, Mr. Speaker, as part of the effort to encourage people to boost their deposits but we recognise that savings bonds are an even more attractive way of stimulating savings because the interest payable on the savings bonds at 7 per cent is in fact greater than the interest accruing on domestic deposits. That is one of the considerations that prompted us to the need to lift this level.

There is a broader reason, Mr. Speaker. I have already spoken since 1998 to the fact that Barbadians enjoying a new prosperity have been consuming rather than saving the increases in their real disposable income and that burst of personal consumption expenditure unchecked, could have potential difficulties in creating unsustainable balance of payments problems. This, Sir, is not a matter that I have been addressing from today. I have been addressing it consistently since 1998, that the lot of the developing world is a pattern where economies go from boom to bust. One of the most difficult things in the world in a small developing society where one generation moves from poverty, is to preach the virtue of thrift and the virtue of people converting new income into sustained wealth and to speak to the virtue of being able to sustain a boom by drawing from the income of a boom, the wherewithal to invest in sustained development over time.

Barbados, Sir, has been experiencing over the course of the last seven years substantial increase in the level of national income and production. It is necessary if it is to sustain that boom that the income is not frittered away in consumption, given the reality of our small economy that a high level of personal consumption also coincides with a high level of imports.

This measure is relevant at this time when we wish Barbadians to some extent to mitigate their appetites for personal consumption and to put some of their money into saving instruments. It also is intended to have a salutary effect on the balance of payments. The issue of savings

bonds as a means of raising financing for Government operations is far more beneficial than most of the other alternatives. By purchasing savings bonds the individual is taking the income that he or she would have otherwise used to buy motor cars or other consumption goods and putting it in a savings instrument hence reducing consumption expenditure.

Sir, at a time when our import bill has run ahead, the putting at the disposal of the consumers of Barbados instruments to increase their savings is absolutely necessary. Sir, there is a public financing aspect to this which I have to address.

I have made it clear from the time I entered public life in 1983 that what matters in relation to the management of government financial operations is both the size of the fiscal deficit and the method by which that deficit is financed. The financing of the deficit becomes crucial because again, Sir, the history of the developing world and the history of Barbados when it has been inappropriately managed, is one in which governments have utilised, inappropriately so, excessive access to central bank financing as the means by which they support their fiscal deficit.

I have said that to the extent that one can avoid it, one should avoid relying upon the Central Bank's printing of money as the basis for financing operations. The fact is that when the Central Bank prints new money that is an immediate addition to purchasing power and can by that stroke and that stroke alone sustain a higher demand for imports which can be ruinous if a country is facing a balance of payments issue. If, however, you finance it by the use of savings bonds, the savings bonds take purchasing power out of the private economy and, therefore, by that stroke, the use of savings bonds as compared to the ways and means is the preferred way to finance Government operations, particularly if you are facing a delicate balance of payments situation. That is clear, Sir.

Printing of money increases domestic purchasing power and puts pressure on the reserves. A savings bond diverts funds that would otherwise be used for personal consumption and therefore there is no net addition to the domestic purchasing power. This issue, Sir, becomes an issue because the Press has been bombarded with statements coming from persons purporting to speak on behalf of the Opposition on this issue. I want to tread very carefully on this matter because in the last Parliament the Honourable Member for St. John was careful not to appoint the individual to whom I am speaking as shadow Minister of Finance, despite his purported training in the discipline of economics. He obviously, Mr. Speaker, Sir, knew something that most of us do not know. Many people, of course, say that it was a consideration that undermined the standing of the person in the eyes of the public. Sir, I have said to this House and I can repeat it because he was here when I said it,

Sir, that the person to whom I refer and who is not here now and hence cannot qualify as an Honourable Member, is a person who my grandmother would refer to as an ignorant fellow.

11.40 a.m.

I remember when we became the Government in 1994 that the only thing I have ever shared with the Honourable Member for St. John is that I shared the same financial year 1994. In 1994 he brought his only Budget where he did not believe that the economy could stand more than \$2 million in tax concessions. My first action was to say "IMF go home, I am going to express confidence in the Barbados economy by doing what you say cannot be done, remove all the duties on manufacturing and agricultural inputs". I was pilloried by the same person of whom I speak because his view was that to tax people's input was a form of protectionism. You provide protection to manufacturers when you put a tax on competing imports but you do not provide protection to them when you put a tax on the inputs. The man, as an economist, confuses imports with inputs.

The Democratic Labour Party was catapulted on a policy of folly which is still remembered today with a sense of power by the manufacturing community that the Government was wrong to remove the tax on inputs because he was providing him with protectionism. We have had, from him, Sir, a whole slew of nonsensical and irrational statements. At one stage, Sir, he was for the zero rating of the hotel industry and tax on food. Now, Sir, he wants to tax food and give zero rating to the hotel industry. When he speaks, Sir, you can see that his statements are the product of a confused mind.

This weekend the public was told that rather than use savings bonds that the Government should be looking to increase its borrowing by way of the Central Bank's ways and means. The simple foolish argument is that because savings bonds carry an interest rate and because he does not believe that the ways and means carry an interest rate that you should use ruinous printing of money by the Central Bank in preference to using this more sensible measure, that will not only suffice to finance our operations but will also suffice to bring about a sensible balance of payment position and will cater to the need of the small black man of whom the DLP is so assiduous in its false tears, by giving them a broad range of attractive tax free financial instruments to which they can obviously gravitate.

The Government, Sir, will merely be subscribing to the DLP's death wish for this Barbados economy if we were to seek to use Central Bank's financing as recommended by their financial guru rather than use these measures that will require our public expenditure to be financed from immediate income.

Asides.

Rt. Hon. O. S. ARTHUR: Excessive domestic credit creation is the ruin of small economies. If you have the capacity to finance expenditure from income rather than credit creation, Sir, you keep your system sound by so doing.

I am surprised, Sir, that members of the Press who have been following our economic circumstances would not recognise the folly in what he has said and lambasted him. There is an economist, Sir, who is on his death bed, who made a whole career of this issue. Keep the country stable by avoiding excessive credit creations through the Central Bank. The same DLP that recognised that, would want to entertain in their ranks a foolish fellow.

Asides.

Rt. Hon. O. S. ARTHUR: He has to be a fool who will tell us now that because savings bonds carry an interest rate, it is too costly, go and borrow from the Central Bank. Sir, I say that is a death wish for the Barbados economy. Mr. Speaker, Sir, we have fought too hard to bring back this economy and we are not going back there.

Asides.

Rt. Hon. O. S. ARTHUR: Sir, it shocks me that this kind of foolish judgment can be allowed to parade in a Party.

In truth and in fact, Mr. Speaker, Sir, it is not true to say that Government's overdraft from the Central Bank needs not carry an interest rate. It can also carry an interest rate but in this issue it has to be decided upon. Even if the interest rate on the ways and means was lower than that on savings bonds, this matter has to be decided upon the basis of the greater good. A sensible economist would analyze what is the trade-off here. Is it worth the price to destroy a balance of payment and the economy by going for a method of financial Government operations that you know might be less expensive in terms of an interest rate but more challenging on the balance of payments? That is the kind of judgement that an economist must exercise.

Sir, I am staggered that after all that has been said over the course of the last twenty years about how you manage the Barbados economy, you can have a resurgence of the monumental folly – I cannot call it, Sir, rhetorical flatulence – but the folly that would want to suggest to a Government that we should now go the way of printing of money because it is less expensive. Sir, it is advice that I must tell you, Sir, that this Government cannot embrace.

It is as if the Democratic Labour Party has now reached a stage where it believes that the only basis upon which it can seek political salvation is on the ruins of the Barbados economy. I must say to them, Sir, that in 1991 they exercised that option already when they said that they were not going to commit political suicide, that they would do anything that

they want to with the Barbados economy. They have already had the luxury of that approach to destroy this economy and they are not now going to foist that approach on this Government.

We are going to, therefore, use these savings bonds in a sensible way to help finance Government's operations to help address matters of the stability of the Barbados economy, by finding ways to encourage people to save more rather than consume more. At the same time, Sir, we are contributing to the building of a broader ownership in this country by creating the basis for small persons to be able to have access to a wider range of investment instruments at more attractive rates than they would have had, if they were to put the money in the bank.

Sir, may I also say that this decision to raise the limits on savings bonds have been timed to coincide with our repayment of the 8%. We have made a determination, Mr. Speaker, Sir, that we would give back the 8% but in so doing...

Asides.

Rt. Hon. O. S. ARTHUR: We are not taking back money, we are giving people an opportunity to invest and earn a good interest tax free.

Sir, we are therefore timing this to coincide with the repayment of the 8% because we are not forcing people to invest, we are opening up the opportunity for them, Mr. Speaker, in compliance with the position that was taken by this Government from the outset, that to the extent that the public servants made a sacrifice and an investment in the future of this country, that sacrifice could be allowed to continue by they being able to invest the 8% repayment in this form, if they so choose.

Shortly, therefore, Mr. Speaker, the Central Bank will be issuing Savings Bonds as well as Treasury Notes to enable the society and in particular, Sir, the civil servants to be able to thus partake.

Sir, I just want to clarify one point because people hear what you are saying but it is as if they do not understand what you are saying. The Government is not proceeding now to raise \$250 million immediately by savings bonds. The limit is now \$100 million. That limit has been reached but we are making it lawfully possible for savings bonds up to that amount to be issued. That is the outer limit beyond which savings bonds cannot be issued without lawful authority being created by this Parliament. We are not going out now to raise \$150 million immediately. We would suppose, Sir, that over a period of time that with additional funds we will be able to reach that point, but I must stress

that point because sometimes the Press does not understand what we are saying. The Government is not raking in \$250 million in savings bonds as some people suggest... 11.50 a.m.

Asides.

Rt. Hon. O. S. ARTHUR: Or \$150 million either. In fact, Sir, I think the Central Bank may not be issuing any more than \$30 million or \$40 million immediately and that point has to be made because it is misunderstood by persons of whom we would think better.

Sir, this matter of the issuing of savings bonds to accomplish those purposes and I would spell them out, is nothing new. The savings bonds are attractive as a financial instrument for small and medium investors. It carries a wonderful interest rate compared to the deposit rate. It is tax free. Small denominations will help us to broaden the range of instruments, address matters of consumption, personal savings and find the most efficacious way of financing the Government's expenditure.

Mr. Speaker, there has been a lot of controversy about the state of the Barbados economy and I really need to use this opportunity to speak to some of the issues. I am hearing confusing noises from the Other Side. On the one part they are claiming credit for the prosperity and on the other part, they are saying that the economy is in total ruins. It takes a split personality to make those two things equal but that is what the public is being bombarded with.

The reality, Mr. Speaker, Sir, is very simple. This economy has just realized its seventh year of economic growth and it is in its eighth year. We are in the longest period of economic expansion of the Barbadian economy since Independence. This is a very important point and I repeat, this is the longest period of economic expansion of the Barbadian economy since Independence. It has been accompanied by low rates of inflation and a decrease in the level of unemployment to historically low levels. Large new entities have been brought into economic activity in this country and we are pleased and proud of that record.

The growth of this economy, Sir, will continue this year. It will continue, and I want to stress this, Sir, sustained and sustainable economic development will continue this year because the macro-economic fundamentals of the Barbados economy are sound and strong. We are making efforts to reposition the Barbados economy to deal with new domestic regional and international realities and of these I shall speak.

We are into a phase, Mr. Speaker, Sir, where there is an investment driven growth in certain sectors that will create a basis for income generation in a succeeding period and

while this investment driven growth in some sectors may be putting some pressure on the balance of payments, it is worth sustaining because the return you will get for it is an expansion of our foreign exchange income and generating capacity over the medium and the long-term. The point I am making, Sir, is that there has been a sustained growth in the economy and yes, there has been some loss of reserves and I will begin by speaking to that.

It is customary in the Barbados economy for our reserves to fall in the second half of the year as the businesses stock up for Christmas. Last year however, Mr. Speaker, in addition to the use of reserves to pay for imports to stock up for the last day of the Calendar year, the Government paid back a \$60 million loan. This was a one-shot and a once for all activity which does not therefore in and of itself, speak to any structural problem with the Barbados balance of payment.

Mr. Speaker, I want to deal with that issue in the context of the propaganda that has been put by the Opposition that we are now in a worse position than we were in 1991. These are the facts, Sir. In 1991 we faced a similar situation where the same Government had to pay back a similar loan all on one day. We paid back ours on the last day of the year but nobody in Barbados was aware of it. There was no crisis and not only that, subsequently our reserves have now risen to \$632 million.

Asides.

Rt. Hon. O. S. ARTHUR: Having paid the loan, we now still have reserves – more than 14 weeks of reserves higher than the level required for safety purposes. When we inherited the Government, our reserves were \$320 million. We have not only more than doubled them but we have doubled them even while paying the debt.

Sir, the public is being told that we are in a worse situation than in 1991. In 1991 when the DLP had to pay back their loan, the reserves were not \$600 million. In July of 1991 the net reserves in the Central Bank were \$64 million. It later fell to \$39 million and on September 11, it fell to \$11.9 million. So in 1991 the DLP had to pay back a \$60 million loan but they had only \$11.9 million in the reserves. What did they have to do? They had to sell Heywoods. They had to give away our shares in the BET and in BARTEL. They had to make all the private sector people bring back their loans from abroad. They gave away everything in this country.

In 1991, apart from being in a position of wealthier safety, there were only \$11 million in reserves. Sir, having paid the loan we had \$632 million in our reserves which is twice what they left us and they are saying that the country is in a crisis.

Aside.

Rt. Hon. O. S. ARTHUR: This is ridiculous that a society could be so bombarded with nonsense from an Opposition. The Governor of the Central Bank of Barbados was able to say that despite what happened last year, they are not recommending any change in the Government's monetary policy because our reserve position is sound. It is not only sound now but we are building to increase it in the future because all the investment dignitaries like Sandy Lane and others are expected to expand our capacity in the future to earn foreign exchange for this country. Yet, the public is being told that we are now in a worse position than then, without being told that a Government paid back \$60 million, has almost \$700 million in reserves, so that is a different situation than having to pay \$60 million when we only had \$11 million.

Sir, my grandmother would have understood that but the man who speaks on behalf of the DLP has a difficulty understanding these simple things. What is the pool of reserves from what you had to pay the debt and to meet the foreign exchange requirements to sustain an investment pool in the country? That is the issue so if you have over \$750 million in foreign exchange reserves and you use some to invest and to pay debts, it is a different economic and financial situation than if you have \$11 million and you are struggling to find money to pay the debt. It is a devious and disgraceful misrepresentation of the public record for anybody to see these facts and to try to equate our circumstances now with our circumstances in 1991.

Sir, the Opposition has seized on what it regards as facts pertaining to the Government's financial problem and I want to set the facts right. There has been a decline in the net receipts from the VAT by reason of deliberate policy. I will repeat. There has been a decline in our net receipts from the VAT by reason of deliberate policy. Not only have we reduced the VAT on a large number of food items but the Government was building up arrears payable to people to whom it owed the VAT and we have decided to accelerate the repayment of refunds and reduce the arrears. Sir, the gross collection from the VAT has increased but we are now working down the arrears and paying back the refunds.

I want also to say to the House that the Government has taken a decision to change the management of the Value Added Tax because we do not want to be in a position where the tax becomes a problem in its administration. There is nothing wrong with the collection from the VAT. All we are doing is working down what we owe the public and making sure that people get back their refunds and the public can be assured that that system will stay in place. That is sound financial management but we are now being told that the Government should increase the VAT or that the Government will have to increase the VAT.

12.00 noon.

I want to stress the point that we shall refuse to succumb to any pressure applied to us in public originating from a man who is adopting a false analysis to impose an increase of the Value Added Tax (VAT) on the people of Barbados. I give that assurance, Sir. All you are therefore doing is a one-shot operation trying to make sure that what you owe the public is brought down but the collection is going up.

In relation to income tax, we did two things. For the first time last year we introduced the Reverse Tax Credit where we gave back \$500 to persons earning below \$13 000 annually who did not pay any income tax. In 1998, I also introduced measures to increase the income tax threshold from \$13 000 to \$15 000. Those measures have now started to take their effect.

However, the point I am coming to, is that when the Central Bank Governor speaks, she speaks on the basis of provisional information at the time. The facts now, however, are that the income tax information that was put out as provisional information is lower than the real information by about \$14 million and the Opposition seized upon this as evidence of a structural difficulty in Government finances but this is provisional information.

I want to say to the House that this economy is generating enough revenue at existing rates to meet Government's operational requirements because not only will our revenue be on target but if people were to pay Government what they owe them we might in fact exceed what our projections were to begin with because as you might be aware, Sir, there is some \$30 million in excise taxes owed to the Government that we can collect. We have given about four or five amnesties at the Land Tax Department which was about \$18 million outstanding.

Sir, I have given instructions that the Value Added Tax (VAT) arrears owed by the Government to the public should be reduced because there is also a section of the Barbadian public who are starting to accumulate arrears with the Value Added Tax (VAT) Office and we will collect. When you take what is owed to the Government plus what we have taken in as revenue and you add the two of them together at an existing tax rate the economy is generating enough revenue to be able to meet our operational requirements. Therefore, Sir, there is no basis for us to be looking to impose higher taxes on the people of Barbados for financing purposes.

May I also make the point that I have already said last year when I dealt with land tax and so on that I was going to review them and I have already sent the signal that I am going to review these things. I am not an adamant man.

Asides.

Rt. Hon. O. S. ARTHUR: My Cabinet Secretary spoke to me, Sir, as we do, freely.

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Member for St. Peter is misleading the House because when he had the debate in here on land taxes I pointed out to the Prime Minister that he will be making serious errors and he also admitted to himself in this House that whenever ...

Mr. SPEAKER: Honourable Member, please, that is not a point of order.

Asides.

Rt. Hon. O. S. ARTHUR: Sir, I do not stand unceremoniously on these things. I have already said that if Honourable Members on the Other Side make sensible suggestions that are in the best interest of the country, I will use them. I believe in the politics of inclusion.

Asides.

Rt. Hon. O. S. ARTHUR: If the Honourable Member for St. Lucy wants to say so, that is his business. However, the way in which I operate is to recognise that you can make calculations and that you should review things. I have gone public and say that it will be reviewed because the Government in using taxes is not interested in working a hardship on the people of Barbados.

Sir, if the Honourable Member for St. Lucy wants to claim paternity for the matter, so be it, Sir. I have no difficulty with that.

Asides.

Rt. Hon. O. S. ARTHUR: The point I am making is that these extraordinary calls by the Opposition for the Government to impose increases on the Value Added Tax (VAT) on the public are without foundation and will be ignored.

The Government departments will be required to be disciplined in how they make current payments to the public as they will be required to be disciplined in how they collect what is owed to the Government. I speak particularly in relation to those persons who owe land tax. Sir, if I may be spared a little conciliation here, this country has had three amnesties for land tax in the last ten years and there will be no more amnesties. You will either pay or you will feel some pain.

I must also stress, Mr. Speaker, that Government's expenditure is under control. How often does a Minister of Finance come to Parliament in a position to say as I can say

now that our current expenditure up to December for this financial year was lower than our current expenditure for the last financial year and that is despite having increased wages? How often can one say, Sir, that our expenditure on the current side is lower and that we have also kept a lid on Government's capital expenditure in keeping with our overall policy not to allow government's expenditure to grow out of all proportions?

12.10 p.m.

Government's expenditure on the current side, as I said, is lower than last year and capital expenditure has risen modestly to 5 per cent so our expenditure is under control consistent with our obligation to the public that at a time when we had to pay increased debt, at a time when our foreign exchange earning capacity was under some pressure because of the Hilton and Sandy Lane out of operation, that we were not going to exacerbate on any tendency towards those pressures by increasing domestic expenditure.

The overall deficit that we expect, Mr. Speaker, to face us by the end of the financial year will be in line with the limit that we set for fiscal policy at the start of the financial year and this will be despite, and I want to stress the point, the overall fiscal deficit for the fiscal year will be within the limit we set at the start of the financial year despite our bringing to account repayment of the wage increase and despite the provision that we have made for the payment of the first tranche of the eight per cent to public workers of Barbados.

Mr. Speaker, you therefore begin to wonder what is all of this talk about the financial disorder in Government's relations. There is one issue to which I have spoken to the House that because of the very strong private demand for credit, there were times during the course of the financial year when Government's issue of Treasury Bills were under-subscribed and there were times when what we did was to reduce our own deposits with the Central Bank to meet the shortfalls that arose between the Treasury Bills that were to be rolled over and the amount that was subscribed.

I acknowledge, Mr. Speaker, that has taken some doing and keeping Government's finances afloat in a buoyant economy is always going to be a matter that requires the exercise of the most delicate judgment because what the Government does not want to do is to stop the private sector from continuing to invest while at the same time it still has to respect the fact that it needs to tap the market for financing for its domestic purposes.

Mr. Speaker, this has to be said in the broader context because we are a 21 by 14 economy. We recently got a rating in the international capital market that was as good as the People's Republic of China. It was higher than that of some Latin American countries. There are countries that

have nuclear capacities that can still borrow from the World Bank but Barbados, a 21 by 14 economy, 33 years into Independence, can no longer look to a major source of concession financing to pay our way. We have to go to the market and the market we will tap is the domestic market. That is why we need to raise domestic savings and in the international capital markets. That is why those bond ratings in the market are so important to Barbados. That is why this domestic saving bond issue is so important because the financial options available to the Government of Barbados have narrowed in relation to our access to concessional financing. It therefore means that we have to be more judicious in how we deal with the matter.

The real pressure on the Ministry of Finance has come, as I said, on the fact that you have a buoyant thriving economy, where there is a tremendous demand for credit to sustain that private economy. We do not feel we should stop the private economy but we recognise that the buoyancy of the private economy constrains the extent to which Government can have access to domestic savings. It has done so and hence we therefore need to expand the pool of domestic savings so the whole thing forms part of a whole.

The attempts by the Opposition, Sir, to discredit it are unworthy particularly since what they are offering as alternative would do great damage to the Barbadian economy. In a way, Sir, I need to speak to the broader picture because what I am seeking to do with this economy is not just to sustain growth but Barbados has to face fundamental problems of repositioning. All Caribbean countries, Sir, have to face fundamental issues of repositioning themselves in the context of the regional and the international economy.

Our first decade of Independence as economic entities saw us have access to trade preferences, concessional financing and those things are going. By the year 2005 they will go. We will have to face a future in which all of the props that have hitherto supported most of our industries will go. We will have to face a future in which we will have either to create our own savings or look to borrow savings not from multilateral investment development banks but on the international capital markets.

Mr. Speaker, what is happening with the respective sectors in the Barbados economy is worth talking about. In the case of the tourism sector, our long-stay visitors last year increased. Cruise arrivals were down and that explains in large measure the performance of the tourism sector. The cruise sector grew modestly because cruises were down. That is being repaired.

The tourism sector in Barbados, Mr. Speaker, is in an exciting period of reconstruction. Last year in November the Barbados Government received the award from the Caribbean Hotel Association as the Government that was

doing the most for its tourism industry. I want to repeat this point, Sir. This Barbados Government received the award from the Caribbean Hotel Association as the Government that was doing the most for its tourism industry.

We are making a tremendous investment in the building of an infrastructure to support our tourism industry, the Waterfront Development and the work of the Tourism Investment Corporation is fundamentally part of it. We have extended a range of concessions available to tourism such that in the past, if you were to expand a hotel by more rooms than the initial investment, you could not get concessions for it. Under the old Hotel Aids Act you got concessions only for building a hotel but if you doubled or tripled your capacity you got no concession for that investment. One of my first acts has been to make him financially capable. If a man triples his capacity, that adds more to the economy than the initial investment, so give the man some concession for that. Builders have also been committed to the tourism pool. You get concessions but you have to commit them.

Our initiative in heritage tourism and our initiative in sports tourism has attracted the support of the international community. It is there for all to see other than the purblind people in the Democratic Labour Party.

We have commissioned a study to completely put in place a new framework for the development of the tourism industry. It has enjoyed the benefit of the widest possible consultation and I am hopeful very shortly to be part of a debate in here where we will talk about a new Tourism Encouragement Act.

We have put in place, Mr. Speaker, a Hotel Equity Fund. We have put in place arrangements for small hoteliers constituted as a cooperative to be able to have direct funding from the Government resources as well as to attract tax concessions for any contributions by individuals or institutions to their fund. All those are things that have been done to put the Barbados tourism industry on a strong and sustainable footing, recognised as such by the international community. We are in a peculiar position, as I have said more than once, where for the first time since Independence three of our main largest earners of revenue in tourism sector are out of production at the same time.

Aside.

Rt. Hon. O. S. ARTHUR: I am saying, Sir, the hand has been dealt but the fact is, that is what I have been dealing with as Minister of Finance. They will come back at some stage soon but for now, they are out of production and we have therefore to find a way to manage the economy, as we are doing, to accommodate ourselves to the fact that weeping may endure for a night but joy shall come in the morning. And that is our reality.

