The Senate met at 10.30 a.m.

PRAYERS

[MR. PRESIDENT in the Chair]

PAPERS LAID

1. Report of the Auditor General on the Accounts of the Government Employees’ Provident Fund for the year ended December 31, 1988, [The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith)]


APPROPRIATION BILL

(BUDGET)

[SECOND DAY]

Order read for resuming adjourned debate on question [January 27, 1992]:

That the bill be now read a second time.

Question again proposed.

Sen. Michael Mansoor: Mr. President, once again, let me use this opportunity to congratulate you on your re-election to the Chair of this honourable Senate.

I should also like to take this opportunity to congratulate in a very special way all those Senators who made their maiden contributions to this debate. The quality of the contributions has been high and in many instances the brevity has been most impressive. I think this augurs well for a productive parliamentary term.
We are engaged, once again, in the annual scrutiny of what is perhaps the most important and most significant money bill that comes to this House, the Appropriation Bill or as it is commonly called, the budget. This Senate has been asked to approve the expenditure of some $7.9 billion under the various heads of expenditure for the service of Trinidad and Tobago.

The preparation of the Appropriation Bill by the newly elected PNM Government