Sir, in the case of the manufacturing sector, in April 1994 without discussing this with anybody at all in Barbados, the Democratic Labour Party gave commitment under the Uruguay round that would have severe implications for our manufacturing industry. Under the rules of international trade, the then administration determined that it was going to remove certain goods from licence and impose a surtax on them and that in relation to the other goods that were to remain on licence, a period ending by the year 2004, all those licences would have to be removed on the understanding that in that interval between 2004 and 1994 the Government could impose tariffs on those goods that would provide protection equal to the licences that were in place.

12.20 p.m.

I want to repeat that, Sir, because when I say I have to play the hand that I have been dealt that is part of the hand, that Barbados has entered into an undertaking with the World Trade Organisation as far back as April, 1994 which affects the level of protection that any Government of Barbados can hereafter provide to the manufacturing sector whether by way of licences or by tariffs. That is the reality. The rules governing our relationship with the WTO is that in instances where we remove licences and impose surtaxes that they have to be phased out over a period of time.

In 1994, Sir, when the DLP introduced the surtax it was the understanding that the surtax would have been phased out by this year. We inherited that hand and we are playing it. What it means is that a manufacturing sector that has become accustomed to surviving, protected by licences and high tariff on inter-regional imports, now incrementally has to adjust itself to a new reality where such forms of protection are no longer available to the Government of Barbados. Sir, these are commitments of 1994, not of today. Therefore, between 1994 and 1999 I have tried my best to refashion the rate at which we phased out those protections to give them a greater breathing space. That breathing space is coming to an end.

I have told manufacturers, and they appreciate the point, that they can no longer ask me to use licences and high tariffs or other such protective devices that are in conflict with our international organisations to help them to find industrial solutions to their industrial problems. They are working with the Government on that programme because they do not want to find themselves in the hands of an administration which feels that the solution to manufacturing fortunes is to impose taxes on inputs.

I feel that we have to support in the manufacturing sector, Sir, a form of restructuring and retooling and recapitalisation similar to that which Trinidad undertook in the early 1990s. Sir, the reality is that Trinidad is not just more competitive than us because they have cheaper energy.

In the early 1990s, Trinidad took a deliberate decision that it was going to take a lot of old productive capacity that depended upon licences and tariffs and so on and replace it with modern productive capacity. They faced the bullet and they are now the beneficiaries of that process. They also devalued and that is also why our own circumstances in relation to competitiveness have been increased because we are ruling out one of the mechanisms that they used.

We are going to find the means, Sir, to assist the manufacturers in dealing with the problem of competitiveness in this new age when we can no longer offer protection by licences or by tariffs by finding industrial solutions to industrial problems. That is the only way now. The lifting up of skills in the sector affording the sector the opportunity to be able to access new technology, new machinery, to meet international quality standards, all of these things have to be done. The programme is slowly coming on and is in place to enable us to reposition manufacturers in the new age.

You cannot compete internationally if you cannot meet international standards. Many manufacturers cannot themselves from their own revenue put in place the systems to meet international standards, and in two Budgets now, Mr. Speaker, I told manufacturers that I will give assistance to enable them to reach ISO standards because that has to be the basis upon which we seek to penetrate the international market. All of that is in place, Sir. We are assisting a new class of Barbadian, small businesses and the Member for Christ Church East will speak to the issue.

In agriculture I believe that an alarming lack of reality still wants to reside in certain minds. The agricultural sector, like the manufacturing sector, is one of those sectors in the Barbados economy that is threatened by the new rules of international trade. There was a debacle at Seattle where the world met to deal with a new round of international negotiations. The facts are that the WTO has a built-in agenda of which liberalisation in agriculture is but one aspect of its agenda. What do I mean by that? Between 1947 and the early 1980s international trade negotiations focussed through several rounds of negotiations on the reduction of tariffs on manufactured goods predominantly. There was no concern previous to the Uruguay rounds with the liberalisation in trade in agriculture. So the European Union in the absence of international rules or in the absence of having agriculture subject to binding rules of international trade has put in place a system of price supports to provide income for its farming communities. Under the Uruguay rounds for the first time agriculture was brought within the ambit of international trade negotiations.

Clearly, Mr. Speaker, Sir, you cannot have free trade if one man is subsidised in his production and another man is not. Under the Uruguay rounds the developing countries that

provide very substantial subsidies to their agriculture have agreed to a programme to reduce their domestic price support paid to their farming community. You will ask me, Sir, what does that have to do with us? The answer is that the price that the European countries pay to their domestic institutions for beet sugar is the same price that they pay us for our sugar. They have given commitments under the Uruguay rounds that they are going in each year subsequent to now reduce the price that they are going to pay their own sugar producers and hence we have to contemplate a future where in every year hereafter we are going to be faced with a reduction in the price we receive from the European Union for the sugar that we are selling to them.

I say that some people seem to have an alarming lack of reality about our circumstances because we already start with a situation where our cost of production is higher than our revenue realised per tonne of sugar and some people believe that the solution to that is not to address the question of cost but to impose new discretionary additions to the cost of production in this country.

The Government of Barbados will this year introduce an agricultural development trust because we recognise that if the price paid for our agricultural exports are going to decline we have to help the industry to put in technology to contain the cost of production.

Manufacturing has to be recapitalised. Agriculture has also to be recapitalised and the way to deal with falling revenue is to change the production system. The purpose of the agricultural development trust therefore will be to help the industry to respond to circumstances of falling prices paid by Europe by changing the production technology in the sector.

It would come therefore as a great setback to our attempt to deal with the reality in the agricultural sector if at this time when we are facing falling prices people are not conscious of the need to control their costs. The only persons left in sugar production in Barbados are the large estates who will spread the costs over a large volume of output. We have reached a stage in Barbados, Mr. Speaker, Sir, where small independent producers can no longer afford to produce sugar because the cost of harvesting and transport is higher than the price they receive per ton of sugar. That is a reality. Those persons who believe that the future of the sugar industry now is to be found in increasing the cost are dealing with a dangerous lack of reality, Sir. They are not in the programme.

12.30 p.m.

Sir, we believe that this country must always have a viable commercial agriculture. Barbados will be a scruffy and unlivable place, our rural society would be the poorer if

we were to allow agriculture to vanish. It has vanished in some Caribbean countries and it can happen here if we are not careful, Sir. The Government is going to offer reasonable support to the industry. Let me illustrate, Sir. In 1994, when we became the Government, we found the sugar industry at 38 000 tons. Our policy has been that Barbados should reach the stage where we produce enough sugar to meet our contractual export obligation of 54 000 tons but should also produce enough sugar to supply the local market. The reason why we want to reach that stage is simple, Sir, that the most lucrative market for Barbados sugar is not the export market but it is, in fact, the local market.

If the financial fortunes of the sugar industry are to be improved the industry has to be put in a position where it can produce enough sugar to be able to tap the lucrative market.

This is separate and distinct from the price that we would have in consuming our own sugar and the foreign exchange that would be saved from importing other sugar. Part of the solution of the sugar industry is therefore, to produce for the Barbados market. That is the reason why, Sir, when we became the Government, we decided to change the DLP's sugar target. When we investigated, a 60 000 ton industry could not have been met by both Portvale and Andrews factories. In fact, Portvale's operating efficiency is lower than Bulkeleys. We needed to keep all three factories in place to meet the target. We did not set a target, Sir. We found the industry under the DLP at 38 000 tons. We said that we wanted it to go to at least 60 000 but they said they did not have the money to plant. We said, in each year we are going to give you an incentive to plant back sugar cane in this country to enable us to come to the point where Barbadians can boast again of consuming Barbados sugar and the industry's financial position would be stronger by catering to its own local market. That has been our policy. For four years, we have asked the industry to respond to a national objective and have supported them by giving them an incentive payment and that is a legitimate response by Government, if you ask a man to do something that is in the national interest but he does not have the financial wherewithal to comply.

The Government will continue to provide the industry with support in relation to a planting program that will allow it to reach a stage where it can both meet our domestic and our export obligations. It is also true, Mr. Speaker, that if the industry suffers as a result of exchange rate variations outside of its control and it was to ask for a price support, we could consider that as well.

The truth is, as everybody knows, Sir, the Euro has been weakening relative to the dollars and the industry is now suffering because of exchange rate variations and that can be a legitimate basis for support by the Government. What is not a case for legitimate support, Sir, is if the

industry, despite its circumstances, goes ahead and foist on itself an increase in the cost that it knows that it cannot support.

Asides.

Rt. Hon. O. S. ARTHUR: You will have to pay that yourself. We have made that point very clearly. We are going to help you to replant, we are going to help you with a program to make yourself more viable by containing your cost but if you go outside that loop and increase your cost at a rate that you know you cannot afford, then that falls to you. That has to be the basis, Sir.

As regards the offshore sector, Mr. Speaker, the sector is considered still to be the most important of the Barbados economy. I hope that serious damage is not done by an article that appeared yesterday in *the Globe* and *the Mail* in Canada that told Canadians what a wicked set of people Barbadians were and that a Government in the early 1990s 'mash up' a Canadian investor who came here to invest in cotton. The word has gone out and it says that we are wicked people. Barbados' name now has been tarnished in the international market place by something called CARSICOT. The word now is that Barbados is not a good place to do business. Thanks to the Democratic Labour Party and CARSICOT. A story, Sir, that has not fully been told.

Asides.

Rt. Hon. O. S. ARTHUR: We will protect Barbados' name. We have an obligation to defend Barbados' name. We also have an obligation, Mr. Speaker, Sir, to defend ourselves against unwarranted attacks arising from countries like the OECD. The big threat to Barbados's offshore sector, Sir, have come from people who want to operate in a world where they set the rules and bend them as they wish.

In the matter of the offshore financial sector – the sector is somewhat under a cloud because there has been a challenge to international business economies such as ours by a group of countries called the OECD countries. Those are the developed countries of the world. Some of them were financial centres in their own right. England was, but suddenly they recognised that the international economy is going more and more towards being a service economy. Some developed societies have established a competitive position in that new international economy, so the position that we have secured is now to be taken from us by a challenge to our fiscal system.

The Government has mounted a campaign which we are going to sustain to protect the name of our international business sector. We have impressed upon folks, that in fact, Barbados is not a tax haven. We are a low tax jurisdiction where our special niche is secured by the network of double taxation treaties to which we are a part. We have a

reputation as a clean jurisdiction. Money launderers will not find it comfortable here neither will the Russian Mafia because we screen and double screen.

Mr. Speaker, this Administration has sought more importantly to bring our offshore and international business industry within the context of new rules of international trade. The new rules of international trade are based upon the precept of non-discrimination, that you have to treat everybody in the same way. We have brought legislation in this Parliament and will continue to do so to bring about a convergence between our international industry and the domestic industry doing the same thing, so that our industry cannot be held to be the victim of a successful challenge that we are in conflict with international trade rules. We are doing everything possible, Mr. Speaker, Sir.

I stress the point, that there is a built in agenda for the WTO. On the Euro-Round, agriculture was brought into international trade negotiations for the first time and they will continue whether you have a new round or not. There was also a general agreement on trade in services. The developed countries, which now want to move unilaterally are themselves part of this general agreement on trade and services. Any development affecting our services, we are saying, have to take place within the context of the general agreement on trade and services to which we are a signatory rather than upon the basis of rules unilaterally set by the developed countries of the world. Sir, that is the point, that all those countries that want unilaterally to destroy our services are themselves signatories to the GATT. They want both to be part of the WTO, a rules driven institution when it suits their purposes and when it does not suit their purposes, Sir, to apply rules outside the WTO. That is what we are fighting against in relation to the future of our offshore sector.

12.40 p.m.

There are some Caribbean sectors, Sir, which have gone ahead and have put in new legislation. We are having a review done on them because the Honourable Member for St. John lambasted us in his debate for not doing what they are doing but I just want to say that we are building a sound market economy in the Caribbean and the Caribbean economy therefore, becomes a single economy for all of us. It is not an external economy. Therefore, our international business legislation has been designed to treat the Caribbean economy as if it were the Barbados economy and a person operating in our international business sector cannot sell a good or service in the Caribbean. He or she has to sell it internationally. It would therefore be a threat to the single market economy, if we were to have legislation now enabling countries in the Caribbean to treat the recent economy as an offshore economy. It is not, but that is one of the current issues, Mr. Speaker, Sir, that seems to be affecting us.

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late Tom Adams and that was his lasting and indelible contribution to modern Barbados. He had a vision stronger than anybody else that the future of Barbados was to become a high quality exporter of services. Sir, it is to that, that we are committed and it is to that, that we must stand firm.

In the pursuit of being a high quality exporter of services, the whole way of doing business in this country has to change. We have an international business sector that is financed almost entirely by foreign capital and this attitude of hostility to foreign capital is therefore in conflict with the ethos of our national development.

We have a tourism sector that we have designated to be the centre, to be developed in all its facets, to be the driving force behind the Barbados economy. The people who come here come from abroad, we have an obligation to create a welcoming environment for them. A lot of the hysteria about the land issue is in a larger way a hysteria about the anti-foreigner hysteria. It represents itself in the fact that the small man in the street would say I could attack him and I could harass him too. It represents itself in the fact, that people on the beach feel that there are fair gains because we understand intuitively the need for their business but there is a love/hate relationship.

There is also another aspect to this, the small black man in Barbados wants to have access to the beach and we will change the Constitution to provide that perpetual access to the beach for all Barbadians. There must never be private beaches in this country nor must there be restrictions of access by Barbadians to their beaches. Many people, falsely so, who want to live certain lifestyles in this country are using the small black man by saying that he wants to buy beach land and that we are depriving him from buying beach land and you get this sociology of confusion where the image of the small black man and what he wants is used to legitimize certain expectations of people who want to live certain lifestyles in this country. You have at Mullins Beach, somebody who wants to walk across another man's land and that is part of the issue because they must have a certain lifestyle.

Small people in Barbados have historically lived in Mount Brevitor, Gall Hill and all across the country and we are creating 37 separate housing developments at this time with access to all kinds of housing solutions to the small people of this country. However, their names will be used by people who are "rebels without a cause" and who want to project themselves as being the high-minded people among us as the victims of a development which says that Barbadians must try to make the best use of the resources that we have.

There is a certain falsity to it that is represented with what is happening at Mullins Beach and I use Mullins Beach as an example because the same man who, himself, will see

nothing wrong with going and building on the beach for commercial purposes in Bay Street will cry foul if there is a suspicion that somebody can build on the beach at Mullins. It is not a different argument because there are persons at Mullins who are rebels without a cause. There is no cause because Government has not given any permission for anybody to build on the beach but people are rebelling against it. The sociology of confusion represents itself in the fact that those persons leading the revolt, while quarrelling about access at Mullins Beach will want to block it at Bay Street.

You have had cases where industrious Barbadians who have saved their public credibility by championing access to the beach and windows to the sea and when their time came they may amble on the beach too.

We also have a case of an Honourable Member of this House who gets up in this House and talked about the small black man and how the small black man must have a business on the beach in Barbados and when his time came, he sold his business to a man from New York. He is the Honourable Member for St. Lucy, Sir.

Mr. D. St. E. KELLMAN: On a point of order. Mr. Speaker, the Right Honourable Member for St. Peter is misleading the House and he has to withdraw those remarks. I have never sold a business to anybody from New York.

Rt. Hon. O. S. ARTHUR: Sir, I met a gentleman on a plane from New York and it is his word against the Honourable Member from St. Lucy, but he told me he is based in New York and he said that he was coming down to Barbados to buy a business called St. Elmo's Variety which is in the Garden, St. James. The Honourable Member from St. Lucy sold his investment on the beach to a man from New York.

Asides.

Mr. D. St. E. KELLMAN: On a point of order. Mr. Speaker, the Honourable Prime Minister is misleading the House.

Asides.

Mr. SPEAKER: Order, please, order.

Mr. D. St. E. KELLMAN: The Honourable Prime Minister knows that is not true and he should withdraw those remarks. He knows it is a lie and he cannot continue to lie in this Parliament. He has done it on too many occasions.

Rt. Hon. O. S. ARTHUR: Sir, the facts will show that the Honourable Member for St. Lucy used to operate a business in the Garden, St. James. That is true. It was

operated on the western side of the road which Barbadians will say is on the seaside. That is true. He is no longer operating it, Sir. That is true. The man who has taken it over is a man from New York. That is true.

Asides.

Mr. D. St. E. KELLMAN: The Honourable Member is misleading the House.

Asides.

Mr. SPEAKER: Order, please, order.

Mr. D. St. E. KELLMAN: The Honourable Member is misleading the House, the person who bought the building is very much Barbadian and he lives in St. Michael, in the constituency that is represented by the Honourable Member for St. George North.

Asides.

Rt. Hon. O. S. ARTHUR: Sir, the man told me ...

Asides.

Mr. SPEAKER: Order please, order. We have established that there is a man but you met him in New York.

Asides.

Rt. Hon. O. S. ARTHUR: No, he told me, Sir.

Mr. SPEAKER: Oh he told you, so there was a sale. There is nothing to withdraw then.

Asides.

Mr. D. St. E. KELLMAN: Sir, the Right Honourable Member for St. Peter will have to withdraw the remarks about an overseas person because it is a lie and I have just established to this House that he has lied to Parliament and he will have to withdraw those remarks. What the Prime Minister is vexed about is that I moved my business to my constituency.

Rt. Hon. O. S. ARTHUR: Sir, I can only represent what the gentleman told me. I did not know anything about the transaction before this, Sir.
1.00 p.m.

Mr. D. St. E. KELLMAN: On a point of order, Mr. Speaker. The Prime Minister knows in this House you cannot go on hearsay. He has just established that he is basing his facts on hearsay and you will have to rule.

Mr. SPEAKER: The Right Honourable Member for St. Peter, please! Based on what I have heard, and I am not

supposed to hear asides because of the wig, but I understood hearing that certain facts were true, that there was a sale, there was ownership by the Honourable Member and there was a man involved. The Chair finds it difficult to understand what must be withdrawn.

Mr. D. St. E. KELLMAN: On a point of order, Mr. Speaker. The Right Honourable Member for St. Peter said that the business was sold to somebody from overseas, a foreigner, and I am categorically denying that. That is the point I am challenging, Sir. It is not a point about a sale and location. The point is about the person who it was sold to, Sir. That is the point.

Mr. SPEAKER: We have established there was a sale, there was land and there was ownership by the Member. The Right Honourable Minister for St. Peter, the Honourable Member for St. Lucy is objecting to the fact that you used the word "foreigner".

Rt. Hon. O. S. ARTHUR: Sir, I never used the word "foreigner". I said a man was conducting business from New York. The man told me...

Mr. SPEAKER: But this could be the same Bajan man then.

Rt. Hon. O. S. ARTHUR: Sir, the man told me that he was doing business in New York and he was coming back home to acquire a business. I said, "Whose?" He said, "St. Elmo's business." I said, "Oh!"

The point is, Sir, for every time there is a purchase, there is a sale. The Government of Barbados has not been selling land to foreigners. In fact, we went out of our way over the protest of the Opposition to acquire land at Weston in St. James to stop it from going into foreign hands.

There are purchasers in Barbados, Sir, who in their private capacity are selling land to foreigners and we do not have an alien landholding legislation. In 1994 Errol Barrow drafted one and he never introduced it. Alien landholding legislation now would be repugnant to our regional and international obligations and we cannot now start it. We can only use moral suasion and set the example by the Government in what we do.

I find it strange, Sir, that the Honourable Member for St. Lucy, when it suits his purposes, can talk about people living close to the beach but when the Government came here and acquired Six Men's estate so that black people in St. Peter whose families have been living continuously at Six Men's from the time of slavery, can continue to live there and settle in that community, it was his view that that should have been allowed to go into an operation involving some Church group from the United States of America to "cat

spraddle” the people of St. Peter. I will say that is a sociology of hypocrisy.

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Prime Minister is misleading the House. We will have to call for Hansard because my argument was, it was wrong to take Mr. Broome’s land and did not take the land that the Marina is on. It is also wrong to set up people to get a piece of land for foreigners to come and buy it out later. That was my argument in here, Sir.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, nobody was living on the land where the Marina was built. It was rab land. Six Men’s has been a settled community from the time there was a Barbados. The only reason why Six Men’s has not been designated as a plantation tenantry, although Six Men’s is a plantation and they were plantation tenants, was that the Tenancies Freehold Purchase Act ...

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. The Prime Minister is misleading the House again because the Tenancies Freehold Purchase Act states that when land runs to the foreshore it cannot be regarded as normal tenantry land so the Prime Minister should shut up and recognize that he is misleading the House.

Rt. Hon. O. S. ARTHUR: Sir, I am about to say that the Tenancies Freehold Purchase Act says that land on the foreshore cannot be designated as plantation tenantry so although Six Men’s was a tenantry attached to a plantation, it was not designated as a plantation tenantry although the people living at Six Men’s had the same relationship to the land as people in any other part of Barbados. We sought to put it right for those people, the people who were living there. Their grandparents were living there. They have agricultural plots there. The fishermen there are the experts there. This Member was of the view that he should disrupt a whole community and cart it away and let an investor come from abroad...

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Prime Minister is misleading the House again because he is giving the impression that I wanted to deprive the residents of Six Men’s of their right. I gave the Prime Minister an alternative that if he had adhered to that alternative the people of Six Men’s would not be fair bait for the same investors because to the north of that same development, there is a development going on.

Mr. SPEAKER: Please! You have made your point of order.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, the point is that the Honourable Member for St. Lucy is of the view that a foreign investor working in collaboration with Mr. Broome should have been allowed to dispossess people who, in their

generation, and in their fathers and forefathers’ generation, were living in a place called Six Men’s close to a beach in Barbados.

Mr. D. St. E. KELLMAN: On a point of order. The Prime Minister is misleading the House again, Sir, because all I was saying in that debate was that the same way the owners of Sandpipers’ and all those people on the West Coast had the right to use the same Act that was passed under the Barbados Labour Party to get their rights to build hotels, that Mr. Broome, a black man, should have been given a right to develop his land.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, a Jim Jones’ type Church group comes to Barbados and say: “This is Six Men’s. There are 100 families living there. Move all of them.”

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. The Honourable Member is misleading the House because the Honourable Prime Minister knows that it was not the Church group that had the idea that it was Mr. Broome who had the idea of building a marina there. His idea was taken from him by another businessman from Barbados, who was allowed to develop it and then Mr. Broome was punished for having his goals set because he created all the ideas, and the Honourable Member for St. Peter helped the other person by giving concessions and making it a special development area.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I am glad he has spoken. A marina has been built where nobody was living. It is a different matter to build a marina on vacant land than to take a settled community that has been an established Barbadian community for 100 years where people are working, living, worshipping and where you are going to take and destroy a whole community to let a man build a marina. Where is the civic and national purpose? How do you equate destroying a whole community to allow a man to build a marina, with a man building a marina on vacant land? What nonsense am I hearing? There is no comparison, Sir.

If somebody was to tell me to move a district in St. Michael, destroy a community and let a private investor build a marina, I would say he has gone mad. So, Sir, the confusion deepens, Sir.

I need to bring my contribution in this debate to a close, Sir. The Opposition obviously has a death wish for the Barbados economy. They believe in their condition of rudderless ‘leadershiplessness’ that the way they will advance is by the economy collapsing.

We will from time to time, Sir, have smooth times and we will have turbulent times. Very often the test is not only how you guide it through the smooth times but through

the turbulence. This economy has come of age. There is a new prosperity in it. We need to be able to sustain that.

It is important in sustaining that the Barbadian people should be encouraged to invest a part of their new prosperity in instruments that will advance the cause of national development. This initiative before the House, Sir, is intended to serve that purpose.

I commend it to this Parliament and beg to move that this Bill be now read a second time.

Hon. D. A. C. SIMMONS: I beg to second that.

SUSPENSION OF SITTING

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that this Sitting be suspended until 2.15 p.m.

Hon. R. C. EASTMOND: I beg to second that.

The question that the Sitting be suspended until 2.15 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.
1.10 p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

Mr. D. J. H. THOMPSON: Mr. Speaker, today we are debating the amendment to the Savings Bonds Act in Barbados and this morning we were treated to a presentation by the Minister of Finance in which he sought, as is his wont, to build up a straw man and set up certain premises, not forward looking progressive viewpoints about the future of Barbados, not the suggestion of new positive economic scenarios that could advance the interest of our people but rather building up a lot of straw men about what the Democratic Labour Party is alleged, in his mind, and on the basis of his interpretation of fiction, to have said about certain things and then he sought to answer what he thought the Democratic Labour Party either had said or was going to say.

Mr. Speaker, Sir, that approach to politics is the approach of a man who is more concerned about the next election than he is about the long-term future of the country and I think that is extremely unfortunate. Any politician in Government who sees his mission exclusively as securing his own future in terms of the next election as distinct from securing the future of generations to come in this country and placing before the people of this country some positive ideas about future development, is basically a threat to the future aspirations of the people. I throw out that warning for what it is worth.

What the Right Honourable Member for St. Peter sought to do in this debate was first of all to suggest that the Democratic Labour Party had said that overall Barbadians are worst off now than they were in 1991, which is a figment of his imagination that that has been said by anybody in the Democratic Labour Party as a broad statement of fact.

He is also saying that the Shadow Minister of Economic Affairs who is in the Other Place has alleged that it was better for Government to borrow from the Central Bank than it was for Government to use other forms of financing which again is a figment of the Right Honourable Member's imagination and I will deal with that in due course.

The third point that the Right Honourable Member for St. Peter made in this debate was that the Opposition had called for or recommended that the Value Added Tax should be increased in Barbados. That is another figment of the Right Honourable Member's imagination.

The fourth concern that he had which of course is one of the most ludicrous that I have ever heard in all the years that I have been in this Parliament is that the Democratic Labour Party with two Members on this Side has a death wish for Barbados when you have a Government with 26 Members on that Side. You could characterise today's debate as one essentially of froth being spewed at the Opposition on the basis of statements and allegations that have never been made by the Opposition.

The first point I want to make is that the Democratic Labour Party contributed significantly to the levels of economic growth that Barbados now enjoys and the Right Honourable Member for St. Peter on three different occasions in one of the more sensible remarks that he made this morning, near the end made the point that Barbados is now enjoying seven successive years of economic growth. The Government has not been in office for seven successive years, in fact, they only celebrated their fifth anniversary of being in office five or so months ago, therefore, that must tell a story about the solid foundation that was laid.

What I propose to do today is to say that having had that solid foundation the Government failed to proceed in aspects of restructuring the Barbados economy that would have secured the long-term interest of Barbadians. It is now heralding three years of economic growth as if growth alone is sufficient and as if the composition of that growth, where it is coming from and its impact or potential impact on the future of this country are not relevant. I think that is the crux of the matter and that is perhaps why in our debate we on this Side have had to say that what is happening in Barbados today is reminiscent of what happened pre-1991. It is reminiscent of what happened pre-1981 in which the Government is burying its head in the sand about the obvious

implication of the kind of growth that the Barbados economy is enjoying and unless it seeks to do something, not the window dressing which we heard about today, unless it seeks to do something fundamental about the main economic sectors in our economy, we are going to face severe hardships down the road.

This economy is now a one-legged economy. We are functioning or hobbling along essentially on the basis of growth in the tourism sector in relation to our productive sectors. The rest of the growth which Barbados enjoys basically comes from the non-trading sectors of the economy and that is obvious and that is why what we have been seeking to do is to warn, and warn very early that if we continue in this kind of trend and simply approach the task at hand from the point of view of window dressing, thumping our chests about seven years of economic growth but without doing something to deal with the changes that that in itself has brought to the Barbados economy we are going to face certain major economic problems.

Just the other night when President Bill Clinton addressed the Legislature of the United States of America in the State of the Union address, he made the same point about the longest period of sustained economic growth. And Americans had independence 200 years ago, Barbados only had it in 1966 and he said then, speaking from the vantage point of a country that has been independent for 200 years that that too was the longest sustained economic growth that the U.S. economy had enjoyed.

In Barbados it is no coincidence that we are therefore also part of an emerging trend in which economists seem to have put their finger on, dealing with the problem of the boom and bust cycle as it is called. That is not something that the Right Honourable Member for St. Peter has done because there are other countries in the OECS which have enjoyed that sustained economic growth for historically longer periods than ever before in their development, that is not something that happens as a result of skillful economic management in the past five years and you cannot attribute it all either to the reform which the Democratic Labour Party undertook. I am not asking anybody to do that. I am saying that there is an international economic environment which impacts very heavily on what is happening in Barbados and that therefore much of the contribution to that sustained period of economic growth has to be looked at from the point of view of the external economic environment. At the same time, Mr. Speaker, Sir, it seems to me that the Government has the task of reassuring Barbadians that the economy is on the right path. I do not ask the Right Honourable Member for St. Peter to listen to anybody in the Other Place. I do not ask him to listen to the protesters at Mullins. He chooses to listen to them. I am not asking him to listen to us. I am not asking him to listen to anybody other than the tried and tested institutions whose independence he said only last week he was seeking to defend. I refer to the Central Bank.

The Right Honourable Member for St. Peter indicated that the Central Bank is an institution on whose advice Barbados has been able to rely and its independence and its integrity should remain intact above partisan politics and so on and he gave it a good pass mark. Sir, the Central Bank's Press Release issued January 28, 2000, if it is not already available to Parliament, although I suspect it is, from the outset makes it clear exactly what is confronting the Barbadian economy today. In that Report, Sir, I quote from page 1, it says this in relation to the issue of growth:

"It was, however, the third successive year that growth in the non-traded sectors surpassed that of the traded sectors. This outcome was reflected in an underlying weakness of the balance of payments during the review period. However, an amount of \$150 million borrowed on the regional capital market in the second quarter of 1999 bolstered the external reserves, as the current account deficit widened. The fiscal deficit rose significantly compared to the previous year due, primarily to a revenue performance that was below expectations."

2.30 p.m.

Mr. Speaker, Sir, that information has been the basis of the arguments used both by the Shadow Spokespersons on this Side as well as those in the Other Place to advance the argument that Barbados needs to face another round of serious introspection and while we have the resources available to us, to undertake some further restructuring in the Barbados economy, so as to sustain the levels of economic growth but more importantly than that, to ensure that the growth itself is so balanced that it is self-sustaining. We cannot continue therefore to function in an environment where the Government is boasting of all this growth in the Barbadian economy and when you look closer at the growth, that growth is coming principally in terms of the productive sectors from one sector of the economy only.

The Right Honourable Member for St. Peter is asking us to swallow an argument. It neither has academic merit nor does it have practical merit. It is not even the kind of merit that his grandmother would attach to an argument like that; that the present levels of economic growth in Barbados are based on a level of capacity building, as he calls it, so that it is acceptable for certain elements in the private sector to be involved, not in earning foreign exchange but in undertaking what he calls capacity building investments, which he says in the long-term will earn foreign exchange for our country. They are entitled to take their money and sometimes our money and spend it for these capacity building investments.

While the Prime Minister hails that as acceptable, he is at the same time saying to the public workers and to every other small Barbadian not only that they should take their money and not build capacity with it but they should save it,

do not spend it like the guys who are building capacity. They are supposed to save their money and not only are they supposed to save it but he also wants them to save it with him or rather with his Government because he believes that the average man in Barbados believes, that the Government knows how to spend his money better than he knows how to spend it. But the people who are investing in the top layers of the private sector of Barbados, when they spend money, they are spending it in capacity building.

I cannot buy that argument. There is nobody in this Chamber, economist or otherwise, trained or otherwise, who could accept such an argument. If that is the theology or the philosophy that the Barbados Labour Party is following at this time, you cannot blame it only on the history of the Party, a lot of it has to come from the very leadership and pronouncements of the Right Honourable Member for St. Peter himself. That is why he caught himself spinning like a top today when he tried to either explain or rationalise the reaction of Barbadians to the purchase of land at the west coast by foreigners, investments by foreigners and the reaction of people to foreigners blocking out our windows to the sea. He does not understand it. He calls it schizophrenia, that the Barbadians want the investment but does not want the foreigners as if this is a peculiarly Barbadian experience and as if there is not some relationship between the genuineness of that foreign investment and the extent to which it advances the interest of Barbados and the people of Barbados and the coincidence of that with aspirations of our citizens as a whole. The Right Honourable Member does not understand it. That perhaps is why, no matter what we say on this Side, and constantly say, about the international business and financial sector, the Right Honourable Member for St. Peter will not come to accept that the sector is presently flat and that it is not growing. In fact, the number of new registrations is declining.

The Central Bank itself said that despite a fall in the rate of growth of new registrants in the international financial and business sector, activity in the sector rose over the 1998 figure. The argument that the Government has advanced for saying that the sector was growing was the new registrations. The Central Bank now says that even though registrations are down, activity in the centre has increased. When you ask the Central Bank to explain this, there will tell you that there is insufficient information for them to measure the contribution of the international business and financial services sector to the Barbados economy. Basically, you get a dead-end argument. Therefore, what you have to do is to go out there into the businesses that are operatives in that sector and get a feel about the direction that the sector is taking, and right now it is flat.

The head of the leading accounting firm who only five years ago was singing the praises of the Barbados Labour Party Government and its leader, only yesterday or the day

before in the newspapers, as a result of a private sector consultation, has said basically that Barbados is way behind; that he cannot even describe Barbados today in the year 2000 as a leading financial sector because it is not. Therefore, all we have heard today about the OECD Report and again, the Right Honourable Member for St. Peter sought, in relation to his discourse on that particular area, to suggest that on this Side, we had recommended that the Barbados Government follow the approach of other CARICOM countries and pass new legislation. We have made no such recommendation. In fact, constantly on this Side, the point that we have made was that we need to do things in keeping with the design of the offshore sector as we know it. There are other Caribbean countries which are very recklessly passing new legislation to permit new forms of activity in the international business and financial services sector which makes them essentially more competitive, not in relation to the people who we want to attract, not necessarily in relation to them, but they are going to divert some of those people, even the good ones and pull them in because of the attractiveness and the low cost of setting up operations in those countries. That is a well-known fact. Nobody on this Side would be as reckless as to suggest ...

Asides.

Mr. D. J. H. THOMPSON: This is another example of a straw man, this approach the Prime Minister has of trying to say that you said something and repeat it about fifteen times until it can rest in the consciousness of people that you said it, that then provides him with an opportunity to answer what you did not say. Well, those kinds of games eventually catch up with you. The Honourable Member for St. Joseph would well know of the faxing of editorials down to the *Advocate News* and the attitude of giving the impression that you can manipulate everybody and manipulate outcomes to suit your disposition at a particular time.

Therefore, you had five allegations made today against the Democratic Labour Party for which the Right Honourable Member for St. Peter cannot provide the evidence. I am saying that openly and boldly for those allegations in relation to what he alleged that the Democratic Labour Party had said.

The one in relation to the offshore sector is probably the most glaring because it goes contrary to everything we have said. It is necessary for me to point this out because when the Barbados Labour Party got into office in September 1994, the Deputy Prime Minister, the Honourable Member for the City got up one day in here and said that she had to write a letter to a gentleman by the name of Jerome Schneider. Jerome Schneider writes books on tax havens. She was annoyed that Jerome Schneider misrepresented Barbados' offshore sector. All Jerome Schneider said, by the way, was that we have a heavily regulated offshore sector and that it takes longer than other jurisdictions to get both

registrations and approvals in Barbados. Jerome Schneider writes about tax havens. Barbados is not a tax haven. We had to remind the Deputy Prime Minister then that to write to Jerome Schneider to ask him to correct what he had written was, in fact, contrary to the direction that we want the sector to take because we are not interested in pleasing people who want to invest in tax havens. Barbados is a low tax jurisdiction and Jerome Schneider promotes tax havens. It has taken four years or more for the Barbados Labour Party to understand the distinction between promoting Barbados ... as a tax haven and promoting it as a low tax jurisdiction which bases its relationships on tax treaties with its bilateral tax treaties and other forms investment facilitation.

2.40 p.m.

There is a lot that could be done even domestically in Barbados under the present IDC Act to encourage Barbadians who are involved, particularly in the export market, whether it is cultural products and so on, to form international business companies and to use the provisions of that legislation, that could provide a new wave of both registrations and business in that sector. So the Government having made adjustments to the IDC Act, has failed to promote this kind of activity as an alternative or to complement that which comes from non-Barbadians establishing international business companies in our country.

Mr. Speaker, that is not all. I quote again from the Central Bank, not from the Shadow Minister, not from my head, not from anybody on the Other Side but from the Central Bank, the information of which as I understand it, is information which the Government accepts and acts on. The Net International Reserve (NIR) of the monetary authority rose by \$70.9 million during 1999 and resulted in an increase in the reserve cover from 12.9 weeks in 1998 to 14.1 weeks at December 31, 1999, but this outcome was facilitated mainly by the \$150 million loan from the Regional Capital Market.

You must remember that the Right Honourable Member for St. Peter said that he did not need this money and he was borrowing it as an insurance policy. He was going to take the money and segregate it in an account and the Government would only need to draw on this money if it had to make major amortizations of foreign debt or had other circumstances which unavoidably caused the Government to draw down on it. So, this money was not really needed but if it had not been negotiated and acquired, one could imagine what this Central Bank report would be saying in relation to the NIR in Barbados at the end of December 1999. It goes on to say that the deterioration in the current account deficit for the third successive year resulted from a slow down in the growth of foreign receipts and high import demand. I think it is on that, that rests the case of the Democratic Labour Party that contrary to what

the Right Honourable Member for St. Peter is saying, it is clear that if the Barbados economy continues on this path it will struggle into the new millennium. It perhaps also is a recognition by us on this side that everything that is happening in the Barbados economy today goes contrary to what the Right Honourable Member for St. Peter was saying night after night on political platforms in Barbados about a new level of prosperity in which none would be left behind. The Ministry of Social Transformation would never burst its budget in a three-months period because it would have so much resources at its disposal, it would not have those kinds of difficulties. The Urban Development Commission would not have to be using all its money paying off pre and during election debts rather than undertaking new projects and the other Ministries in Barbados would not be facing the cash flow problems that they were facing.

I assumed that the VAT refunds which the Right Honourable Member for St. Peter said were purposely delayed, which in itself caused a lot of businesses in Barbados to face great financial hardship, would have been paid much earlier. And based on what the Right Honourable Member for St. Peter said in January, it will hardly be likely that Barbados would have been facing a serious problem in relation to financing and its ongoing operations at the end of the last Calendar year – the last quarter of 1999.

Nobody could believe that based on what we were told and the way in which it was heralded, and that is why what one has to be careful about if the Right Honourable Member for St. Peter is still in an election mode and if his principle obligation is still to position himself to win the next election rather than to secure the long-term interest of Barbadians, then at the end of the day, this debate and any of the other debates that we will have over the next few months would be pointless because his focus would not be on so restructuring the Barbados economy as to render it on a sustainable long-term growth path so that the aspirations and goals of the average Barbadian could be met.

In 1999 we heard that the economy was over heating, things were so great, and when the Prime Minister came to make some adjustments to the Capital Works Programme, the economy was overheating and he had to do something to cool it down, yet the Central Bank report tells you that far from overheating what the Barbados economy was suffering from, was the kind of growth in the non-traded sectors which were basically going to undermine the long-term viability of the Barbados economy. In other words what was happening was that the projected activities that were being engaged in Barbados by both the private sector and the public sector, would have created such a demand for foreign exchange that it would have rendered the projections of the Government unsustainable. I would not call that overheating. I would call that a scenario in Barbados where essentially the Government was responding to the obvious concern of the Central Bank of Barbados that it was the third

successive year that growth in the non-traded sectors surpassed that of the traded sectors. That is what the Central Bank Report said and it is important to understand that. So, far from overheating in 1999, at the end of 1999, you had estimated growth of between two and three per cent and by no stretch of the imagination could that be described as overheating of the Barbados economy.

Mr. Speaker, this feature of unbalanced growth where the non-traded sectors are surpassing the traded sectors in the Barbados economy, is essentially not consistent with the stated objectives of the Government and with the boast of the Barbados Labour Party that it was going to build this economy in a balanced way with all of the sectors contributing significantly to the growth in the economy as a whole. The Right Honourable Member for St. Peter said that the object of that growth was private sector, foreign exchange led economic growth which is sustainable. Constantly, budget after budget and speaker after speaker, Members on that Side repeated that the Government's objective was private sector led, foreign exchange led economic growth which is sustainable.

Sir, the Central Bank report told us that is not what is happening in the Barbados economy today and we are just one year away from the last election. One of the concerns which arise in this debate and which is not featured in the presentation of the Right Honourable Member for St. Peter is the lost of \$150 million in reserves between June and December, 1999 and therefore in the absence of that \$150 million loan from the regional capital markets, in Barbados you would have seen a loss of about \$80 million in reserves.

Aside.

2.50 p.m.

Essentially, what I am saying is that with the lost of \$150 million in foreign reserves, when you credit the Trinidad and Tobago loan against that there would have been a lost of foreign reserves of about \$18 million for the year which would have been the first lost since 1991.

Secondly, Mr. Speaker, the fiscal deficit increased significantly to reach 2.08 per cent of the Gross Domestic Product (GDP). Of course, this does not take into consideration the problems at Statutory Corporations. We have heard about the Barbados Water Authority (BWA) but the situation at the National Housing Corporation (NHC) is a lot worst and the Government has remained silent about it and as usual is playing a game so that if the Opposition raises it, they will be able to pick up on some aspect of our presentation and not look at it globally, but focus on some small aspect of it and try to derail the debate.

The Minister of Housing and Lands, who, instead of running around Barbados night after night going to public

discussions to get booed about the ownership of land in this country, he should be exercising his mind on how he is going to come to the public of Barbados and tell them that after this House of Assembly, including Members of the Opposition, agreed to a \$50 million all told bond issue for the National Housing Corporation to undertake their major resettlement 2000 programme that they have not only blown it but that they have more than the \$50 million in obligations to contractors and in relation to cost overruns at the National Housing Corporation in the space of two years. Do you think that on that basis, anybody in Barbados should believe that raising the Savings Bonds limit in Barbados to \$250 million to give a Barbados Labour Party Government (BLP) the opportunity to raise more money through bonds to pour it into more Statutory Corporations for them to waste?

At the Barbados Water Authority there is bedlam. At the National Housing Corporation (NHC) they cannot deliver houses built throughout Barbados including those completed nearly six months ago at Gall Hill in St. John to any of the people who have already been selected for those houses and they cannot lend people money to complete transactions. I have clients waiting for small loans from the National Housing Corporation (NHC) who have paid their deposits in order to get a small loan, nothing big, maybe \$15 000 to buy a lot of land in a middle class development in Barbados and now they are waiting to close, the National Housing Corporation (NHC) cannot come up with the money and they have to look for \$2 to \$3 a day to pay interest on the outstanding amount.

The Government of Barbados had \$50 million put at their disposal without a consent and an agreement. Do you believe that I could feel comfortable today to allow this Barbados Labour Party (BLP) Administration to raise the loan limit so that they can go and extract from the pockets of the people of this country an additional \$150 million to blow it in the same way that the National Housing Corporation has blown the \$50 million which we agreed that they should get to undertake low income housing in this country? Think about it. I can see that is exactly what you all are doing.

It is not only in that area but also at the Barbados Transport Board, I believe the Honourable Member for St. Michael West Central is trying to grapple with a situation there. The Government said in 1994 that it was going to place a ceiling on the borrowing and a ceiling on the deficits which the Barbados Transport Board will be able to contract and that the old days of the Democratic Labour Party (DLP) allowing the Barbados Transport Board to run wild and to run up big deficits and so on had come to an end. Now in the year 2000, we are facing some of the same kinds of financing issues as well as debts owed by the Barbados Transport Board to persons who provided services to the Board because of a shortfall of cash and financing.

So the Barbados Transport Board itself would have blown a significant portion of the money but the blame should not be placed on this present Minister but he will have to explain it to the public and he will have to take the licks for it just like the Honourable Member for St. George North who is going to have to take the licks for the other Minister who was allowed to run wild in this country and do as he pleased in housing and in transport for four years because everybody was frightened to touch him including the Prime Minister who was frightened to take action to deal with what was happening. Now you come in here and expect the Honourable Member for St. Lucy and I to agree to give you another \$150 million to waste with the economy facing the kinds of problems that it is facing as revealed not by the Prime Minister but by the Central Bank of Barbados Report.

That is what this debate is about and therefore unless somebody can assure us on this Side that this money is going to be prudently and effectively managed and certainly not blown in the way that the other amounts which have been raised by Statutory Corporations and guaranteed by Government have been raised, then we will have to have great difficulties with the exercise which we are going through today.

Money was blown in the Barbados Transport Board; the Barbados Water Authority; the National Housing Corporation; the Barbados Agricultural Development Corporation; and the GEMS Project although they floated a bond which was undersubscribed and was guaranteed by the Government. The Honourable Members on that Side are in the dark on the GEMS Project as they are on what is happening in the Barbados economy and I do not expect any of them who are present here today to answer me about the GEMS Project.

Certain remarks made by the Honourable Member for St. John were ordered expunged from the records by Mr. SPEAKER.

However, what cannot be deleted is the truth of the matter that when friends and colleagues of the Honourable Members on that Side, apply for jobs at the GEMS Project, they were told by them to withdraw their applications quick because whenever whatever hits the fan hits it, they do not want them in there because their name is an unlucky name. So if the Honourable Member does not want me to say that about her I would not say it about her. However, we know the truth of the matter.

The Barbados Labour Party (BLP) went to the market to get that \$30 million loan – I think it is, because I do not even know what the current figure is because you cannot get any information on it – and a leading banker in this country who happens to be associated with the Board said it was a

great statement of confidence in the GEMS Project because they went to the market and the loan was undersubscribed.

A man who came from Trinidad to Barbados to work in a bank should know that anytime a Government having the solidity of the Barbados Government guaranteeing a bond issue, and a company owned by the Government cannot get that bond issue to be fully subscribed, not in Barbados but in somewhere else, it would mean that you would have to have a great and very difficult scenario facing you, because one assumes that throughout the region as well as in Barbados, people would feel confident that the Barbados Government guaranteeing any obligations of any entity whether private or public, would be sufficient for people to invest.

So you have that scenario in front of you. The Honourable Members on that Side expect us to sit down in here and simply because the Prime Minister anticipates what we might say and tries to answer it, that we are not to comment on any issues of national importance in this country no matter how irrelevant his response to those issues may be.

Mr. Speaker, the Central Bank of Barbados, not anybody on this Side, said that the revenue in relation to the Value Added Tax (VAT) has declined.

Asides.

3.00 p.m.

Nobody said gross revenue. Nobody said net revenue and that is irrelevant. It was entirely irrelevant. There must be a reason why that revenue declined. If it is because Government withheld payments to businesses in this country, as some kind of strategy, I am saying that strategy is a mean strategy. It is an ill-spirited strategy for any Government to say that as a matter of policy it withheld tax refunds from citizens of this country and that when they decided to pay those tax refunds the payments were so significant that it put a big dent in the VAT revenue.

You know how much money that would have to be that the Government held onto and allowed businesses in Barbados, complaining every day about their VAT refunds, to suffer the indignity essentially of financing Government's operations because Government had some kind of mean spirited approach to the refund of VAT or, alternatively, had a financing problem which nobody else in this Chamber knew about other than the Right Honourable Member for St. Peter.

That is a very serious comment on the approach which the Right Honourable Member for St. Peter has used for the administration of public finances in this country. I hope that the statement is very carefully analysed by the business sector because it is not just the top echelons of the business sector that are paying VAT.

There are small people, sole traders, small shops, professionals and others who are owed VAT refunds and they would be very alarmed to know that a government led by a leader who is sworn to protect their interests and a government of Cabinet Ministers sworn to protect their interests, could, as a matter of policy, have withheld VAT refunds as a matter of course without winking an eye and then pay back those VAT refunds in one fell swoop such as to create a dent in the VAT revenues, according to the Right Honourable Member for St. Peter. That is not what the Central Bank said.

The Central Bank said that it cannot explain why personal income tax declined. The economists in here might be able to explain it. Normally if it declines either it means that the tax rates are not yielding the revenue and you have gone over the hump or, alternatively, it means that you have less people working. The Central Bank has to find out why there has been such a decline in relation to the collection of personal income tax in Barbados particularly as the Government has said it is going all out.

The Right Honourable Member for St. Peter has said that any shortfall in revenue he is hoping to make it up, not by increased taxation – of course what he says and what the Government eventually does may differ – but he says he is not going to do it by increased taxation but what he is going to do is go out and collect all of the outstanding money and that policy has produced one casualty, if not two, in the VAT Department already as people have now been replaced who, perhaps, have the skill of extracting every last cent out of the citizens of this country better than those who were there before. Therefore, the scenario you have in this country now is that the principal objective of the VAT Department is to go out there and collect the arrears and the Inland Revenue Department has to be much more vigilant.

Aside.

Mr. D. J. H. THOMPSON: Nobody says there is anything wrong with it. I am describing the scenario as the Prime Minister puts it. Nobody is complaining about that. That is how the Honourable Member is going to make up the shortfall and therefore Barbadians can expect that you will have a government that purposely withholds tax refunds. That is what I am going to say. You cannot stop me from saying that because it came straight out of the Honourable Member's mouth.

They purposely withhold tax refunds, so they withhold money they have for the citizens but then send out the auditors and the tax collectors from the VAT Department and the Inland Revenue Department to extract every last cent that is due to the Government from those citizens in Barbados. That is the scenario which essentially would have been outlined in Barbados in the past few months.

In spite of this economic growth and the abundance of employment, personal income tax collections declined in 1999. Why? Then the promise to repay the civil servants by the end of December 1999 was not fulfilled because of a cash flow problem in Government.

Aside.

Mr. D. J. H. THOMPSON: No legislation? Do you think you are going to pull wool over my eyes about that charade of having to bring legislation to pay back public officers? When you all pay your consultants you do not have any legislation to pay them. When you bring on people in the public service under all kinds of contracts and all other kinds of arrangements, when you clear arrears owed by statutory corporations, which legislation did you bring?

Such arrears have been cleared previously by use of the Contingency Vote. All of a sudden, to justify this inordinate delay in repaying the civil servants, we have heard that you had to bring legislation in Parliament and you could not do anything until you brought the legislation. The blame for that rested on the Solicitor General as if, had the legislation been there, the Government of Barbados would have paid the civil servants not in March, or by March as the Honourable Attorney General said, but they would have paid them in December.

The Government could not even pay for soap, toilet paper and those kinds of things in December but it was going to pay back the civil servants the first tranche of the 8 per cent. Then the Honourable Member for St. Thomas when asked, when were the civil servants going to be paid said: "We are going to make provision for the first tranche to be paid by March." Has it been paid yet?

Aside.

Mr. D. J. H. THOMPSON: March 31 is not here yet. You are waiting for March 31. But what is holding you back now, the legislation? What could be holding back the Government from paying the civil servants by March? There must be a reason.

Aside.

Mr. D. J. H. THOMPSON: I made the sacrifice. I am not looking at profiteering. If there is one thing that the Honourable Member for the City said that made sense on the last occasion, even though she said it to try and destroy a valid argument on this Side – the civil servants, we have said, should not have to pay income tax on that repayment. We have said we do not think that all those other deductions should be made.

The Honourable Member for the City did make a point which is worth support and that is, that there is nobody in

Barbados who would expect that the public officers in this country are looking to profit out of getting back the 8 per cent. They made a sacrifice and I believe the majority of them want to get back what was legally and justly theirs. What I am saying is that sacrifice was essentially a cost they bore, not just at the time when it was deducted but it was what continued thereafter, the perception, that harm had to be done which had to be rectified. Government therefore should not be so anxious to extract and claw back from every cent it gives to the public officers in Barbados, Income Tax, National Insurance and all of the other obligations which it is seeking to pull back in.

The other concern we have is the piecemeal approach of the Government to the policy formulation to boost the foreign earning sectors. It has been extremely piecemeal.

Aside.

Mr. D. J. H. THOMPSON: Do not ask me. You have to ask your biggest supporters. I do not mean the gentleman who owns the supermarket in Black Rock who is now protesting down in Mullins because the way the Prime Minister was speaking, the impression was given to the Press that there is a lot of distance between him and that gentleman but the difference between him and that gentleman is the difference between my forefinger and thumb, and that is well-known. The distance between him and the Barbados Labour Party you could not squeeze a thread through that distance.

3.10 p.m.

But today for effect and public relations propaganda the impression is given that this is a big businessman who is up there in Mullins and would not listen to him. That is his fault because when the by-election in St. Michael North West came around he was listening, not just listening and if you want him to listen you know what you need to do for the simple reason that who pays the piper is still entitled to call the tune. The problem is that the tune he is calling the Government is pretending that it is not hearing, either because some activist intervened to confuse the piper and the tune or alternatively the Government's intention was never to satisfy the obligation of that particular individual. I am not going into that in this particular debate. We are talking about the piecemeal approach to foreign exchange earnings.

We have it in sugar. All the talk about the sugar sector, at the end of the day Government cannot be a third party in the sugar sector and any Prime Minister or Minister of Finance who, on the one hand, talks about the need for the development of commercial agriculture but if the industry cannot support those payments basically the industry will have to deal with that and the Government will not intervene, does not understand that in the restructuring process Government was never to be a third party for the said reason that Government controls a significant number of estates.

Government controls the production process from cane into sugar. Government controls the export market and the getting of that sugar to those export markets. Government owns the company which runs those aspects of the sugar industry's operations. So to pretend that the sugar industry is now a third party once wages come up and once seventy-year olds who have worked in the sugar industry for all their lives are negotiating for wages – the Government says don't talk to us we are a third party. But when the sugar industry people want the assets of the sugar industry exchanged for the debt and when they want to have access and want to be able to purchase assets that have been left behind that belong to BSIL the Government does not treat those issues as third party issues. The Government gets integrally involved in settling those kinds of matters in relation to the sugar industry.

It must send the wrong message and it means that as long as the Government does not intervene in a sector in which it has so much at stake when that sector declines it would be out of the negligence of the Government. There are some people who feel that that negligence to act in relation to the sugar industry is as much tied up in the issue of the value of that land once it comes out of sugar as it is on Government's inability to understand exactly what it must do to save the sugar industry from certain decline.

In other words, if you took all of that plantation land out of sugar and I heard the Honourable Member for Christ Church South say in here on several occasions and he said it before land prices increased, if you took all of that land out of sugar because you had no sugar industry property speculators, the golf course people, the builders of villas would have a field day in this country and the resources that would flow around – he will not go into any major details on that at this stage – would make a significant difference to Barbados. I suspect in the back of my mind that there are some people who have a vested interest in seeing the sugar industry basically collapse so that all of that land would now be available for other purposes.

Non-sugar crops have viability only in the context of a sugar industry and therefore if the sugar industry is not performing you are going to find that a non-sugar agriculture is going to face certain decline. It happened in Antigua. We do not have to pretend that we do not know the CARICOM countries. Anybody flying over Antigua would see the level of degradation that has taken place since they closed down the sugar industry.

There are other countries in the Caribbean which have faced serious environmental problems as a result of shutting down their sugar industry. They have problems with rats and vermin and dumping and water supply, all kinds of things which we have to be concerned about in Barbados.

There is a competing scenario and that is that land has become very valuable and there are some people who have a vested interest and some people who would stop at nothing to get what they want, particularly if they believe that decisions have to be made higher up than in the public service in relation to taking that land out of sugar production.

As early as the first quarter of 1999, last year, we know the Prime Minister made his advances to the Trinidad market to borrow the \$150 million. At that time we expressed the concern, not just me, the Shadow Minister for Economic Affairs, I believe the Honourable Member for St. Lucy and others expressed the concern that the foreign reserves at the time were very healthy and we were of the view that the money would be used eventually to finance Government's deficit. In addition to that, the \$150 million was way over the amount required for amortization.

The Prime Minister said he paid off a loan of \$60 million, an all told amortization of debt in the fiscal year 1999-2000 was about \$105 million and therefore we always felt that there was something fishy about the reason for negotiating that Trinidad loan and it also tells us that somebody somewhere knew that it would have been necessary for Government to have access to that financing not just because an election was around the corner but because once the election spending was over that Government would not be facing this rosy new republic economic scenario which Members on that Side had heralded from platforms all throughout the course of the 1999 elections.

In 1999 it became apparent that contrary to the mouthing of the Right Honourable Member for St. Peter that some excessive spending accompanied by the holding of elections would have contributed to the need for financing on the side of the fiscal deficit of \$138 million.

In addition to that, the financial management of almost every single statutory corporation in Barbados compounded Government's cash flow problems. I only spoke about some of them but it was also the problem with CBC. Go through all the statutory corporations which in 1994 we heard were performing so badly and either they got up to scratch or Government was going to deal with them and heads would have to roll, some would have to be privatised and all of that kind of thing. You have to shoot a general to keep the army together. Well, the only general that got shot was the Honourable Member for St. James South and the statutory corporations remained exactly the same in relation to the inefficiency and the amount of financing that has been consumed by them.

In spite of that loan, the Government had to rely on heavy domestic financing to cope with this deficit and the

Central Bank's most recent Review said and I quote, "The National Insurance Scheme and the Central Bank were the major sources of domestic financing." That is the Central Bank speaking again. It is quite clear, and I urge you all on that Side, I saw it in 1991 and it happened in 1981 when politicians both on the Back Bench and on the Front Bench go along with and believe that the Minister of Finance has a grip on a situation you will be the last to know. It is like what they say about people who are being horned. They are always the last to know. Everybody else knows and it can go on for a long time and it takes a long time for the person who is actually at the receiving end to know what is happening. I am not saying anybody in the Cabinet is being horned or is horning. I am not into that. Or the Chair.

What I can say is that everybody else around you is seeing what is happening and you do not need to believe your own propaganda. It is all right for the Prime Minister to come in here and answer the Democratic Labour Party. There are only two of us over here. There are some prime ministers who eventually have had to answer to their own Members in both parties because they failed to do what was necessary and to explain adequately the kind of sacrifices that need to be made to ensure that the economy is on a sustainable growth path. Any Prime Minister who is more concerned, as I have said, with winning the next election than the long-term interest of Barbados, places all of us at jeopardy. All of you on that Side will be placed in jeopardy if you believe that the answer to an explanation of Barbados' economic problems is for the Prime Minister to spew invectives at the Democratic Labour Party, to attack the Shadow Minister of Economic Affairs, the former Member for St. Michael North West and to build up straw men and knock them down. What you need to do is to ask him to get to the substance of the debate – what is the true state of the economy. Do not wait until the *Broad Street Journal* publishes it, tell us and let us put whatever energies we have to ensuring that we return to a sustainable growth pattern.
3.20 p.m.

I think, Mr. Speaker, Sir, that that basically is the background to which we come to this particular debate in the year 2000. Therefore, it is going to be very difficult for Government to achieve real GDP growth of 2% to 3% in the year 2000 or rather growth that is led by improved performance in the tourism, agriculture or manufacturing sectors. Do not mind what the Central Bank says on its projections. Somebody would have to come in here with some serious hard analysis as to how the Barbados economy is going to get the manufacturing sector moving, particularly export in manufacturing. The sugar sector is only projected to increase its output marginally and the offshore sector is flat. Let us acknowledge that. Where is the growth in the Barbados economy going to come from? Perhaps there will be some small growth in tourism but the bulk of it will come, again, from the non-trading sectors and that is a disaster path.

There are some politicians who are so myopic as to feel that the only thing they need to do is to manage the financing of Government's operations. If the development of the Barbados' economy rested on that alone, we never would have had to go through the cycle of restructuring in 1991. We accepted that the management of Government's fiscal deficit is what caused the pain but it was what was going to cause the pleasure in the future; the restructuring itself that sustained the growth thereafter because you cannot keep simply managing the deficit without earning foreign exchange, boosting your productive sector, creating jobs and meeting the aspirations of your people.

I would hope that economic management and social engineering is not just about that. It is to manage your fiscal deficit and the financing of it as the principle objective of your economic policy. It is this wish by the Right Honourable Member for St. Peter to cool down what he calls an overheating economy which is driving his actions. Instead of that, it should be the Prime Minister's wish to stop the wrong-headed approach to growth in the Barbados economy and to sue the talents of the men, some of whom are very well qualified for the task, to start getting the foreign earning sectors moving again in Barbados and to seek to sustain the growth of the Barbados economy. Not on foreign borrowings and not on the basis of the non-trading sectors like construction and distribution but on the basis of output coming from agriculture, innovation and changes in the production structure of it, manufacturing, tourism and the offshore sector. Therefore, we believe that the policy initiatives of the Government have to be deliberate to achieve this so-called private sector led growth, foreign exchange led growth, productivity led growth, wage increase and manageable fiscal deficits which are the key corner stones of the Democratic Labour Party's approach to this.

Mr. Speaker, I will just give you one example of the irrelevance of today's debate. The Right Honourable Member for St. Peter gave the impression that when he came to office, the sugar industry was in such bad shape that the reforms that he implemented reversed the trend. He gave the impression that his granting of some concessions which amounted to \$5 million to the manufacturing sector turned around that sector.

This is the Economic Report for 1998 and it makes it quite clear. This is four years after the Barbados Labour Party came into office.

"It produced 48.0 tons of sugar, falling 25.7% below the output for the previous year."

Except for the year when we produce 38.5 tons which was 1995, the 1998 production level was the lowest within recent times. There may be a thousand and one excuses which the Right Honourable Member for St. Peter might

adduce to that which in itself may answer the arguments that he advanced in here, to give the impression that he had more confidence in the Barbados economy than I had in the Barbados economy when he came to office in 1994. As if, with two strokes of the pen, the two measures that he introduced, the removal of taxes on inputs in agricultural and manufacturing suddenly produced, in an economy that was not growing. All of that needs to be thrown through the window as economic nonsense because that is not the case. Despite the so-called reforms which the Right Honourable Member kept in place, the problems in the sugar industry still persist and the future of the industry is still very much in doubt. That is one example of the type of convolutions which the Right Honourable Member for St. Peter would have gone through today.

In relation to housing policy, the Right Honourable Member for St. Peter said that the Democratic Labour Party must not get into the issue because we permitted somebody to expand a restaurant on the Mullins' side of the road. I have been passing that site from a child and there were no obstructions to the view of the sea. In fact, over the years, the beach has increased. Nothing was done by the Democratic Labour Party and I challenge the Right Honourable Member for St. Peter to produce any evidence that anything was done by the Democratic Labour Party which was inimical to the rights of Barbadians to use that beach, to walk across the road and get straight on to the sand to have access to those facilities in any way, during the time that we were in office. The expansion of a building is a different thing to building a wall with an entrance that you can barely fit through to get on to the beach, which is precisely as I understand it what is happening now.

I keep saying and I repeat it now for the benefit of Members in this Chamber. It has nothing to do with what the investors thought the Prime Minister allowed them to do. It has nothing to do with what they thought the Town Planning permission gave them a right to do. It has nothing to do with the law. These things have something to do with the culture and the ethos that you have in a country. For years people have been coming here and we have been functioning in an environment on the west coast without high walls and without all of these guard dogs and all kinds of things, without obstruction to people using the beach. In fact, there have been developments in Barbados which have been predicated on the basis that you must not build a guard wall to obstruct people's view but all of a sudden some people who come here seem to be of some view, that Barbados has so changed, that we will now tolerate the building of high walls, gates and all kinds of other things.

This is a cultural phenomenon, it is a question of the impression that we are giving people when they come here. I am not getting into any debate about Barbadians being schizophrenic about foreigners. I am not in that discussion

– that leads to a dead end. That explains a situation but it does not do enough. The Government needs to declare its position because I will say this. If the Right Honourable Member for St. Peter said in this Chamber that to guarantee Barbadians the right to go on the beach that he is going to amend the Constitution, I would like to know what the present law of Barbados is.

I was very confused when I hear the Right Honourable Member for St. Peter giving the impression today that he had to amend the Constitution to give Barbadians the right to use the beach because as far as I know, that right exists and if it does not exist the Right Honourable Member for St. Peter must tell us what happened in the past 24 hours in Barbados, other than the building of a massive wall at Mullins Beach in St. Peter, that would have stopped Barbadians from enjoying the right to use beaches. There is no need for any constitutional amendment. That is a long declared policy of successive Governments including successive Democratic Labour Party Governments. I can only speak for the ones that I know about, I cannot speak for the Barbados Labour Party although the Right Honourable Member for St. Peter wants to speak for my Party all the time, I would not be so previous. I know my place and would not try to speak for his Party.

3.30 p.m.

What I can tell you is that under successive Democratic Labour Party administrations, nobody could be so drunk as to believe that they could come to this country and do things that could stop the rights of Barbadian citizens from using beaches. I want to know why they think they can do it now in the year 2000. That is the question that Barbadians must answer and that is why the Honourable Member for St. George North would have had difficulty at that meeting last night because for some reason people believe that the Government of Barbados is not doing enough to secure the rights of the citizens of this country, long established rights, to have access to the beach and that kind of thing.

I saw no supporters of the Democratic Labour Party down there. Do not blame us. I saw supporters of the Barbados Labour Party in the front row leading the demonstration. Why would they feel that their interests are under threat when their Government is in office. None of us have been down there. The Honourable Member for St. Lucy has talked about it but he has not gone down there to create any confusion but the Right Honourable Member for St. Peter, trying to give the impression that we are stirring up the problem started the debate by saying, “The Democratic Labour Party should not get into this”. Well, I am in it now. I am as much in it as the people who are physically down there despite their political persuasion because until the Prime Minister spoke today, I did not know that it was necessary to amend the Constitution of Barbados to give Barbadians the right to go on beaches.

I am shocked to hear that is now the case because there are other pieces of legislation and declarations from strong leaders who were not interested in propaganda and who nobody was in doubt when they finished speaking to them as to whether they could build a wall or not. When previous leaders of this country finished speaking to them, they knew what rights they had.

For some reason people seem to be very confused when they come to Barbados now. They seem to think that based on what somebody told them somewhere that they can do things which go against the grain of the Barbadian personality, culture and the epoch of this country. And that worries me, because anytime a man, not having permission to do something can say that he thought he was acting based on ‘the say so’ of somebody in the Government, then that tells me something is wrong somewhere. Therefore, if Barbadians react legitimately to that kind of thing, it cannot fall from the mouths of Members on that Side to call them middle class nuisances and to attack them and try to bring in implications about other investments which they are trying to undertake.

I want to see more black businesses in Barbados. Not all black businessmen are perfect but if you give me a choice I could not stand up in this Chamber and find myself criticizing a black businessman in this country for an action he is taking down on Mullins beach by saying that he wants to do something else somewhere. I consider that approach to be wrong, harmful and petty.

I think you have to judge each case on its merits. There is a case for saying that that wall should not be constructed at Mullins. That has nothing to do with Bay Street. Bay Street is a different matter and this pettiness has to stop. Every time somebody says something that is critical of the Government an attempt is made to besmirch their character in public to write editorials. I would not worry about the *Advocate* because they have heard from my Lawyer already and they will hear some more on this one.

I have a series of them to deal with but there is a concerted attempt in this country, whenever somebody criticizes the Government, even if the criticism comes internally...

Aside.

Mr. D. J. H. THOMPSON: We have seen it on this Side. I warned the Honourable Member for St. Michael North East because they are building a case. I have to defend the Honourable Member for St. Michael North East as I would have to defend the Honourable Member for St. Joseph and St. James South from that kind of nasty journalism. I believe that people who put themselves up for the public to vote for them and to endorse their policies or

reject them are entitled to do what they have to do, not above criticism but above that low level of back room dirty dealing, Mr. Speaker.

Aside.

Mr. D. J. H. THOMPSON: I know you do not either but I will say that I find it distasteful, Sir, to sit in this Chamber and to hear the Minister of Finance of this country take a turn in a black businessman who has built an enterprise in Black Rock – I do not care what Party he supports – who is interested in the development of this country. To answer his concerns about what is happening in Mullins – in the Right Honourable Member for St. James North constituency – the Honourable Member for St. Peter takes us to Bay Street and tries to implicate that businessman in some arrangement in Bay Street, which he alleges was not conforming either to what the Government wanted or was antithetical to the development of Barbados or perhaps was a personal advantage which that individual would have had that the two things are not related and we must stop it. Every time a matter comes up in which the Right Honourable Member for St. Peter finds anybody marginally critical of him, he must jump into the newspaper or charge into the House of Assembly and launch a broad-side. I do not think that is right or fair.

I have always been of the view that any criticisms I have to deliver on this Chamber would be against Honourable Members who can defend themselves. Or, I would go out on the political platform because there is nothing that stops anybody from defending themselves out on the political platform. I am appalled by it, Mr. Speaker, Sir, I do not know what can be done about it because the Standing Orders perhaps permit it, but I think there are Members of parliamentary groups who when they meet need to tell their Members what is acceptable and what is not acceptable for public discourse in this Chamber.

Having said that, Mr. Speaker, I want to say what the Democratic Labour Party's stated position was in its Manifesto on page 16.

“Guarantee that foreigners do not benefit excessively at our expense.

We will require foreign investors who get substantial incentives and tax breaks to undertake companion low-income housing projects as part of the package of incentives; allocate areas where land is ear-marked for leasing and not for sale to non-nationals.

Encourage innovative approaches to successful and housing policy.

We will initiate leasehold and freehold arrangements and the formation of real estate mutual funds to support the

investment by Barbadians in major property developments on the West Coast.”

Sir, we saw our policy as having two aspects to it. There had to be certain lands in Barbados which should not be alienated by Barbarians and I thought that was the Government's policy. They went ‘hot and sweaty’ down to John Moore's bar and acquired the land because they said it was a new policy of Government to ensure that certain land marks in Barbados would not be alienated.

But now we were at Mullins beach. Three weeks ago, the Prime Minister was extolling the virtue of the investors, the project, praising them up there with all the investors. They had a social gathering and so on and he was saying that it is a wonderful project. Three weeks later the same people (not a different set of investors like the ones in Bath in St. John and I will get to that in due course) are now building a high wall. The Prime Minister has not come in here and said, Mullins is so much a part of the Barbadian landscape and culture, let me acquire it and keep it as a landmark for our country. The Prime Minister attacks the protestors and then gets in this Chamber and says to right thinking people that Barbadians are schizophrenic about foreigners. We want their money but we do not like them.

3.40 p.m.

Sir, that interpretation of the Barbadian character, to my mind is not acceptable and it is not acceptable coming from the leader of the Barbadian people. That is my view. I believe that there are certain standards that Barbadians required of foreign investors and foreign investment and our Manifesto sought to set out those standards.

If someone wants to come here and invest and live, we will give them some concessions but they must also make a contribution to the country. It is done in Miami. When you see major malls and so on being built in areas in the United States and other countries, very often part of the companion conditions of building those malls is that the developer undertakes low income housing somewhere in the district because the contractors are already mobilized and ...

Asides.

Mr. D. J. H. THOMPSON: I am not so arrogant to believe that every idea originates with me. Having looked at what happened at Royal Westmoreland and reflecting on what is happening on the West Coast from about 1996, I started to argue that I felt that these developments should be accompanied but low income housing. I did not think of that in 1994 and I am not ashamed to say so and I did not think of it in 1992 either but I felt that when you all brought the Special Development Areas legislation, that the concessions were so attractive that a condition could have been inserted to require those contractors who are already mobilized to undertake low income housing.

Let me give an example. Six Mens, in St. Peter, the contractor mobilized and built a Marina. There apparently is a housing area in that area that needs to be addressed and a condition could have been imposed that the contractor would have to undertake a development similar to London Bourne or some other kind of development as a companion project to the project which he was undertaking at Six Mens. These things have been done elsewhere and this is what our Manifesto was speaking to, that there must be some benefit that accrues from those incentives.

The second point that I want to make is the question of zoning. I do not believe that the whole of Barbados needs to be zoned but I thought the Government agreed that there were parts of the West Coast that needed to be protected from alienation and therefore, that the whole basis for the John Moore Bar acquisition was to continue to identify those areas in Barbados to give access to the beaches such as the Coach House beach, Colony Club beach and Mullins beach.

When we sold Heywoods Hotel to the Barbados Shipping and Trading (BS&T), part of the terms was that they were to sell shares to the workers after a certain period of time and that they were to build two car parks and to provide access to the beaches.

Hon. Sir Harold ST. JOHN: On a point of order. The Honourable Leader is misleading the House. The terms of the agreement says that they are to build two car parks but in return for giving up the right of access that the public has across the whole front of the beach of the hotel.

Mr. D. J. H. THOMPSON: Nobody can do that. The law does not permit for anybody to stop access to the beach and that access was never guaranteed by the Barbados Labour Party (BLP) either. So that is a nonsensical point and one that you should not accept as a point of order.

If the owners of Heywoods Hotel wanted to stop people from walking across that beach front in areas that were not between the high and low water marks they could have done it. What we said, is that since we were selling it to a private company, there was no guarantee that they would continue to make that area between the high and low water mark available. We knew that by law they had to make the area between the high and low water mark available, that they would have to build two car parks for Barbadians to park their cars and two accesses to the beach and that was a very fair deal, because there is no individual who owns land next to the foreshore who cannot stop a Barbadian, if it is on his private land, from passing on that land. Part of the problem in Barbados is that people do not understand what the beach is. People often believe that the definition of the beach is that it includes the whole area of sand and we have a responsibility to either change the law to incorporate a wider area or acquire land, which I thought was the Barbados Labour Party (BLP) approach to this,

where you have both access as well as beaches so that Barbadians could be facilitated. That is what I thought was happening.

So we started with John Moore's Bar only to discover that that was just what we said it was, knee-jerk, opportunistic and not done on the basis of any policy. Having done John Moore's Bar, people on the West Coast are now doing as they like as evident by the people trying to build a wall to stop Barbadians either from having access to Mullins Beach or to use that window to the sea. Those are the facts. Why is it happening at this time despite the law and our views about tourism and what is said and trumpeted in here week after week and all the pretense of all the inalienable rights to the Barbadians and we are going to do this to protect them and so on and yet someone could come here and say that they were acting apparently on somebody's advice and instructions and start to build the wall. That is part of the problem and it is what is up in the head.

It is like the foreign investors who come to Barbados and believe that they do not have to let the workers organize and be represented by a union if the workers want it. I do not know who tells them that or what makes them believe that Barbadians would accept that and therefore people who come here believe that is the way they can function regardless of the laws.

I grew up on the West Coast and there was a time when anywhere between Fitts Village and Prospect you could pass over practically anybody's land to get to the beach, now all of those lands have been fenced including the Good Shepherd Church which was once an access. When I look at all of those old land marks, other than the fish market in Fitts Village, which was a project undertaken by the Barbados Labour Party (BLP), since I know the Honourable Member for Christ Church South would like a little credit in this debate ...

Asides.

Mr. D. J. H. THOMPSON: Those areas are no longer accessible to Barbadians, which is a pity because years ago next to the old Jordan's Supermarket you could have slipped through anybody's backyard to get to the beach.

Asides.

Mr. D. J. H. THOMPSON: I believe that a definitive statement by the Democratic Labour Party (DLP) was important and I sought to undertake that scenario. There are a couple of little points I want to make about the actual Savings Bonds legislation.

First of all, this is the first time in the history of Barbados and in my recollection that a Minister of Finance

has had to come to this Chamber to market savings bonds. I do not think that there has ever been an occasion when a Minister has had to spend so long a time telling Barbadians that savings bonds are good things. Savings bonds are usually taken up very quickly by Barbadians so there is no need to market them because we understand what savings bonds are about. The problem, however, is that the Minister is so confused by all of his foreign travels that he takes examples like the United States of America where the saving rates are historically low and uses them as examples to suggest that savings bonds freely available are attractive investments. At the end of the day when savings bonds become available in Barbados there are usually taken up very quickly. In the United States of America that is not necessarily so because they have historically low saving rates and they have other problems with personal debts which at the end of the day could cause major concerns for the world economy as a whole.

3.50 p.m.

You had NHC bonds. I believe they were fully subscribed. You had bonds for other kinds of things in Barbados and they have been subscribed, so you do not need to market savings bonds in this country. Nobody on this Side would oppose the idea of Government undertaking a process of generating more savings by the use of savings bonds as long as the money is not taken up and blown, as happened with the National Housing Corporation and with other Government agencies in the very recent past, so we have no problem supporting it at that level. We do not need the U.S. example to tell us how to undertake savings.

The second point which the Right Honourable Member for St. Peter fails to recognise is that the issuing of those bonds provides an alternative for savings for citizens and may very well crowd out financing that the private sector needs. He mentioned it in passing but, based on the kind of growth that the Barbados economy has been enjoying, a lot of which is going to be based on domestic financing, the question has to be asked whether that is the appropriate strategy for the Government to be undertaking at this time.

The idea that because you issue savings bonds Barbadians will stop consuming and will start saving is misplaced. I believe there have been several studies undertaken in this country which would demonstrate to the Right Honourable Member for St. Peter who takes up the majority of those savings bonds and whether they, in fact, have any impact on the small saver in this country. He can go and take a look. I believe some of the Central Bank's Reports and Reviews have contained articles which have looked at those kinds of issues.

I have been hearing the talk about Barbadians consuming more than they are saving since 1998 and yet the Government did not come to increase the limit. There must

be a reason why it is necessary at this time, despite the Government's objective that it wanted to increase the savings of Barbadians rather than consumption.

I also believe that the Right Honourable Member for St. Peter needs to make the point quite clearly that what people would be doing is taking income which they would otherwise spend on cars and other things and investing in savings bonds. What is important is what Government invests the money from those bonds in because if you stop the people from buying cars and undertaking their personal consumption and then you take up that money and fritter it away, or use it in investment, or spend it in ways that are not conducive to their long-term well-being then you are not achieving anything in this society. That is why, to my mind, it is necessary for Government to state very clearly the projects that it may undertake in relation to the money that it wishes to raise through this process. I think that is extremely important. We have not had the opportunity to hear that from the Right Honourable Member for St. Peter.

I believe, Sir, all told, the Right Honourable Member for St. Peter certainly in his response this morning seems to be getting into a state of panic and I do not understand why. He has 26 seats in Parliament. There are only two of us on this Side. What we say, though weighty and of immeasurable assistance, to my mind, the public discourse should not distract the Prime Minister from his agenda. He is far too distracted by little petty criticisms.

It is not the Democratic Labour Party who said that the economy was on a disaster path just before the end of the year. We did not even say anything about the tourism strike. It was the Right Honourable Member for St. Peter who rushed to the television and radio stations and said that if such an event had taken place in this country at that time that the economy would be headed for disaster.

Now, there must be a reason why the Right Honourable Member for St. Peter had started to panic at the slightest indication of labour unrest. That is because this economy has depended essentially and only the tourism sector for the earning of foreign exchange since the other sectors are performing way below their capacity.

Likewise, it is not us that have stopped the Statutory Corporations from paying their bills or meeting their ongoing obligations. It is not us on this Side who have created a cash flow situation for those businesses which have provided services to Government but which now cannot get paid for those services which they require. It is not us on this Side that contributed in any way to the fact that Government was unable in the last quarter of 1999 to finance its ongoing operations. Therefore, the Right Honourable Member for St. Peter does not need to come in here in a state of panic. There is a rational way that a man of his economic ability and talent, as suggested by the Barbados Labour Party, could

suggested by the Barbados Labour Party, could sit down and design alternative strategies to deal with the economic problems that we face.

Mr. Speaker, the idea of coming to this Chamber and building up these straw men and accusing the Democratic Labour Party of saying things that we have not said and then answering those allegations is not going to work. We are going to look very carefully at the way Government uses whatever money it raises, whether by way of taxation, savings bonds or by whatever process because our job as an Opposition is to ensure that Government is scrutinized and criticized where necessary for what it is not doing or doing something not properly. That is the basis on which we have come to this Resolution.

I believe some of the concerns we have raised should be answered by the Government because we would not be able to give our full and unequivocal support to this particular amendment to the Savings Bonds Act unless we receive certain basic reassurances about the Barbados economy and its performance at this time.

Hon. A. P. WOOD: Mr. Speaker, I rise at this time to give my support to this Bill to raise the Savings Bonds limit from \$100 million to \$250 million.

I was a little surprised by the Honourable Member for St. John in his fairly long presentation. For the better part of it he steered clear of dealing with the issue of the savings bonds and the importance of such an issue to potential investors in this domestic economy. Instead, he spent a substantial portion of his time looking at the performance of the Barbados economy over the last year especially.

Of course, that performance is documented in the Central Bank's publications but I will focus on a couple things which he said before I get onto the substantive issues. I do not intend to spend my time talking about whether the wall should have been erected in St. Peter or whether it should come down. As far as I am concerned that matter was well handled by the Prime Minister and the Chief Town Planner. They have made it known to all Barbadians that the wall has been erected illegally and at the appropriate time the wall will come down so I do not see why we should be taking up our valuable time in this Honourable House dealing with an issue which is really and truly under control.

Mr. Speaker, one of the things the Opposition Leader said was that after the Democratic Labour Party laid this platform for economic growth in the early 1990s, nothing was done by the Barbados Labour Party to secure sustained economic growth.

Mr. Speaker, the Barbados Labour Party came into office in September 1994. We are in February 2000. He would want us to believe that nothing that was done on this

Side by way of the formulation and implementation of macro economic policy would have contributed to the sustained economic growth in Barbados. He further stated, and it is very unfortunate that persons have to make certain statements depending upon which side of the House they are on, that Barbados' economic fortunes which were good over the last five years had more to do with the favourable international economic events and little or nothing to do with the approach which we adopted with respect to managing the economy.

4.00 p.m.

Mr. Speaker, all of us in here, including the Honourable Member for St. John, knows better than that because while the international economy might have grown consistently over the last five or six years we know that right here in the Caribbean that there are a number of colleagues that did not experience the same type of economic performance as Barbados. So if on the one hand the Honourable Member is saying that all it takes for a small economy like ours to be successful is that there be favourable international economic events, how does he explain the failures of Jamaica and the failures of Guyana to achieve the level of prosperity that Barbados has achieved and we are all part and parcel of the same world economy. So straight off, Mr. Speaker, we need to reject that nonsensical argument that in small open economies all it takes for it to prosper is for there to be favourable international events.

We know better. We know that the Barbados Labour Party Administration skillfully led by the Right Honourable Member for St. Peter implemented a series of economic strategies well timed to ensure that Barbados' economic prosperity was in the making.

The second point that I want to comment on was that the Honourable Member for St. John tried to trivialize the reason for raising the savings bond limit to \$250 million. He suggested that this Administration by providing attractive savings instruments to potential investors in this country will in some way cause some sort of crowding out effect, as we call it in economics, by denying those potential investors contribution to what he called the process of capital accumulation and therefore helping the economy to achieve growth prospects.

Mr. Speaker, when one looks at what the saving bond is and when one considers the reason why the Government might want to introduce savings bonds at this stage and when one also considers that the Government of the day has provided numerous opportunities for small persons in this country to engage in investment activity one will have to reject once again that suggestion from the Honourable Member for St. John that in providing attractive savings instruments the Government is trying to cause some sort of crowding out.

Mr. Speaker, the Government is raising the limit from \$150 million to \$250 million. The Government is not saying that because it is trying to raise the limit to \$250 million that tomorrow or next week that it will go and take out of the financial system \$150 million all in one shot. It is leaving itself the option so that when the need arises, based on the requirements to satisfy Government's operations, that it can go to the system and encourage persons to invest in Government savings bonds.

The Opposition Leader, the Honourable Member for St. John further states that the Democratic Labour Party through its chief economic spokesman did not advocate using savings bonds in preference to Central Bank financing. We all heard a couple days ago that the chief spokesman on Economic Affairs for the Opposition tried to make a point that at this point in time because the savings bonds carry a rate of interest of 7 per cent that would be a cost that Government would have to bear, that at this point in time it would be better for the Government to seek Central Bank financing in order to deal with its operations.

One thing that did not surprise me is that the Honourable Member for St. John did not agree with his chief economic spokesman that the better option is Central Bank financing but, in trying to cover for his chief economic spokesman, he said that that type of policy was not encouraged by his chief economic spokesman. We know that that is what the chief economic spokesman said. But the Honourable Member for St. John is trying to distance himself from that type of economic madness that suggests that in a small open economy like ours and given our experience with balance of payments problems that we should seek Central Bank financing when we had another option, one that would save us disrupting any balance of payments and that measure being the savings bonds.

Mr. Speaker, it is very unfortunate when persons like the chief spokesman on economics for the Opposition Party has to come to the public of Barbados and give the impression that certain economic policies which he knows because he is a trained economist and I daresay he has gone to a school which has produced some reasonably good economists. He also was a former student of mine and one of my star students in the early days and I know that he knows better when he says that Central Bank financing is an appropriate option. Mr. Speaker, Mr. McClean taught me and he taught him as well. These are things that Mr. McClean would have drilled into us.

We know when we look back at balance of payment experiences in the Caribbean that perhaps the most important contributory factor to our balance of payments problems is related to the printing of money, that is, seeking Central Bank assistance in order to finance Government operations. So I know that the chief spokesman for economic matters for the Opposition knows better.

One of the other points attempted was when he said that the foreign reserves position as currently exists in Barbados owes a lot to the \$150 million loan which the Barbados Government sought on the regional capital market. There may be a shred of truth in that.

4.10 p.m.

Mr. Speaker, also it is customary that during the second half of the year, foreign reserves decline. All of us know that. There is nothing novel about that. We had a situation last year where the Government saw it fit, not that we needed a \$150 million to squander as the Honourable Member for St. John stated, but there is absolutely nothing wrong in the Government seeking to sure up its foreign reserves as a sort of insurance policy. There is nothing wrong with that, Mr. Speaker.

If we look at what the level of foreign reserves is today and even if we deduct the \$150 million to make the Opposition happy, when I checked before coming here this morning, Mr. Speaker, I was told that the level of the foreign reserves at December 31st was \$609 million. On January 26th it was \$627.7 million. Today, as the Prime Minister said, it was \$632 million. Now, if I subtract \$150 million from that, we are left with \$482 million. That should give us in excess of 10 weeks imports. When I compared that with what happened in the early 90s, this is what the position is. The position is that in 1990, the level of the foreign reserves was \$119.3 million. In 1991, despite it reaching a record low as the Prime Minister said of \$11 million, at December 31, 1991, it stood at \$38.9 million. In 1992 it was \$97.4 million. In 1993, it was \$139.4 million.

Asides.

Hon. A. P. WOOD: I will not bother to call 1994. The Democratic Labour Party was out of office by the end of December 1994 so I will not use the figure that existed at that point.

I have said that even when we take away the \$150 million from the \$650 million that we have at the moment, we are left with just under \$500 million. No way in the period just outlined or if I take into consideration previous years, the foreign reserves would have been in excess of \$450 or \$500 million.

I do not think, Mr. Speaker, that the Democratic Labour Party is in any position whatsoever to tell us how to manage our foreign reserves. It requires a certain skill, Mr. Speaker, that person like Sir Courtney Blackman wrote extensively about.

Asides.

Hon. A. P. WOOD: I daresay, that persons from the Opposition have not learnt too much about the art and skill which are required in managing the foreign reserves.

The Minister of Finance well recognised that perhaps the single most important economic indicator in a small open developing economy is the balance of payments. That is an accepted fact. Those of us who were trained in economics to some level will understand that. When the Minister of Finance goes as nothing more than an insurance policy to raise \$150 million in foreign capital in the regional capital market, it is against the background of an understanding that the single most important macro-economic indicator in economies like ours is the balance of payments.

The Honourable Member for St. John, Mr. Speaker, also suggested that the Government of the day is not aware and very conscious that an economy which is experiencing a growth pattern, characterized by better performance in the non-trading sector as opposed to the trading sector, is not sustainable. That an economy which is characterized by better performance in the non-trading sector, that that type of growth pattern is a desirable.

Quite to the contrary, Mr. Speaker, the Barbados Labour Party Administration took steps months ago to slow down this Barbadian economy. It is because the Minister of Finance and all of us on this Side understand that we should not allow that sort of growth pattern to run too far ahead of us because no economy, be it industrialized or otherwise, could expect to maintain prosperity when growth is proceeded in that way. What did the Ministry of Finance do earlier? The Ministry of Finance, in an attempt to relieve the pressure which was being placed on the balance of payments last year introduced tighter monetary measures in order to deal with the pressure which was being placed on the balance of payments.

Mr. Speaker, for the benefit of the Honourable Member for St. Lucy, I will tell him some of the things the Ministry of Finance did as a way of introducing restrictive monetary policy measures. The cash reserve requirement was increased by 1 percentage point to 6%. The discount rate was increased by 1 percentage point to 10%. There was a withdrawal of 1.5% of deposits from the domestic banking system and that was invested in foreign securities. The minimum savings rate was also increased from 4% to 5% so as to encourage savings and slow down spending, therefore, tightening the liquidity situation in the second half of the year.

Mr. Speaker, these measures aid dividends. These are the things that the Honourable Member for St. John and the Honourable Member for St. Lucy need to pay some attention to because this Government is aware of what needs to be done in order to save the economy from going astray.
4.20 p.m.

Mr. Speaker, let me spend the remaining time dealing with the importance of savings bonds because the Opposition Leader would want to give us the impression that

persons in Barbados should not be getting involved in savings bonds and that he cannot support a move to increase the levy from \$100 million to \$250 million.

Mr. Speaker, as the Prime Minister said this morning, Barbados, by virtue of its economic performance, has paid a price for not being able to accept too much concessionary finance. Those of us who rebuked the movement of capital across the borders would know that the pattern of the flows in international capitals has changed over the last three decades. In 1990 developing countries that previously could have looked forward to flows being indirect foreign investment in equity financing or in loans, know that those patterns have changed. It is incumbent on developing countries that have the capacity to raise financing locally to do just that.

The Barbados Government has set out to do just that but they have set out to do it by introducing or raising the limit from \$100 million to \$250 million using an instrument that is very attractive. The economic records will show that those countries that pay attention to their savings rates, while at the same time insuring that those savings are turned into productive investments – that is what we call the transformation process, that is the rate of the process by which domestic savings is turned into domestic investment – that those are the ones that prosper.

Using a savings bond give residents an opportunity not only to get a reasonable rate of return, 7% in this case when compared to a bank deposit which is 4% or 5%, but it also gives them an opportunity to demonstrate in a very tangible way that they have confidence in the Government of the day in its ability to manage their affairs. I am certain that if the Prime Minister wanted to test the confidence of the Barbadian people in the Barbados Labour Party's management of this economy and he goes tomorrow and says, I want to raise \$150 million, and he threw out the bonds that would be a clear demonstration that the money would come from somewhere, thereby demonstrating in the clearest possible way that the people in this country are happy with the way the Barbados Labour Party is managing the affairs of this country.

Mr. Speaker, savings bonds provide a sort of win/win situation for both the Government and the potential investor. As I said earlier, the potential investors will get a better rate of return. They will feel that they have a real stake in the Barbadian economy. Seven per cent interest would be an excess, marginally or otherwise, of what they will get elsewhere. They can always offload the bonds they acquired at any time if they see fit but also very importantly, it gives the Government an opportunity to achieve one of its fundamental objectives and that is promoting the savings habit in this country.

Mr. Speaker, we all know that we need to be very careful about how spending is perceived in this small open economy like all other. We had been experiencing in the first half of the year, before the Government introduced restrictive monetary measures, substantial withdrawals from the banking system and those withdrawals being used for consumption activity. That had the potential of undermining the Government's objective of raising and maintaining reasonable levels of foreign reserves.

Mr. Speaker, it should come as no surprise to the Honourable Member for St. Lucy or the Honourable Member for St. John that the Government made a move to suspend the spending for consumption activity. Probably if in 1990, 1991 and those years, the Democratic Labour Party had listened and had done just that, the type of disaster and the problems which this country experienced back then, the severity of it would not have been as strong. People learn from their experiences and from other people's experiences.

Mr. Speaker, the Opposition should take careful note of what the Barbados Labour Party is prepared to do to sure up the levels of foreign reserves. I will admit, as I have said earlier and we are all aware of that, that the type of growth factor that we are experiencing is not sustainable. It is not sustainable and it should not be encouraged if we want to have long-term economic prosperity. That is why the Government will be working and has been working very assiduously to turn its attention to let this economy improve its national capacity to import, that is to generate foreign exchange from its own efforts, which would help us to deal with our level of importation which is necessary for a small open economy.

I am obliged to you, Mr. Speaker.

Mr. SPEAKER: The Honourable Member for St. James North.

Hon. R. C. EASTMOND: Mr. Speaker, the tone and content of the remarks made by the Honourable Member for St. John claimed or appeared to me to suggest that that country's economy is at this stage headed for a crisis. I do not agree with those remarks and the reasons will become obvious certainly in the first three or four minutes of my presentation.

The Honourable Member for St. John among all the things suggested that the type of economic crisis we saw in Barbados around 1991 was about to descend in this economy at this time. Nothing can be further from the truth.

Sir, around 1991/1992 when indeed the economy, under the direction of the Democratic Labour Party was in severe trouble, these are some of the very dire measures that the Democratic Labour Party introduced at that time.
4.30 p.m.

Between the result of the 1991 Election and year-end of 1991, this Parliament was compelled by the Democratic Labour Party (DLP), to increase taxation on at least three occasions. One of those taxes was taxes on manufacturing and it had a deleterious effect on the manufacturing sector.

On the fiscal side, this Parliament saw in 1991, three severe and almost deadly dosages of poison in this economy by way of fiscal measures. On the monetary side, what did they have? I remember very vividly sitting over there and policies were approved by the Democratic Labour Party (DLP) where the liquidity reserves ratio which is the amount of compulsory deposit that commercial banks must by law deposit with the Central Bank had been increased, therefore a significant amount of money was taken out of the economy.

At the same time, interest rates were so raised that the cost of borrowing went up. Nobody will quarrel, Mr. Speaker, with interest rates going up on consumption or interest rate policy being enunciated to control reckless consumption, but the interest rates went up also on productive activity. The consequence then was that the economy contracted and a number of defensive measures were undertaken by the Democratic Labour Party (DLP) to protect the reserves far more defensive than what the most broad-minded Democratic Labour Party (DLP) supporters would want to say may be a defensive measure in this particular context.

I am not going to say that this measure is not all this defensive either but the point about it is that a responsible Government has always to be aware of the current state of the economy. Last year, the engines that drive this economy were going fast and going at a hectic pace and we wanted to avoid overheating. We never said that the economy had been so overheated in 1999 as to deserve any particular measure that would slow it down markedly. What we wanted to do was to stave off the threat of serious overheating and we therefore cut Government's capital spending which is a responsible measure. The reason why it is responsible is that as the Honourable Member for St. Philip South said, in a small open economy, one of the strongest mediums by which you test an economy performance is by the level of foreign reserves.

In an economy where even fourth form students recognized that in excess of 70 per cent of every dollar goes out on imports, we therefore need to recognize that if we import goods excessively, then we will have to pay for those imports by way of foreign monies which we have in Barbados. However, if the imports were imports of technology to drive business or what I called productive goods and services to increase investment and then your returns were disproportionately higher than the cost then there will be no problem but if you spend huge amounts of

your foreign reserves on consumption, then you can drain the country of reserves and deposit the country to a situation like what we had in 1991.

We are today in here on this Side saying that our foreign reserves at this point are still in excess of \$600 million. What crisis, therefore, can the Honourable Member for St. John be speaking about that reminded him of 1991 when the foreign reserves then at the worst were about \$12 million and at the best \$38 million only. I remember at that time walking across opposite the Central Bank of Barbados and an employee of the Central Bank of Barbados was scratching his head in fear and beginning to wonder how we would get out of that. I also remember the very 1991 to which the Honourable Member for St. John referred as being a period where there were Carribean countries and even countries that had never known the reputation or the level of prosperity of this our motherland being afraid of trading in the Barbados dollar. That happened, so, I can broadly contradict what the Honourable Member for St. John said. I am denying that this economy is heading to a crisis and at the same time I want to position this debate where it really should be.

One possible way of looking at the core issue is that originally the whole question of savings bonds had been introduced in here by legislation and the legislation imposes an upper limit. Now, obviously, the reason for the upper limit then and the reason for any upper limit now in an economy like Barbados is to prevent pressure on the national debt. We are raising the limit, we are not abolishing it and of course the reason why we are not abolishing it is because we want to maintain a legislative framework by which we set in motion rules by which the national debt can be controlled.

I say then, that when Parliament approves the issue of savings bonds, what happens is that money comes out of the economy, yes, but let us look at the timing. We have just pass the month of December which was a period of heightened spending and heightened consumption and a period no doubt where more money is spent on imports and more pressure put on the foreign reserves than normal. We have also had salaries increases and if it is indeed true, which it really is, that in excess of 70 cents on every dollar is spent on imports, then with the Christmas spending and the increases in salaries, the stage would have been set for increasingly more pressure on the foreign reserves.

In addition, we are also moving to a situation where shortly more money is going to be made available to several persons in consequence, certainly by March 31, toward the repayment of the 8 per cent. Now when you combine all of these factors and if you assume that at this stage we need to protect the foreign reserves in the way the Honourable Member for St. Philip South has been saying, then clearly, taking money out of the economy is not such a bad thing.

The Honourable Member for St. John sought to suggest that we were taking money from the public by way of savings bonds to be able to use this money to finance a number of Government Departments and Statutory Corporations. Now, clearly, if you are really taking it out to curb excessive demand for imports and to protect the foreign reserves then you would hardly find it.

Then too, Mr. Speaker, we have to bear this in mind, that since 1996 Honourable Members on this Side led by the Right Honourable Member for St. Peter have been urging that more than ever Barbadians need to understand the importance of saving. At this point, I will mention two things. Last week, there was an Honourable Member, who, I jokingly told that one function of money - and this was being said in the context of people wanting to consume - is savings and investments and I told the Honourable Member that money is not meant to be spent and spent and spent and that is not the only use of money.

The other thing is, considering the critical importance of savings bonds is that if we are telling people in Barbados about the importance of savings then what another Honourable Member said in here last week is relevant, that we need to educate people about the importance of savings. I heard an Honourable Member, I do not remember which one, on the Floor of this House saying that the reason why many people do not save is because there are savings instruments and different securities that people do not easily understand. I want to submit that savings bonds are extremely easy to understand.

I want to say further that what we are doing here is trying to set the stage for the small man to take up savings. I want to say too that the record is quite clear that the Barbados Labour Party (BLP) has always encouraged the small man to save. Indeed, it was under a previous Barbados Labour Party (BLP) administration that the Savings Bonds Act, Chapter 104(A) was passed in the year 1980.
4.40 p.m.

So we have been consistent, but we have to bear in mind that in 1996 the Right Honourable Member for St. Peter made it clear that the time had come when Barbadians should save and save more.

In looking at various forms of saving, Mr. Speaker, permit me to say that among economists it is a well established principle that a high amount of savings so long as none is taken for consumption will lead to loanable funds. In other words, a lot of money lent for productive activity really comes from a lot of money saved up. So economists say $S=I$ (savings = investment). In small poor countries $S=C$ (savings = consumption) or $S=DC$ (savings = deferred consumption).

I want to stress the point that when we speak in the context of savings equal investment we are also forward looking. The Honourable Member for St. John seemed to want to suggest that we were not doing this out of the best interest for Barbados. Clearly, if we are projecting the future of this country, the future of ourselves, the future of our children and our grandchildren and we can set in train a culture where people truly appreciate savings and where people save at high levels and where people use their savings for investment, there may very well come a day when a new cadre of indigenous Barbadians will use those local funds for investment purposes in circumstances where, as the future unfolds, nobody knows for sure how predictable foreign investment will be. Indeed there might come a day when some foreign investors might, as Barbados is competing against other countries, find it better to go elsewhere.

So if we can encourage a culture of savings when our people build up savings and where savings become numerous and voluminous, there could come a time in the future, if not in my lifetime, when a new cadre of indigenous business persons emerge.

Indeed, Mr. Speaker, I should really say right now that already under this enlightened BLP administration a cadre of business people, local and indigenous, is beginning to emerge.

I want to mention a small group of them. Let us take the credit union movement. All parties in this country agree on the important role the credit union movement can play. No Party has done for the credit union movement all the things that the Barbados Labour Party has done.

The Honourable Members on this Side, especially those who were in a previous administration between 1976 and 1980 will tell you that we set in train incentives for credit unions at a time when there was an unfortunate collapse of the Civic. Earlier, there was a negative perception of credit unions and cooperatives so that even in the mid-1970s we were finding that Barbadians were skeptical about getting involved in the credit union movement precisely because of what had happened to the Civic, we introduced a number of incentives to get the credit union movement going. We introduced a number of tax concessions where credit union members could benefit and today what we are doing must be seen as being consistent with our determination to involve small people in their own businesses and in using money generated within this economy.

The credit union movement has grown spectacularly. No doubt, credit unions have been competing against commercial banks and other financial institutions for savings. Economists talk about scarce resources. The credit union movement has been competing against other financial institutions, including banking institutions and non-banking institutions, for scarce resources.

I have not heard banks and insurance companies complain that the credit union movement has driven them from the market place. Is that a sign of the type of policy in the economy that all the financial institutions feel confident to work there? I believe that.

At this time, Mr. Speaker, you will no doubt be aware that right here in Bridgetown, the City of Bridgetown Credit Union has just set an example of how small people banding together can own their own business. They have been facilitated through the enlightened policies of the Barbados Labour Party, and through the progressive amendment to the Cooperative Societies Act. The City of Bridgetown made up primarily of small persons now owns a business in Broad Street.

To mention other forms of savings. It troubles me, Mr. Speaker, in a culture where all Parties have done their upper education that there is clearly a negative attitude to certain financial institutions and financial investment which would redound to the benefit of our people.

It worries me when in August and September when there is a threat of a hurricane that people who are not insured for a year or two years or offered insurance, suddenly when they hear a hurricane is 300 miles off Barbados want to buy general insurance for their houses. We have, as a Parliament, to educate Barbadians to the facts of the situation. If we really care for our properties we have to be sufficiently careful and cautious to be able to make use of these measures which are available to us.

How is it they did not have any money for seven months or two years and then suddenly when the hurricane is about to hit Barbados that they try to insure at a time when there is no such thing called insurable risk. Insurable risk is on something that may happen. If it is something that is bound to happen, no insurance company will insure at that time.

The Honourable Member for St. Michael East and myself go back over 20 years. I do not know if he remembers when the two of us were in the League of Young Socialists between 1976 and 1980. We as Young Socialists were working on a resolution to urge on the authorities to consider compulsory insurance for chattel houses. Now people in chattel houses sometimes that is all they have and what is in the chattel house, the contents. They might think that insurance is some highfalutin thing for certain people in the society. The stark reality is if every chattel house owner insures and if all other factors are constant and non variable and there is no increase in rates, do you know that cost will be very cheap?

If you get a whole host of them or all of them insured it would bring down the cost so long as the risks they are supposed to cover do not materialise. I do not see therefore

how Barbadians can be in a situation where they go to school and learn and can be so negligent as not to understand general insurance.

Of course, insurance companies when there is premium income reserve some for paying against unfortunate instances but insurance companies are known to invest and if I go back to the savings equal investment again, an increase in people buying insurance should lead to an increase in loanable funds.

Mr. Speaker, Barbadians have for years valued the importance of savings. The first time I got exposed to the concept of saving was when I was about eight or nine years and my mother gave me two dollars to carry to a woman called Meta Gilkes. There was a friendly society run by a man called Reid and then by a man called Clarke. At the lodge you would pay 24 cents or 25 cents.

I have lived, Mr. Speaker, to see these meeting turns which some countries call partner or sou-sou, really gather root in the absence of statute. What has happened therefore? We have had many situations in Barbados where twelve people belong to a turn, somebody draws the first turn or the second turn and then defaults and when they go to court in Barbados the courts turn their heads away. My own position is that equity and trust law should take care of the person who acts as trustee for those people. But do you go to a court of equity for \$300 or \$400? Magistrates' Courts are not courts of equity and therefore cannot entertain a claim for equity in a meeting turn.

Similarly, even if you look at it from the contractual point of view because English society does not know anything about meeting turns and partner I do not believe the concept of privity has ever developed in England to take care of a bunch of people involved in a situation where instead of contracting with each other they contract with the person who holds. I do not think the person who holds is a stakeholder either. A trustee, yes, but not a stakeholder.

Perhaps you might have to consider legislation to protect those persons as meeting turns have not decreased. There are civil servants who put in \$100 and \$200 in meeting turns. There are people in villages. The Honourable Member for St. Michael North East has been able to succeed in life over meeting turns.

In those days and even to some extent now, that attitude of thrift was based on meeting turns. With proper definitions and jurisdiction and such like, you do not have to do anything with equity and trust or anything like that.

Mr. Speaker, the thrift to which the Honourable Prime Minister referred and which is fundamental to what we have

before us is important, because of all the ancient values. Even in colonial Barbados our old people survived on thrift. Not only did they educate their children some of whom became Honourable M.Ps they bought a cow or a sheep and they passed the value of rearing livestock to their children in an era where certain values revolved around that.

Even though I am not urging or recommending a return to poverty, I am certainly recommending a return to traditional values of thrift, of animal husbandry, of love for nature, of love for the environment and love of neighbour.

I am suggesting with the greatest respect, Mr. Speaker, that this savings bonds issue is going to help us ease any potential threat to the foreign reserves. I do not agree with the Honourable Member for St. John that this is a way of Government topping Government revenue for the purpose of funding the NHC or any institution. I agree that the Government is telling the small man out there in a situation where you got an increase around Christmas, in a situation where you are destined to get some money before March 31, do not walk the road of seeing money as there to be spent exclusively. Do not go down the road of M=C or DC (Money = consumption or deferred consumption). It is about time that we value the importance of thrift, of savings. Our parents often survived on that - thrift. We therefore must use that concept and use that value to try to teach it to the youth of Barbados. Savings bonds are easy to understand. You go to a commercial bank - and you have to go fast because as the Honourable Member for St. John rightly said, whenever they are issued, they are taken up very quickly. I do not think that we are going to let any future issues of savings bonds be captured by institutional investors to the detriment of the small man.

4.50 p.m.

This is an opportunity, Mr. Speaker, for more savings to come to the economy. This is an opportunity for people to learn how the system works. It works primarily through a system called discounting where if you buy \$5000 at an interest rate of 8% or 10% you earn interest up front. You can get them but you have to let them run the term so that they will be really worth \$5000. An opportunity, Mr. Speaker, for people to understand that as they save more they make this country wealthier. An opportunity too, for small businessmen to get the clear message that savings matter.

I have already said on the Floor of this Honourable House, Mr. Speaker, that I do not like a beginning entrepreneur going to a commercial institution and borrowing money with interest the first year or two when there are uncertainties which could very well put him in serious trouble. I would like to urge Barbadians entrepreneurs to fund their projects in the early stages from capital in the form of savings and not capital in the form of a loan from a bank. If you have capital in the form of savings, Mr. Speaker, and you invest them in a business that

makes profit, the profits add to the capital and increases the capital. If, in the unfortunate event that the capital from savings does not make profit and it makes a loss, the capital is reduced. If you borrow from a commercial institution at an interest rate and make losses, then not only what you have there goes down but your whole credit worthiness goes.

I was interested to hear the Honourable Member for St. Philip South indicate quite clearly and truthfully and he implied that there was a time in 1991 when the Government of Barbados and the citizens of Barbados had been deemed not creditworthy. The Honourable Member for St. Philip South made bold to say a truthful statement, that today Barbados is credit worthy. Today Barbados is a desirable destination for tourist. Today Barbados, Mr. Speaker, is a desirable jurisdiction in which people want to invest.

I am saying, Mr. Speaker, that we are not recording so spectacular growth as the propaganda of other Caribbean countries has indicated. What I am saying is that we have come to a stage where even though we have achieved progress, we still have to bear in mind that as there is progress there is sometimes pressure concomitant with the progress but the potential pressure is not a pressure that will destroy the economy either in the short-term or the medium-term. The potential pressure, Mr. Speaker, will come if Government's consumption is allowed to reduce the foreign reserves as to take us back to the unholy days of 1991 when we have seen three sets of fiscal measures that work hardship on the country; when we have seen the liquidity reserves ratio increased and money taken out of the economy; when we have seen interest rates rise and continued to rise when they were falling worldwide. We have seen Government then took a more direct plunge in those days in the realms of 'licking' people out of a job to protect Government's revenue and in the process to protect the foreign reserves from undue pressure.

I feel that Chapter 104A is being amended to allow the Government to issue more savings bonds beyond which current legislation now allows. It is necessary to increase it by legislation, Mr. Speaker, because the whole policy can only be introduced by legislation but to follow the legislation as it is, will prevent Government from being able to attract the savings out of the savings bonds from the public. I do not see how we will get \$150 million overnight. I see us floating them in phases. I want all Barbadians at this stage, even before a new issue has been made to gird themselves with the fact of the system and to understand how the system works. For those persons who had increased money for Christmas and those who still have some, for those who will get back the first tranche of the 8%, to understand, Mr. Speaker, how important it is to save. Perhaps, if not even for investment, certainly for the rainy day.

Mr. Speaker, as I conclude, I urge all Barbadians to make capital of this new policy.

Mr. D. St. E. KELLMAN: Mr. Speaker, I enter this debate at a time when it is clear to me that none of the Government Members have read the Addendum to this Bill. If they were reading the Addendum...

Hon. D. A. C. SIMMONS: On a point of order. Life is a learning experience and I am always prepared to learn. Sir, I do not know if your Bill has an Addendum but mine does not. I would be grateful, Sir, if you would let me know. As far as I know, no Bill has an Addendum. It is unfortunate that the Honourable Member began his speech on a false premise. There is no Addendum or Schedule. You may see such Schedules in Bills from time to time but not an Addendum.

Mr. D. St. E. KELLMAN: Mr. Speaker, I thought the two Bills were being taken as one and also...

Hon. D. A. C. SIMMONS: On a point of order. There are not two being done together.

Mr. D. St. E. KELLMAN: Sir, there is also attached to one of these Bills an explanatory note...

Hon. D.A.C. SIMMONS: On a point of order. The Honourable Member has been in here since 1994 and he has now displayed maximum ignorance. There is a substantial difference between a Money Resolution and a Bill, Sir. There is only one Bill dealing with the Savings Bonds Act and that is what is before the House to be followed by a separate Resolution. If after five years he does not know the difference between a Bill and a Resolution he does not deserve to represent the people of St. Lucy.

Mr. D. St. E. KELLMAN: Mr. Speaker, I said I thought the two were coming as one. Mr. Speaker, this is not the first time that we have taken two likes and treated it as one in this place.

Mr. SPEAKER: Please proceed.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am saying that the Barbados Labour Party Ministers who got up and spoke in this House gave the impression that on their own volition they brought this Bill. I am saying that it came to the House because of the advice of the Governor of the Central Bank and if any one wants to dispute it, they can get up and dispute it now.

The Governor had stated to the Government that they only had about \$4 million left and that they should bring a Resolution to the House and also an Amendment to the Bill to affect the Savings Bonds Act, so that the Government can borrow money. I want any one of you to come and deny that fact. I am saying that when Ministers got up in this House without admitting that it was the advice of the Governor of

the Central Bank, they misled this House. They got up and spoke as if they had a Cabinet meeting and it was their decision without acknowledging that the advice came from the Governor of the Central Bank. There is another serious matter, Sir, do not let anyone of them in here fool you. This is the most serious credit squeeze that Barbados has ever gone into and I challenge them also to deny this. If any of you all know what is a credit squeeze, this is the biggest credit squeeze for a long time that this country has ever gone into.

5.00 p.m.

Mr. Speaker, it means that there is something called disposable income where people can use it either to invest or the Government can take it away. If the Government takes \$150 million out of the economy it means that there is no income out there for people to invest and that is a credit squeeze. The Government tried the same thing along with the Trade Union Movement in this country last year when they helped to put a strike down at the Port to stop imports so that it would create another credit squeeze. That one failed and now they are back with this one. Sir, I sat in my seat and I listened to them and I was hoping ... it is true that the Honourable Member for St. Philip went close to the credit squeeze and I told him to watch his words because I am in this House.

Sir, I am telling you that anytime you have an economy like this and you take out \$150 million it can only be a credit squeeze, because that is not there for the private sector to borrow so it is a credit squeeze...

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, you know I would not address you like that, Sir. I have more respect than that for you.

Mr. SPEAKER: Thank you.

Mr. D. St. E. KELLMAN: That is why I am glad you are in this seat because you will not have to take any of the blame that is going to go down. They will have to take the blame for destroying our economy, not you. You are the fortunate one and you should be glad they made you the Speaker. You can walk Barbados with your head held high but they cannot do it. Do you hear all this talk about they having \$632 million in foreign exchange? That is foolishness.

Aside.

Mr. D. St. E. KELLMAN: You know I have to give my friend for St. Michael North East some praise. The Honourable Member for St. Michael North East was able to give the Prime Minister \$250 million in reserves in one stroke – EduTech 2000. Do you remember during the

campaign I kept saying that EduTech equals foreign exchange? I have the evidence now.

Hon. Miss M. A. MOTTLEY: On a point of order, Mr. Speaker, I do not mean to be unkind to the Honourable Member for St. Lucy but while the programme for EduTech may envisage that we may spend some US\$200 million over a seven-year period that money has certainly not entered the Barbados economy and therefore cannot be calculated as a serious contributor to the \$632 million in foreign reserves.

Mr. D. St. E. KELLMAN: Mr. Speaker, some of the EduTech money is in the foreign reserves already and I would like the Minister, instead of trying to deny it, to tell how much then. I am saying that it is \$250 million that is in already. I am also saying that you have to add to that \$150 million that was the insurance policy in March 1999 to pay a debt in December. That is \$400 million and has nothing to do with the money that we guaranteed in this House for other sectors and when you add that it is another \$100 million, we are at \$500 million. You then have to add another \$100 million for the CMCF which is \$600 million.

Sir, so far I have not mentioned anything that is generated by tourism, manufacturing or anything by any protected sector. It is clear to me that even though we have large sums in foreign reserves that those foreign reserves are not being produced by the protective sector in this country and that is disgraceful. Anytime you have a country and it can generate these levels of foreign exchange and nothing from these figures can be traced to the protective sector, that country will have to be in trouble. Anybody on that Side can challenge me on these figures. Sir, what is even more disgraceful....

Asides.

Mr. D. St. E. KELLMAN: Yes, I will repeat them for you. No. No. No. Hold on a minute - \$250 from EduTech in foreign exchange.

Asides.

Mr. D. St. E. KELLMAN: Sir, I am not giving them any figures. They have the figures over there. Let them use them. Not only that I am told in this House, Mr. Speaker...

Asides.

Mr. D. St. E. KELLMAN: No. I remember well. One thing about me, 4 o'clock in the morning I am studying my speeches for you, believe you me. I do not come in here and just talk because I want to talk off the cuffs like some people believe and far-fetched. What people in here think is far-fetched is foresight.

Mr. Speaker, I am also told that all of our land on the West Coast generated a lot of foreign exchange and I agree. I have said in this House already that if there is one thing good about the Prime Minister, he knew how to get revenue and foreign exchange by selling off our lands to whoever could have bought it. The problem is that when you look at the foreign reserves and try to trace the foreign sales to the foreign reserves you cannot trace it, it means that even though people are investing large sums of money in Barbados to build houses, they are spending nearly the same amount or more.

So we are not having a net gain in foreign reserves for the construction that is going on the West Coast, because if that was correct, Sir, we would have over \$1 billion in foreign reserves in this country. It is clear to me that construction has been a negative drain on this economy even though most of the construction was done on the West Coast and that is something we need to investigate.

Sir, I listened to the Prime Minister today and he came in here with a bogus argument on the Sugar Industry.

Mr. SPEAKER: Honourable Member, you cannot refer to a Member's speech as bogus.

Mr. D. St.E. KELLMAN: It is one that lacks facts and financial data to substantiate what was said. Sir, let me tell you something - and the Honourable Member for Christ Church South would agree with it - the Prime Minister said that it would be more profitable for Barbados to sell local sugar on the Barbados market. This is nonsense. Anybody who understands the sugar market would tell you the only group of people that that will be a profit to, will be the sugar industry. But Barbados on a whole, it cannot be a profit to, for the simple reason that it is more viable for us to import sugar at a lower cost, sell it on the market, make a lot of profit and then export our sugar.
5.10 p.m.

I want the Prime Minister to understand that when he talked in this Parliament that I listen to him well.

Hon. A. P. WOOD: On a point of order. Mr. Speaker, the Honourable Member for St. Lucy is giving this House the impression that the days when sugar was available for sale on the local market that it was at the expense of satisfying our position on the international market.

Mr. Speaker, that is incorrect. The arrangement is such that the Barbados Government is locked into a situation where it has to satisfy a quota on the European market and it is only if we produce in excess of that quota that we can turn our attention to selling sugar on the domestic market. So it never happens at the expense of foreign exchange.

Mr. D. St. E. KELLMAN: Mr. Speaker, I will not knock my Honourable friend because I have a lot of respect for him and I believe he honestly said that because he meant it. The truth is, he does not even recognize that he put me to look at the Government now because the reason why we have a problem in fulfilling our quota is because of that ignorant policy. In past years what we would have done, would be to export that sugar and build up something called 'carried forward sugar' and now we would not have to be in London begging anybody in order to maintain our quota. Do not come to me with that.

I was in the sugar industry and I understand the workings in the sugar industry, so let me educate you on certain things. When I beg you to sit down, sit down.

Asides

Mr. D. St. E. KELLMAN: Mr. Speaker, we are at a stage where the Government has made serious errors within the sugar industry and it refuses Barbadians the right to eat local sugar not realizing that they were the ones to jeopardize the sugar quota of the sugar industry but the sugar officials cannot say that because they want to beg for money. I can say it because it is a fact and no one can deny it. The Prime Minister said in this House that he will not be giving any subsidies to the sugar industry and I told my comrades not to believe that because what he meant is that he would not be giving any money to the sugar industry to pay the workers. I heard him in here today admitting that he would subsidize the farmers. So I want my comrades to understand that I can read him well and whenever he speaks in this House I give him my fullest attention even when it appears that I am sleeping because as Prime Minister he deserves that right and also being on this side I have a right to listen and to reply in a specific way.

We are talking a lot about bonds. Let me tell you something. I cannot believe that a Government would spend from 11 o'clock today up to this time explaining what is a savings bond, because the fastest thing that is sold in this country as a financial instrument, is savings bonds and I challenge anybody on that Side to deny that. The question is, why will Government have evidence like this and yet will have to come and sell an issue like this? You know why, Sir, they recognize that what they are doing is putting a credit squeeze on Barbados and once that money is taken out that there are people sitting in offices down town who will tell the business people that if they buy bonds they are going to need it because there is going to be a demand and supply for money which means that interest rates will automatically go up. Once there is a short supply of money the banks will take advantage of the situation because we do not have control over them. You are forgetting that fact. This is the private sector at work. Demand and supply, bram, bram, bram.

I am saying that the Government also knows that they will be introducing something called the Fair Trade Commission but the only thing is that I am seeing the wrong spelling in the newspaper. It is not F-A-I-R, Mr. Speaker, it is F-E-A-R because small people got a fear for that Commission because once that is in place water rates will go up because the Barbados Water Authority (BWA) just said that they do not have any money. Rents at the National Housing Corporation (NHC) have gone up because they need \$87 million to get viable and bus fares have gone up because today the small man is in trouble because the Barbados Transport Board sent 32 buses at the Airport to bring the tourists down to the Harbour that the small BT buses would normally do. So even the Transport Board is squeezing the small man now to get revenue but you know who they are not squeezing, the tour operators because those are the ones who hired them to bring the tourists down to the Port and when they hire the Transport Board buses, you know who they are pushing out, not their own people, they are pushing out our people.

Therefore, this Fair Trade Commission that is supposed to be F-A-I-R, automatically will become F-E-A-R when it is fully implemented in Barbados so you could look to the Barbados Light and Power and the Barbados Telephone Company wanting a piece of change too. So it is going to drive bare fear in the poor people of this country and I am challenging my comrades on the other side to deny what I am saying is true.

Asides.

Mr. D. St. E. KELLMAN: In 1991 to 1994 this country found itself in the same position it now finds itself in but this Opposition will not behave like that Opposition instead of saying that we will not support this Bill we will support it. You know why, Sir, we understand that the country needs the money but what the Barbados Labour Party (BLP) did in 1991, is that they went into the hospital, saw the patient dying on the bed, the doctor about to administer his medicine, and they marched all over the patient and mashed him up, so that he would not recover and when the doctor put the drips in the patient, they pulled them out.

Mr. Speaker, between 1991 and 1994, it was the Barbados Labour Party (BLP), the trade union movement and the Private Sector who could tell you how bad the economy is but yet still they could go marching to destroy the economy because if you tell me that a man is dying and then you inflict more pain on him, you should have been charged for what you should have been charged for at that time.

Asides.

Mr. D. St. E. KELLMAN: I am saying that we need in this country to understand that this country is about to go

into a credit squeeze situation and we need to guard the people against these situations. I have no doubt that this country needs to look at productive products and projects to move forward. It pains me to hear people talking about us having the Hilton Hotel and Sandy Lane Hotel out of service. Before Sandy Lane Hotel was closed, I told the Government from a meeting at the Ignatius Byer School that what they should have done is to tell the owners of Sandy Lane Hotel, thank you for having the money to invest in this country but we have a nice piece of real estate in St. Lucy called the Naval Base and would like you to build a hotel down there first and when that hotel is completed if you want to take Sandy Lane Hotel in St. James out of service, we will help you find the other funds to take it out of service. They did not listen to the advice and allowed the owners of Sandy Lane Hotel to close down our best hotel and what happens now is that the country is paying dearly.

Many people believe that this \$150 million that the Barbados Labour Party (BLP) has now that they can spend it, but they cannot spend it because they would have been spending it twice. I am telling you that this \$150 million is for committed expenditure that has been spent already so there is no need to worry about this money going into the economy to wreck anything because in the same way – and I am going to give you the evidence to it – that they said that they could not pay the Civil Servants \$60 million because it will have an effect on the economy, I am saying that if you give them \$150 million it will have the same effect if they are going to spend it in the economy. This money is for the money spent earlier in the year that has not been paid to suppliers and this money is the money to stop the deficit from looking so big. That is why I said that I will support it because I understand what it is all about and that is why last week I told them to bring all the Supplementaries and bring them all one time because I understand that when they hit this House it will be a large sum of money that they will have to bring in Supplementaries. So the chicken has come home and I understand them well.

I am told by the Prime Minister that the Democratic Labour Party should keep away from the Mullins Beach issue. Let me say something to the Barbados Labour Party (BLP). We will have to give the commitment that if that wall stands up down there that we will have to compulsorily acquire that piece of land.

5.20 p.m.

I will tell you why we would have to do that, Sir, for the simple reason that the Government could compulsorily acquire John Moore's shop as a recreational facility where thousands of people do not go, we would have to do it for some place where thousands of people go. It is simple logic. There is more evidence that Mullins Beach is a recreational facility than John Moore's shop so we will have to do it. We will have to give that commitment to the people of Barbados.

I heard an argument in here that the Democratic Labour Party approved a beach house on that beach. If that is true, what is the big thing? One is still being approved up to now on the same beach but it is not the beach house that is the problem, it is the access to the beach that is the problem. I do not buy this flip-by-the-hand thing that you just flip in something just because you want to create an argument which has no basis.

I am saying, Sir, that the issue at Mullins is far bigger than we can see. I want the owner of that project to apologise to my Prime Minister because the Prime Minister has stated in this House and outside this House that he gave no permission for a wall. I feel that if the owner could go and tell people that, he has a right to apologise to our Prime Minister. He is not only the Prime Minister of the Barbados Labour Party, he is the Prime Minister of the whole country and they have a right to apologise to him. They just cannot walk in here and say that they are going to do this and prejudice people. It is an insult to our constitutional rights where people come in here and do not even recognise that we have a Town Planning Department that is governed by the Laws of Barbados and they can go ahead and do whatever they like.

It is far greater than we can think. These people cannot prejudice us. These people must understand that even though we need the investment, we do not need the investment at any cost. I am saying to all self-thinking and self-righteous Barbadians on the Other Side, if there is one thing they have to stand up for it is this, because if they are allowed to get away with this one today, they will try something else tomorrow.

I want to remind you that it started on the Sandy Lane Road where one man figured that he could come and put down some silent policemen. When I brought it to the attention of this House, I was promised that that piece of land would have been compulsorily acquired. Up to today it has not been acquired so that man seeing what happened on the Sandy Lane Road goes to Mullins and feels he can do the same thing.

Mr. Speaker, I have said in this House already that we have misused, and I will repeat it, the Compulsory Acquisition Act in this House. We have never used it right. Whenever we want a piece of land from a poor man, we are quite prepared to come to this House and compulsorily acquire his land but whenever we have to protect the interest of the small man from the rich it seems we are scared to do it. I drew one example of those silent policemen on Sandy Lane Road that have not seen the light of Parliament.

I have also warned this House that we must stop taking poor people's land from them and giving them money. I hope after last night that the Honourable Members on the Other Side would understand the point I have been making.

It is a valid point and you must understand. It is okay to tell a man you are taking his land and you are going to give him money but the problem is not the money. The problem is for the man to take that money and go and buy an alternative piece of land.

I am saying that the Government is disenfranchising black people when they compulsorily acquire their land and just give them money in return because what they feel is the market price cannot be the market price, then that man is faced with a much larger bill when he has to try to acquire a piece of land.

If you doubt me, those are not my words, those are the words from VOB. If VOB is libellous then you cannot accept anybody's word in this country. I am saying that this bond issue is very important to Barbados. This will stop Barbados from having the largest deficit ever to be incurred in this country.

Another thing that amazes me, Sir, I am being told that this bond issue is to finance capital projects. I do not know who did the wording. If they had said to me that this bond issue was to help finance capital projects I might agree with them, but I am yet to see anybody in this House who could tell me that Government should get capital projects starting in the next two months. Something is wrong. I am saying that the excuses given for this money have to be faulty.

I am also saying that something is wrong again because when one listens to the Governor of the Central Bank, the Governor was saying that you should go on the overseas market and borrow. Here it is, the Governor is telling the Barbados Labour Party, go and borrow on the overseas market and borrow on the local market. What is that telling you? If you send them to borrow all over the place that tells me that has to be a message and the message is that there is a need for a large sum of money to be injected in the economy of Barbados.

Another point, Sir, is that the Governor has stated to the Barbados Labour Party that it only has \$4 million. Let me tell you something. They have large corporations down town that when they hear they only have \$4 million in an account they get frightened and go to their bankers. I am convinced, Sir, that it is impossible for the Government of Barbados to run through January with only \$4 million in that account and not tamper with the Ways and Means Account.

Certain remarks made by the Honourable Member for St. Lucy were ordered expunged from the record by Mr. SPEAKER.

Mr. D. St. E. KELLMAN: I am saying, Sir, that anybody with any financial knowledge....

Mr. SPEAKER: Let us do it orderly. Do you have any evidence whatsoever that this act has taken place? This is something that happened between 1991 and 1994. 5.30 p.m.

Mr. SPEAKER: On what do you base the conclusions if the evidence is not available?

Mr. D. St. E. KELLMAN: Mr. Speaker, the conclusion is simple financial data. They only had \$4 million and as I said we had a problem with tourism receipts.

Hon. Miss M. A. MOTTLEY: On a point of order. The Honourable Member is misleading the Chamber. The reference in the Addendum to the Resolution which will come before this Honourable Chamber refers to the fact that the Savings Bonds Act provides for \$100 million limit and of that \$100 million, \$4.5 million is all that is left to use up the limit. That in no way corresponds to what resources Government has at its disposal to carry out its current capital works programme and therefore to impute that the Government only has \$4 million to run the Government for the rest of the financial year is such a gross inaccuracy that if he repeats it, it will cause the constituents in St. Lucy to believe that they too have made a gross error during the course of the last election.

Mr. SPEAKER: Honourable Member, please! Without anticipating what will happen in the Honourable Chamber there is a Resolution where the Addendum clearly states what the Honourable Member for St. Michael North East just stated. Am I understanding that in your whole presentation there seems to be some confusion as to this Resolution and what is stated in the Addendum of this Resolution and the Bill that is before the House? If that is so, it means that there must be a false premise.

Mr. D. St. E. KELLMAN: Mr. Speaker, with all due respect to you. If that is the road we are going down it means that everything that was said in this House today in reference to \$250 million will have to be struck from the record.

Mr. SPEAKER: Honourable Member, obviously you are not following what I am saying. There is a Resolution and without anticipating what will come before the House it is clearly stated in the Addendum about the \$4 million balance. What transpired here today has had nothing to do with this Resolution and the \$250 million.

Mr. D. St. E. KELLMAN: Mr. Speaker, every reference of \$250 million has to do with the second Resolution because this Bill is to amend and it has nothing to do with \$250 million. It is only to amend the Bill. It is the Resolution that has something to do with \$250 million. We have to be technical.

Hon. D. A. C. SIMMONS: The Honourable Member is misleading the House because clause 2 of the Bill which is before the House provides that section 3 of the Savings Bonds Act is amended by deleting the words "\$100 000 000" appearing in the third line of that Act and substituting the words "\$250 000 000". The Bill before the House speaks to the limit. Section 3 you see was amended by 1994 as No. 24:

"The Minister may, under authority of a resolution of Parliament, raise by issue of Savings Bonds in Barbados money up to a limit of \$250 000 000 (changed to \$100 000 000) for financing such capital or other expenditure as he may determine."

Mr. D. St. E. KELLMAN: Mr. Speaker, it does not allow you to add three zeros to the actual figure. It is the other Resolution that allows the other figure to be legal.

Mr. SPEAKER: Honourable Member, we are not discussing the other Resolution. We are discussing the Bill which was presented to the House today and you are totally out of order if you are going to use and further anticipate which is definitely against the rules of this House. You seem to be all mixed up with the two. I am suggesting that nobody has mentioned anything relating to the \$4 million or Resolution.

Mr. D. St. E. KELLMAN: Mr. Speaker, they did not look at the Resolution then. If that is the route you want to have to go, Sir, I have good information that the Government only has a small amount of money available to it.

Mr. SPEAKER: Honourable Member, it is clearly stated here in the Addendum what you are stating but that has nothing to do with a Resolution which is to come to the House. Let me just make a ruling on this, please. It was further stated by the Honourable Member for St. Lucy that the Central Bank has gone over the limit of the Ways and Means. What has been pointed out by an Honourable Member, the Honourable Member for St. Philip is that what is being...

Aside.

Mr. SPEAKER: He rose on a point of order. You are the one making the statement and if you are going to talk about producing evidence you will have to be the one to produce it. All the Chair is asking you is what evidence do you have according to the Member about the serious allegation that you are making against the Central Bank.

Mr. D. St. E. KELLMAN: Can I give the evidence, Sir?

Mr. SPEAKER: You cannot give the evidence by just... Let me hear you. You have one minute to do it.

Mr. D. St. E. KELLMAN: During the 1991-94 Session this particular debate was very much part of this Parliament. The Barbados Labour Party accused the Democratic Labour Party of going over the Ways and Means Account and then the savings bonds were used as an instrument to make sure that Government protected itself from going over. Knowing financial statistics and data, I know that there is no company in Bridgetown that is a large company that has only \$4 million available to it - in light of the tourism problems that I have outlined, Sir, with short falls in revenue - that can come and tell me that they will not go over that limit. I challenge anybody to tell me that Government does not use more than \$4 million. I am saying that in the month of January they had shortfalls because they did not collect the revenue that they would have expected to collect from tourism receipts because of the millennium bug and because people did not travel. I am saying that anybody who knows about financial data would have to agree with me on that matter.

5.40 p.m.

MR. SPEAKER: Have you concluded.

Mr. D. St. E. KELLMAN: I thought you were speaking, Sir.

Mr. SPEAKER: You have about two minutes to conclude.

Mr. D. St. E. KELLMAN: Sir, it amazes me how young bright men cannot be allowed to make good judgement calls in this Parliament.

Mr. SPEAKER: Honourable Member, I speak for the Presiding Officers here, do not in any way

Mr. D. St. E. KELLMAN: Sir, that was not a reflection on the Chair, Sir.

Mr. SPEAKER: Well, it sounds that way.

Mr. D. St. E. KELLMAN: Sir, I am talking about the cross talk, Sir.

Mr. SPEAKER: The Chair does not hear the cross talk.

Mr. D. St. E. KELLMAN: In 1991 to 1994, Sir, when the Right Honourable Member for St. Peter was allowed to make those statements nobody challenged it. He produced the same kind of statistics that I have produced. The evidence must be brought to prove that what I am saying is wrong.

Hon. D. A. C. SIMMONS: Mr. Speaker, on a point of order. He is attributing to the Prime Minister certain things that he never said in 1994. Sir, I just wish to say that in the middle of December that I had responsibility in an acting

capacity and the Ways and Means Account was at one day \$58 million and the Prime Minister has explained it in here in December and I repeat it, Sir, so that it may not arise anymore. I agreed that \$100 million from a deposit with the Central Bank of \$200 million should be put towards the Ways and Means Account to bring it down. I have not seen it since the middle of December when I was acting but I wish to swear that it could not have gone up again to the magnitude that the Honourable Member is suggesting. What is the limit? The Ways and Means limit is 10% of \$1.5 million. That is what the Ways and Means limit is.

Mr. SPEAKER: I am requesting that you withdraw the statement that Central Bank has exceeded the Ways and Means limit.

Mr. D. St. E. KELLMAN: Mr. Speaker, if that is your wish I will withdraw with all due respect to you, Sir. There is another forum for that. Sir, I want to pick up the last comment made by the Honourable Member for St. Thomas when the Honourable Member said that it went over and he requested \$100 million. Sir, I end on that statement.

Hon. Dr. R. L. CHELTENHAM: Mr. Speaker, Sir, under discussion is a Bill to amend the Savings Bonds Act thus permitting the Government to issue savings bonds beyond the present limit of \$100 million to \$250 million. The point needs to be made, Mr. Speaker, because it seems to have given rise to some confusion, notwithstanding the remarks of the Honourable Minister of Finance that it is not the intention of the Government at this stage to issue savings bonds upwards of \$150 million. It is anticipated that over the next five to seven years or perhaps beyond, the Government will issue bonds up to the proposed limit in the Bill of \$250 million. Both Opposition spokesmen have been emphasizing that there will be an increase of \$150 million which is not as I understand it, the intention of the Government.

Sir, the debate has been a long one. It has been wide ranging but notwithstanding, Sir, that at the end of the day both Sides have agreed on the desirability of raising the limit and Government issuing bonds at this stage. That is not surprising, Sir, because there is no doubt about it that savings bonds represent an attractive instrument, attractive both to Government and to would be investors. There is no doubt too, Sir, that the same way that savings are good for individuals, that they are equally so for communities.

Developed countries, Sir, are characterised, among other things by their high savings rates. As we aspire to the status of becoming a developed country, we have to make sure that we increase our savings. Communities that save a lot, are able, Sir, to engage in research and development and to increase dramatically their investment in productive projects. There is no doubt, Sir, that savings bonds are

highly desirable instruments. It is not surprising that at the end of the day, both the principal Opposition spokesman and the Government agreed as to the desirability of the increase of the limit of savings bonds from \$100 million to \$250 million.

The Speaker left the Chair and the Deputy Speaker took the Chair.

Hon. Dr. R. L. CHELTENHAM: Mr. Deputy Speaker, what I found most interesting about the debate was the comments made both by the Honourable Minister of Finance and by the Leader of the Opposition in their wide ranging remarks about the economy. The Opposition was saying and echoing in large measure, Sir, as I understand it, views that are very much in the Press these days that the economy is in trouble and that we are headed on a disaster course. The Prime Minister and Minister of Finance on the other hand, went out of his way to emphasise that the macro-economic fundamentals are strong and that this economy is in good standing. I support that, Mr. Deputy Speaker.

It is difficult to accept that an economy that has shown growth for seven consecutive years, that an economy that has been able to reduce its employment from a high of 26% to 10%, that an economy that has been manifesting very low inflation rates, that an economy that continues to invest large sums of direct private investment from abroad, that an economy that has been able to generate foreign reserves of over \$600 million, that that economy is in trouble. The Opposition has not, in any way, in the course of their remarks demonstrated the way or ways in which this Barbados economy at present, can be said to be an economy in trouble.

I think that we can confidently reject the arguments advanced by the Opposition that the Barbados economy is in trouble. All of the indices of measurement of an economy in trouble, none of them is present in the present Barbadian economy. They have sifted the ground, as the Honourable Member for St. Lucy in his *sotto voce* remarks has indicated and said that it might not be in trouble now but we are suggesting that storm clouds are on the horizon and it will be in trouble in the future.

Well, I do not wish to engage in that sort of political speculation. I think that we need to take the evidence that we have and look ahead in the short and medium term and see whether, realistically, we can say that there are storm clouds on the horizon and that the economy is on a disaster path.
5.50 p.m.

We cannot rule out, Mr. Deputy Speaker, that in the real world in which we live we could have events such as we experienced in the early years of the 1970s and for ten or 15 years after where we had successive energy crises which blew this economy off-course and many economies in the

world over time. We cannot rule out a situation of that occurring but insofar as there are factors within our control, I think that we can confidently say that we have had prudent management in this country and that we have had large recurrence for that investment in prudent management. That leaves me to reject further the argument that has been advanced by the Leader of the Opposition to the effect that it is simply a favourable external environment that has been responsible for the successes of the Barbadian economy in the last seven years.

What he was trying to do is to take away from the Government and the Minister of Finance credit for the wise initiatives that they have taken in the management of this Barbadian economy, suggesting that regardless of who was there we would have had growth and sustained growth because the external environment was a favourable one. As the Honourable Member for St. Philip South and some others have indicated, how then do you explain the Jamaican, the Guyanese and the other economies in the region that have really been experiencing sustained negative growth? How do you explain those economies that have suffered meltdown in the Far East and other parts of the world in recent years? We must not adopt such an exaggerated posture because we are in Opposition, as to deprive the Government or rather not credit the Government where credit is due. The success of this economy in the last five or six years is the direct result of the deliberate policy instruments put in place by the Barbados Labour Party. I think that needs to be said for the record in the face of all the discrediting that we have experienced in the last few hours in the course of this debate.

Having said that, Mr. Deputy Speaker, I think we need to pay some attention to the comment made that the Barbados economy is like a one leg horse. I think that is how it has been put by the Leader of the Opposition. He said that tourism is so much the dominant engine of growth in the Barbadian economy, that the Barbadian economy can be likened to a one leg horse.

It is true, Mr. Deputy Speaker, that tourism has emerged over many years now as the dominant engine of growth in the Barbadian economy. It is the principal earner of foreign exchange and I think it is the principal generator of jobs directly and indirectly in the Barbadian economy. There is scarcely an economy in the world that does not have a principal engine. There are few economies where all the engines are of equal strength all the time. It would be a rare situation indeed if you get an economy where the several engines of growth are all of equal strength.

Having said that however, Mr. Deputy Speaker, I think we need to look more closely at the tourism sector. I am concerned that there is a large dependence on the United Kingdom (UK) market in our tourism sector. In fact, the UK is responsible for 36 per cent of the visitors that come

to Barbados. That growth in the UK market has been steady since the late 1980s. I think it would be wise to appreciate that all markets have cycles and that from time to time there are certain shifts in patterns.

Sir, looking down the road, we can safely assume one day that the Pound Sterling may not be as strong as it has been in recent years, that the UK economy may not be as prosperous and that we have to make sure that we so diversify our sources for tourism that should there be a short-fall out of the UK, we would not suffer adversity too much. Even though the Barbados Hotel and Tourism Association (BHATA) has been saying that they are putting money in waters where the fish is biting, I think that the Government itself must take a longer view and ensure that it so positions Barbados, even in the very difficult markets, that should there be downturn in the UK market that we can begin to get an increase out of Continental Europe, particularly out of Germany and Switzerland. We should also ensure an increase out of the United States of America (USA).

There are very favourable factors in relation to the United Kingdom. The cultural harmony with us is extremely strong. Our way of life is almost identical in many respects. The trades names are the same. We drive on the same sides of the world. We speak English. We all practice the common law life system. The Parliamentary system of Government is the same. So that Englishmen find Barbados a home away from home and that emphasizes the strong cultural harmony. When you go to a test match against England at Kensington and there are 9 000 Englishmen there, you think that you are at Lords or at the Oval – the Englishmen are happy because the atmospheres are much the same as at the Oval in particular where there are more West Indians than you find at Lords.

There has been a lot of English investment particularly on the West Coast, although there has been some on the South Coast too, and we have been fortunate in being well served by Airlines: British Airways, Virgin Atlantic, Britannia, B.W.I.A., U.S. 2000, Caledonian and many others. That is not the same situation as obtained in the U.S.A. So that though it is expected and hoped that we would continue to grow beyond the 180 000 visitors which we currently get from the U.K., we have to accept that there could be a change in that situation and we have to so position ourselves that should there be a change, the impact on the Barbados economy would not be too adverse.

There was a time, not too many years ago, when we got in the late twenty thousands - 25 000 to 26 000 visitors from Germany. Germany has had its own economic problems resulting from unification but notwithstanding that, the Germans continue to travel in large numbers going increasingly to price sensitive destinations: Cancun, the Dominican Republic and Cuba. At the same time, Barbados

has relied almost on a one man band in terms of promotion in Germany for far too long. I speak of Carlos Beckles now a blessed memory. He alone for many years was responsible for the promotion of Barbados in Germany and for many parts of Continental Europe. That is a form and was a form of madness which we must correct. The harder the market, once you regard it as desirable, the greater the effort that we have got them in. If there is one point that I would wish to make in this debate it is that we need to reposition ourselves in Continental Europe. At the same time we have lost many carriers out of Germany.

6.00 p.m.

We have lost British West Indian Airways (BWIA) that used to take large number of visitors out of Frankfurt and two other cities. We have lost Luftransport Unternehmen (LTU). Condor is still with us and we must work to strengthen our relationship with them. We have lost Martin Air which was an important carrier to Barbados because they operated out of Amsterdam which is a hub and due to the connections between Amsterdam and the neighbouring areas, a large number of people came from Germany and also from the Benelux countries through Martin Air. We have to get back in that market and make sure that we increase our numbers out of Germany, out of the Benelux countries and out of Switzerland. I think we get no more than four to five thousand visitors a year out of Germany and they are for the most part of the super rich class who spend large sums of money and stay here for at least a week or so longer than the American visitors. So it is in our interest to pay attention to Continental Europe in the ways that I have suggested.

I want to say something about the United States of America market. In the last ten years, there has been a decline of some 30 000 visitors from New York and New Jersey. It is that North-East seaboard area where over the years we got many of our visitors from and for understandable reasons. There is a gateway out of New York and a large number of Barbadians and West Indians have settled in that part of the United States of America where we have concentrated our efforts. We have to do something about that market. It is also a varied and rich market which is only four hours away from us and we cannot afford to allow it to slip us.

Four or five years ago, in this Chamber, I repeatedly made the call for a diagnostic study of why it is that we are slipping in the United States market. In the last few months we have had an increase of less than one per cent which is too small to speak about but generally the situation has been one seen over a ten to fifteen-year period of considerable slippage. We need to do something about it. There have been all sorts of theories such as the fact that we only have now two gateways in effect out of Miami and New York but even in the days when we had more carriers such as Pan Am; Eastern Airlines; American Airlines (AA) and British West

Indian Airways (BWIA) we began to see slippage so that it would appear as though the problem is much larger than the question of only having two gateways out of the United States of America.

Is our visibility as strong as it should be? Are we spending enough money on television? Do we have the right methodologies in terms of approaching the United States market where the consumer is more dominant than in the United Kingdom and the European market where there is this vertical integration between the Airlines and the tour operators? The United States of America is a qualitatively different market in which the consumer is dominant and it calls for a different methodology of approach. Are we employing that methodology?

I am suggesting as I have done for many years now that we need to do a diagnostic study, let us stop guessing about what is wrong and let us do some empirical work and find out what the people who are travellers and would-be travellers are saying about Barbados. It is only then that we can design in any scientific way a response to the difficulties that we may be experiencing in that market. We have been very successful in using charters out of the United Kingdom but have we sufficiently explored the option of charters out of the United States of America market? It seems to me and I repeat this that the market is too variegated, it is too rich, it is too close to us and it is too important for us to allow that slippage to continue unaddressed.

I want to turn now to say a few things about the sugar sector of the Barbadian economy. I wish to begin by saying that I agree with much if not all that the Prime Minister has said in the course of his relaxed and wide-ranging remarks. What about the sugar industry? I am concerned about one thing which I think we need to address and it is this. It is accepted that we will in the immediate and perhaps in the long future be receiving a reduced price every year for our sugar in the contractual market of Europe resulting from the fact that the Europeans have agreed in accordance with the new rules of the World Trade Organisation (WTO) to reduce the subsidies and hence the amount that will be given every year for beet sugar and the price of the Barbadian sugar in Europe is linked to the price of the beet sugar to the European farmers. So if they get a reduced price every year for their beet sugar, we in turn will get a reduced price for our cane sugar.

Mr. D. St.E. KELLMAN: On a point of order. The Honourable Member is misleading the House because he needs to say that they have also moved from the ECU payment now to the Sterling payment also.

Asides.

Hon. Dr. R. L. CHELTENHAM: This reduction in the price which we will be receiving for our sugar is at a time

when our cost of production is higher than the price that we are receiving. It means, therefore, that sugar is in a deficit position. The Minister of Finance has rightly said that we have got to spend some money in introducing a new technology of production to make sure that the cost of our production is reduced over time.

In the meanwhile, my question is this, who is going to help the luckless people in the farming community? Already there are among the lowest paid workers in Barbados and if the industry cannot afford any increases in wages, who is going to take care of the labouring class in the sugar community? In the mist of the cane reaping season they sometimes only get three or four days a week work. In the non cane reaping season they sometimes only get two days so we have to be concerned with that class in Barbados. We are cousins. We are brothers and sisters. What are we going to do about that class? Who is going to come to their rescue? I would very much like to hear, clearly not today but on another occasion, my friend the Honourable Member for St. Philip South speak to that issue. I would like to hear the Prime Minister himself because they cannot be treated as a forgotten or neglected class. I am in daily contact with them. I know well their plight. I am saying we have to do something for them.

6.10 p.m.

The reverse tax credit, the \$500 a year, welcome though it has been, is not enough. They need sustainer systems. They are already at their lowest end of the income earning scale and they need help.

I want to turn now, Sir, to the offshore financial sector. I am not satisfied that we have made the strides we ought to have made because, after all, it was a Barbados Labour Party administration in 1976 that began to give serious attention to a comprehensive offshore financial sector. I think at that time we had already the International Business Act on the statute book but it has been amended on numerous occasions. We have added several instruments but there is cause for concern still about that sector. To begin with, we have delayed too long, in my view, in introducing some important instruments like the Trust Bill. It is only in the last few years that we were able to put it on the statute book.

Secondly, we are not creating and modernising our legislation in relation to the offshore financial sector as speedily as we ought to. Would-be investors are concerned with the most attractive instruments and many countries in the field are regularly modernising and updating their legislation and we have not been doing the same even though for many years now there has been a committee in existence that was supposed to monitor, review and recommend the changes from time to time.

The third point that needs to be made, Mr. Deputy Speaker, is this. Barbados has a lot to offer, not in terms of attracting tens of thousands of name plate companies as the Virgin Islands, for example, attracts, but in getting quality clients we need to emphasize our strength as a low tax jurisdiction. Some of our best friends make the point again and again that we do not promote ourselves enough.

The fourth point, Sir, that needs to be made is that costs in some areas in Barbados in relation to those who come here to manage these offshore facilities are inflated beyond reason.

Many Canadians who are resident here as managers of offshore companies are asked to pay regular income, for example, of \$10 000 a month and so, other executives in Barbados doing comparable work can rent properties for \$5 000 or \$6 000. That is increasingly becoming an inhibition so that we need to help ourselves in many more respects than we are doing at present. Above all, the Government needs to take the lead in making sure that the legislation is as competitive as it can be. The Government needs to take the lead in ensuring that Barbados' strength as a low tax jurisdiction is known around the world. Barbados needs to do more.

I applaud the very serious speech that the Right Honourable Prime Minister and Minister of Finance made a few weeks ago knocking the OECD countries for their statement in respect to these offshore financial centres. We need to continue our campaign of combat against the perception which has gone abroad as a result of the OECD countries.

I have accepted your signal, Mr. Deputy Speaker, that the time has run out for me. I am much indebted to you for your patience, for this has been an interesting and wide-ranging debate, not so much on the Savings Bonds issue as on the wider aspects of the economy. I am grateful for the opportunity to participate.

Hon. Sir HAROLD ST. JOHN: Mr. Deputy Speaker, I would like to commend the Honourable Member for St. Joseph for the depth and range of his speech. It is sometimes very necessary for the older and wiser heads to make observations, particularly in situations in which there appears to be an element of recklessness in some of the statements that have been made on the Other Side.

There cannot be any doubt about it, Sir, that we in Barbados have been very fortunate in that we have been able to have sustained growth over the last seven years. There cannot be any doubt that the economy of Barbados is at the present moment in tourism, in offshore business, in agriculture, and in manufacturing in a position in which serious analysts should be looking at whether we can sustain

our growth and what would be necessary to ensure that we continue to have the good fortune we have had over the last seven years.

The Honourable Member for St. Joseph has made a very searching analysis of the areas of concern with respect to tourism, with respect to sugar agriculture but I want to say that I agree 100 per cent with what he has said. I want to go further and develop a couple of other areas because I think we should not ignore the reality of the fact that Barbados is a high cost country to do business. That is a reality and it impacts in our agriculture, tourism and in our manufacturing.

Indeed, recently as the Honourable Member has correctly said, there is unmistakable evidence that those involved in the offshore sector have concerns about what they call the cost of doing business in Barbados, the cost of doing business in the rental of property, the cost of doing business with respect to the costs of professional services, the cost of doing business with respect to telecommunications costs and the cost of doing business generally.

Now, I believe we should pursue a similar diagnostic study as the Honourable Member advocates with respect to the tourism industry, to the information and the informatics industry. This is something that is a matter, in my opinion, of great urgency.

I urge the Honourable Minister responsible to take the lead in this respect. I do not agree with all of those who believe that operating in these small islands that whenever you feel that changes are necessary that you should say that the Prime Minister of the country must be the one responsible for initiating and changing things. What we have is a system of Government in which it is necessary to place responsibility for subjects and for areas not only upon the Head of the Government but also upon individual Ministries. I think what you have is people who have an inflated sense of their own importance and they only want to consort with the Prime Minister and do not want to consort with the other Ministers. There are a good few of them out there who like to impress their clients by saying that they have a direct line to the Prime Minister. I went through this exercise once or twice but quite quickly you can suppress it when they come back to you after the Prime Minister quite rightly tell them that that is not his responsibility and to deal with the Minister. When they come back you must delay the appointments for them and let them know their place.
6.20 p.m.

Mr. Deputy Speaker, I believe that like the Honourable Member, and I would like to underscore this, people are repeatedly saying that we have not been aggressive enough in our projections of Barbados internationally. When I look at the marketing budget of the relevant Ministry – I believe

the relevant Ministry is now the Ministry of International Business – I must say that I feel that additional funds could be allocated to marketing Barbados with its unique and special characteristics. Barbados has some very special characteristics which are capable of being exploited. Among the special characteristics we have which distinguish us from many of the other countries is that we have in addition to the fact that we are a low tax jurisdiction, we have double taxation treaties, that we have the common law and we also have the availability of educated people who are capable of understanding and administering many aspects of the international business services that are required.

I will never forget that one of the principal motivating factors in the Barbados Labour Party administration in the past which concentrated on bringing international business into Barbados was the fact that we did an analysis in those days as to where were our people who emigrated to London, to New York and to Canada and we found that many of them were working in banks, in hospitals, in professional services. As immigration opportunities became restricted we felt that it was a good opportunity for us to use that same talent which is the product of our education right here in Barbados and that was one of the reasons for the development of the regime.

Those are our pluses. We have some other minuses that I am going to mention because I want to commend them to the Minister. There can be no doubt about it that there is a feeling among the people who bring international business here that our decision making machinery is too slow. Whether that is the machinery that resolves disputes, the one that deals with immigration, that deals with companies, that deals with the ports or that deals with the corporate registry, the point is, there is the impression there that our decision making machinery needs to be analysed even if it is only to discount these misconceptions. That is something that we have to deal with.

Just as a hotelier or a manufacturer or any other producer or retailer has to pay attention to the concept and the perception that a customer has of him or his products, so too, if you are in the international business sector you have to pay attention to the perception that those whom you want to come here have their views. It is no disservice, no criticism of any of the people involved in any of this machinery when one makes the point that the perception is there. Something has to be done about it. It is in our own interest to do some self-analysis to see whether they are right and we are wrong or we are wrong and they are right.

I am very disappointed, and I want to say it very clearly, that we had probably the most successful offshore international conference in Barbados about two years ago, we had some very high powered people who came to

Barbados who were very impressed with Barbados and who made specific recommendations but they have not seen the light of the day as yet. I believe that there is a legitimate criticism of the decision making process that they have not seen the light of the day. That is what we have to deal with. We have to continue this process of self-analysis. I am very optimistic, Sir, and I want to say that I believe that Barbados, provided it continues to do what the Right Honourable Prime Minister and others have been doing, that is, that we must continue to lead the fight in the international arena with the OECD countries. We must let them understand that we understand too that the services that we are providing in Barbados are very little different from the services that are being provided in the City of London and in other countries and that we in Barbados have the capability of providing them at a comparable standard but at a cheaper price.

We are equally concerned with them as they are about money laundering and equally concerned as they are that justice is brought to those who try to use these international services to hide their corrupt actions. It is only recently that many of these Governments in the developed world, in Switzerland, in particular, are cooperating with the developing world to ensure that some of the fruits of the corrupt regimes are dissolved and disclosed. We have a good reputation in that respect.

I want to say also that we must continue to lead within the Caribbean Economic Community, the view that it is a disservice to the Caribbean Economic future for our countries, any of them, to be allowed to be used as a conduit for that kind of activity. We must let our fellow decision makers in the rest of the Caribbean understand that we must act together and sing the same song in this respect. There are some disturbing developments in this area and Barbados should not allow itself to be dragged down because of activities in other areas in the Caribbean in this respect.

Sir, in the time that I have, I must say something about something that has crept into the debate with respect to one of the consequences of prosperity, namely the issue of land. I have never seen so much emotion being exhibited as I have seen over this land issue. I do not blame the Opposition for fanning it. If I were in their position I would fan it to the hilt because they find themselves in a position having been rejected on a number of issues by the electorate that they are looking for one which will propel them back into the electorate's mind. I do not blame them. That is their function. We must understand that in a democracy that an Opposition is a good thing. Periodically, it gets massacred and during that period of time of the massacre, they will clutch at any straw in order to survive. That is what they are doing. They will fan and they will promote and they will exaggerate any issue. Let us get the truth of the facts about this land issue.
6.30 p.m.

The Barbados Labour Party has nothing to hide in this respect. I have been in politics long enough to know that the respective records of the Barbados Labour Party and the Democratic Labour Party and that the Barbados Labour Party has the most outstanding record. I have been in politics long enough to know that it was the Barbados Labour Party that acquired Rockley Beach. It was the Barbados Labour Party that acquired twenty-two acres of land at Silver Sands. It was the Barbados Labour Party Administration that ensured that Folkestone in St. James was brought into public use. It was the Barbados Labour Party administration that ensured that land was reclaimed from the District Hospital at Christ Church right down to Welches. It was Barbados Labour Party administration that put in every groyne from St. Lawrence Church to Oistins to ensure that the beaches all around there are expanded. All of that we have done. It was a Barbados Labour Party Administration that created two large public accesses in St. Michael - Spring Garden Highway and right there in Bay Street. As a matter of fact, I hope, before I leave politics that the Barbados Labour Party would acquire the balance of the land between the Bay Police Station right down to the Harbour Lights Club.

When I was a Minister, I always said in my mind that the whole of the Esplanade, the whole of where the Natural Gas Corporation was in Bay Street and the whole of the Old Ice Company, the Government should own. They should not be any doubt about it that Carlisle Bay should be developed along the line that there is massive public access. We must do the same along the west coast.

We started on the west coast. Unfortunately, the development on the west coast was different from the development on the south coast. On the west coast, the amount of land between the high tide and the road changes. I know when it was wider but the tides have come in and it means that you have to be very selective and careful now as to what you do.

Asides.

Hon. Sir HAROLD ST. JOHN: Yes, they claim that Sunset Crest and around that area, before the laws were amended to make sure that the building line was 30 metres, when it was only 10 metres, that the putting up of the illegal groynes was a cost factor. But, work has to be done. We must look at an area by Road View opposite the church yard. I see it when I pass and I say to myself that Government will have to bite the bullet and buy all that open piece of land between Kings Beach and the other hotel Sandridge so that the public down here will have access to the beach there. We tried it at Heywoods by buying all the houses except the one that sticks out there in the sea and I hope the sea carries that away one of these days.

Asides.

Hon. Sir HAROLD ST. JOHN: Sir, I am sorry. I should not wish any harm on people but I do wish that the sea would carry away that house one of these days. I would have thought, that given the record of the Barbados Labour Party in this area, that any suggestion that we would be part and parcel of a regime which would allow people to come from abroad and change that well-settled and developed policy would be automatically rejected. Again, Sir, in this society there are a large group of people who aspire to be politicians but they do not have the courage to enter politics.

Asides.

Hon. Sir HAROLD ST. JOHN: It is therefore their well-settled path, that particularly when the Opposition, in their view, is not fully representative of what they would like to say that they try to supplant the Opposition.

Asides.

Hon. Sir HAROLD ST. JOHN: That is all that is happening. They like to take up the cudgels of the Opposition and that is what is happening in this exercise. When we were in the position of the Honourable Member over there, we were short on numbers and we used to encourage them to do it and that is all that is happening.

Sir, the cost of land in Barbados. Barbados is now being written up, particularly the west coast of Barbados, as being a country in which land is an exceptional valuable asset. Barbados, particularly in England, is conceived as being a country that is highly desirable to invest in. It has had its impact on values in Barbados. People are building houses on the west coast of Barbados - I heard of one the other day - \$50 million.

Sir, I also want to say that we should be diagnosing also the ricochet impact of the phenomenal construction prices that are paid for building on the west coast because it does have an effect on the rest of the country. What we have to do is to study this phenomenon and let us see what we can do without at the same time destroying something, which, in my opinion is beneficial to the economy of Barbados.

I have been in here and I have heard the former Honourable Member for St. John saying very clearly that nobody could tell him that it is bad for the economy of Barbados that land in Paradise on which a man had a chattel house and in those days you get US\$300 a week for that, he said that has to be good for the economy. If a chattel house on a piece of land in Paradise Gap could bring that, he said it has got to be good for the economy.

Sir, our position is that we must analyse it and ensure that the public revenue derives benefit from it. That is why I am in favour of the changes in the land tax structure in Barbados. I am not pessimistic in any way. What I say is

that as a Government we have to be on our toes, we have to keep analysing our economy, we have to keep analysing what is taking place, make our decisions on what is desirable and what is undesirable and act accordingly.

Mr. Speaker, I am glad that we had the opportunity to participate in this debate and I am not one of those people who are pessimistic about our prospects in the future.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I rise to wind up the debate. I really must thank all Members who spoke in this debate. I thought that the contributions from the Government's side were truly outstanding. The value of having a superior wisdom in a political institution that can draw from long years of parliamentary experience and that is in direct contact with the evolution of our social and material history was exhibited in this debate. I particularly must signal out the contribution of the Honourable Member for St. Joseph and thereafter, Sir, to warmly applaud the contribution of the Member who has just spoken, the distinguished Honourable Member for Christ Church South. We have had a full debate on the economy and I am not going to be long in response but I want to make this point to the Leader of the Opposition.

The Government has interest in having, in this society, a full serious debate on the essential challenge that confronts this country at the start of the century, namely, the repositioning of the Barbados economy. It was what my last Budget was about. It was not just about restructuring a few sectors, Sir. We have to take a whole economy that was cultured and weaned on certain kinds of economic arrangements that claimed to rest on certain kinds of economic props and move that from one position to the other. We have a specific finite time in which to do it. It is so in relation to agriculture, it is so in relation to manufacturing, it is so in relation to tourism. It is so certainly in relation to all aspects of the economy including small businesses where the capacity for us to keep the small businesses going cannot override the fact that they too have to be part of a global society where certainly normal rules must apply.
6.40 p.m.

Sir, it is a debate that I want to join because there is nothing more important ...

Aside.

Rt. Hon. O. S. ARTHUR: A lot of what we are discussing at the level of sectors - details and numbers are inconsequential as compared to the larger issue. I sense in this debate, Sir, that the Leader of the Opposition would wish to join the debate but that he would rather be mired in the details but we would lose an historic opportunity, as was lost in the last Budget, when the context of economic policy was set in that broad framework and we heard about how it

would affect the single mother and the small man on the block. It is the obligation of all of us who have been called to public life in this generation, 35 years after Independence, to bring about a fundamental repositioning in this economy. Despite the success to date, the only thing of which they are sure of in the this economy is that it cannot be allowed to stand where it is.

Sir, that is the policy that will guide me and guide this House in this term. In the last Budget I indicated that we will do it by a series of incremental measures and the matter before the House today was one of those incremental measures. We want to lift savings because of the refinancing of our productive sectors and that success will only be accomplished if we have it financed from a pool of savings. I hope that message could go through because I spoke today about an alarming lack of realism still in so many sections of the Barbadian society that the message has not yet fully gone through, that this has to be a period of drastic transformation and a deliberate transition.

Sir, there are still too many people who want to hang on to old ways of doing things. It is true in the public sector and in the private sector but the change has to be made. I will be using these debates to try to focus on that larger issue because that is my responsibility to the country without losing control of the fundamentals of this economy. In this debate, Sir, I thought I had tried to put to rest fears about the state of the Government finances as stated on the balance of payments.

The economy is still sound, Mr. Speaker, but there are times when we will face economic turbulence and with the best will in the world, I cannot give this House the assurance that from time to time Barbados will not face economic turbulence.

Indeed, Sir, recently Barbados received a new credit rating as Standard and Poors gave us an eight minus (8-) credit rating. They said they could not give us a higher rating because as a small society, we will always be vulnerable to external shock. Realistic policy makers will recognize that even with the best will in the world there will still be an aspect of the management of our economic affairs that will be outside our control because at the end of the day, Barbados will be a vulnerable small economy.

I can only give the House the assurance, Mr. Speaker, that I will be sensitive to recognize when points of turbulence arise and try to steer the state safely through them and that is what we are doing now, Sir. On every occasion when there has been a major disturbance in the international economy, Barbados has been a victim of that disturbance. In the 1970s when the world went into recession, the recessionary effects were felt in Barbados. In 1982 when there was a recession, again it was felt in

Barbados. In 1990/1991 the recession was felt in Barbados. Barbados but in 1998/1999 there was a massive disturbance in the international economy and the fact of the matter is that because of the strength of the Barbados economy in this period, that despite the turbulence in the international economy that prostrated the Latin American economies, we carried the economy safely through that turbulence. I wish to say to the House that the best of management is not how you manage when things are going well but how you manage the Government's affairs when you have to face a situation of turbulence.

Sir, 1999 was a memorable year for me because of how much could have gone wrong but look how much went right because we took early, corrective action to put things right. We took a deliberate action, Mr. Speaker, when the economy started to overheat, to pull out the Government's capital expenditures to stop the economy from further overheating. Those are the judgments you form. You do not get enough credit for them because the public does not give you credit when you manage under difficult circumstances. They want to see continuous buoyancy but may I suggest to the House that we will all have to deal with a situation where, because of the rules of international trade and challenges that we will face from a more intensive international business competitive environment, our skill in managing this economy is going to be how we continue to sustain the growth of the economy in more difficult and challenging economic circumstances.

Sir, it is a message that we have to get across to the ordinary Barbadian man and woman. I really believe that the Leader of the Opposition has now to understand that the credibility of his Party will come to rest not on how fictitious propaganda is put out but on the credibility of the alternative positions that he and his Party advanced at a time when the society must come to appreciate the need for a drastic change in our economic affairs.

The points that were made by the Honourable Member for Christ Church South and the Honourable Member for St. Joseph reflected an understanding on this Side outside of Cabinet, that repositioning of this economy is what this present Parliament must supervise, Sir. I believe that over the course of the next four years, we are going to have a wonderful series of debates that will address this particular issue.

The Honourable Member for St. Lucy did a great injustice to his Side's cause and to the Central Bank's integrity and I hope that at an early date the mischief that has been done would be voluntarily corrected.

The Barbados Government now spends about \$1.9 billion a year in both capital and current expenditure. Nobody could therefore believe that a mere \$90 million in savings bonds can be the buffer for the Government's

financing. It is lost in the mix so the notion that the Central Bank had to falsify the Ways and Means because only \$4 billion in the Ways and Means were left is just a joke. The savings bonds issue is not a substantial financial item for the Government in circumstances where every year we must find \$1.9 million and all we had from that source over the last five years was \$50 million. The limit before was \$50 million and we increased it to \$100 million.

The notion therefore that the Central Bank was faced with \$4 million in savings bonds and had to go and falsify the Ways and Means, Sir, is such a leap of illogic that it could only have issued from the mind of the Honourable Member for St. Lucy.

Aside.

Rt. Hon. O. S. ARTHUR: Sir, I must call it a leap of illogic because I want to impute no improper motives to the Honourable Member so I cannot say that it was wickedness or ignorance.

Aside.

Rt. Hon. O. S. ARTHUR: I cannot because you cannot say those things about an Honourable Member so it just has to be a man who does not understand what he is talking about and see two things that are unconnected and by a leap of illogic has sought to make a connection between the disconnected. I cannot explain it otherwise. There is absolutely no relationship whatsoever between the amount available to the Government through the savings bonds issue and the Central Bank's financing of the Governments operations. I hope the press does not pick it up and run with it to bring the reputation of the people at the Central Bank in disrepute.

Last year when we had a difficulty raising funds through the Treasury Bills, I mentioned to the House, Sir, that the Government had certain special deposits in the Central Bank and we broke those deposits and used them to help finance the Government's operations.
6.50 p.m.

I want to say categorically for the benefit of the House and for all Barbadians that at no stage in the last year or at anytime in the last five years has the Central Bank of Barbados Ways and Means limit been exceeded but more to the point that nobody at the Central Bank of Barbados has tampered with the Public Accounts and it is unworthy of the Opposition to allow it to fall from the mouth of a Member that such could have been the case.

Sir, I believe that I have covered the essential issues of this debate and I could only urge Honourable Members to see the virtue in what we are doing. Therefore, I beg to move that this Bill be now read a second time.

Hon. D. A. C. SIMMONS: I beg to second that.

On the motion of Rt. Hon. O. S. ARTHUR seconded by Hon. D. A. C. SIMMONS the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is in Committee.

Clauses 1 - 2 were called and passed.

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, Mr. CHAIRMAN reported to His Honour, the DEPUTY SPEAKER, the passing of one Bill in Committee and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, the Bill was read a third time, passed and cited as the Savings Bonds (Amendment) Act, 2000.

ORDER NO. 3 – RESOLUTION TO AUTHORISE THE MINISTER OF FINANCE TO RAISE BY THE ISSUE OF SAVINGS BONDS IN BARBADOS UP TO \$250 000 000 FOR FINANCING SUCH EXPENDITURE AS THE MINISTER MAY DETERMINE

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I do not believe that this merits another debate since we have just had the debate and I beg to move that this Resolution do now pass.

Hon. D. A. C. SIMMONS: I beg to second that.

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

ORDER NO. 6 – FIRE SERVICE (AMENDMENT) BILL, 2000

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, this is a very simple measure but one of great importance to the personnel administration of the Barbados Fire Service.

Sir, in 1998, a working group was established in the Ministry to review the Fire Service Act and to make recommendations for its amendment. That group is still functioning but in the meantime a matter has arisen which requires the urgent attention of this House.

With a view to increasing the number of officers in the Barbados Fire Service and also with a view to reducing the

number of hours worked by officers in the Barbados Fire Service, Government, last year August, just before we took the recess, created an additional 51 new posts in the Fire Service Department. Prior to that, a number of persons who had been interviewed, have sat the exam which is set under the aegis of the Ministry of Education, Youth Affairs and Culture and 51 of those persons passed the exam and also passed the medical exam.

The Civil Establishment Order creating the posts came into effect in September 1999. However, it was found that between the time when some of those persons took the exam and passed it and the time when they were able to enlist pursuant to the Civil Establishment Order some of them have gone past the qualifying age of 28. Under the present law you can only be recruited as a Fire Officer if you are between the ages of 18 and 28. That is what the law said. It was therefore a matter of great hardship and injustice, I suppose, to those persons who were less than 28 at the time when they passed all the various exams but at the time when they should have been recruited because of the bureaucratic process they had gone over the age limit.

One of the recommendations of the working group, therefore, was that the law should be amended to delete the maximum age of 28. We have a minimum age of 18 and no one can enlist before they are 18. We have carefully checked with other Caribbean countries and the United Kingdom and there is no maximum age limit that applies in those or other jurisdictions. Therefore, we are proposing by this legislation to remove the maximum age limit of 28 which will mean that a person can be recruited now at an age over 28. That is essentially a matter that would concern the officials in the Barbados Fire Service and the particular applicant. If someone has the necessary and requisite qualities to join at age 33 and he feels that he will be happy joining at age 33, at age 60 he will qualify for gratuity and pension, that is a matter for him.

It is also a thrust by the officials in the Barbados Fire Service that this removal of the upper limit would assist in the recruitment of a more matured and solid type of person into the service. Therefore, this Bill which is only of one section and probably four words, is a Bill of some importance for the future staffing of the Barbados Fire Service and will enable them to recruit persons with some of the qualities that they are presently looking for.
7.00 p.m.

With those few words, Sir, I beg to move that this Bill be read a second time.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

On the motion of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, Mr. DEPUTY SPEAKER left

the Chair and the House went into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This Honourable House is now in Committee.

Clauses 1 and 2 were called and passed.

On the motion of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, Mr. CHAIRMAN reported to his Honour, the DEPUTY SPEAKER the passing of one Bill in Committee without amendment and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, the Bill was read a third time passed and cited as the Fire Service (Amendment) Act, 2000.

ORDER NO. 5 – TO MOVE THAT THE HOUSE RESOLVE ITSELF INTO COMMITTEE OF SUPPLY TO CONSIDER THE GRANT OF SUMS OF MONEY FOR THE SERVICE OF BARBADOS

On the motion of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, Mr. DEPUTY SPEAKER left the Chair and the House went into Committee of Supply, Mr. CARTER in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: This Honourable House is now in Committee of Supply.

HEAD 19 – MINISTRY OF FINANCE AND ECONOMIC AFFAIRS

Rt. Hon. O. S. ARTHUR: Mr. Chairman, the request before Parliament is to supplement Head 19, Ministry of Finance and Economic Affairs by an amount of \$1 324 656. A number of the items, Sir, are housekeeping issues which I will not tire the House with, but the bulk of the money is to seek Parliament's permission for us to expend \$837 647 on Government's advertising.

I want to speak briefly on this because this is a very serious matter. Subsequent to the publication of the OECD Harmful Tax Competition Report, we have had as a Government to expend a lot of time, utilise public officers with the relevant skills who could otherwise be engaged in helping to do exactly what the Honourable Member for Christ Church South was talking about, trying to implement the recommendations of global forum and otherwise to

expend a lot of money to put out into the global society, the correct image of what Barbados is and stands for as a society and as a country.

It is a very expensive exercise in time, the use of personnel and also now it is proving to be an extremely expensive undertaking from a financial point of view. We have had to send a team to Geneva, Paris and elsewhere. It is also clear to us that the image of Barbados and what we stand for, as the economists have said, is very often confused when we are lumped together. There are some people who feel that Barbados and Barbuda are one and the same island.

We have therefore taken a very conscious decision that the Government is going to have to spend some considerable sum in getting the correct image and information about the Barbados economy, our laws, our fiscal systems and whatever else into the relevant parts of the global society.

As a result, therefore, Sir, the Ministry of Finance in collaboration with other Government Departments have been very proactive in making sure that whenever the opportunity comes for reputable newspapers and magazines that can carry an influential position in the major societies in the world offer us the opportunity to put out features on Barbados, that we have been grasping those opportunities.

We have had to change the advertising, as you would appreciate. We are not interested in just putting out a lofty feature on Barbados. We are interested, quite frankly, in making sure that Barbados and the name of Barbados is clearly defined and that those persons with whom we have to do business, those persons who may have to make decisions affecting our status as a country are fully informed and make those decisions upon the basis of the best information.

This is an expenditure, as you will appreciate, Mr. Speaker, to advertise in *The Times* magazine, things like the News of the World, which comes at a considerable cost. It has cost the Government of Barbados just to defend its name US\$533 000 for the special features in two magazines that had not been budgeted for. This is not to take account of what we had spent in the *Universal News* and the central Government's share of it has been \$413 000. Other Government Departments have helped picked up the share. We anticipate that this is a further unexpected and unanticipated matter that we will have to continue.

Yesterday, Sir, we saw in the *Globe and Mail* a reference to Barbados that was so stinging and unsavoury that it referred back to the CARSICOT issue. It referred to Barbados as a tax haven. It gave the impression that we were a society where the Government sent in the military to confiscate people's assets. That is the image that has gone out in Canada. We are going to have to spend money to correct that image too. This is what this expenditure is

about, Sir. It is not a waste of money. It is about defending the name and reputation of this country in the marketplace in the face of some very stiff and unnecessary bad publicity that has issued from time to time but, more expressly so, in the face of the threat that is opposed to the survival and the prosperity of our offshore sector from that OECD Harmful Tax Competition Report.
7.10 p.m.

I wish, Sir, that I did not have to bring this kind of thing to Parliament, that we were living in a world where these threats did not exist, but they exist and this expenditure therefore is totally justified and I anticipate as I said that we will have to continue in this vein until that threat has been removed.

It is on those grounds, Sir, that I therefore commend this Resolution to Parliament and beg to move that this Resolution do stand part.

Hon. D. A. C. SIMMONS: I beg to second that.

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

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, Mr. CHAIRMAN reported to His Honour, Mr. DEPUTY SPEAKER, the passing of one money Resolution in Committee and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, the Resolution was read a first and second time and passed.

ADJOURNMENT

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, that concludes Government's business for today. I beg to move that this House do now adjourn until Tuesday, February 08, 2000 at 11.00 o'clock in the morning.

Rt. Hon. O. S. ARTHUR: I beg to second that.

The question was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER adjourned the House accordingly.
7.15 p.m.

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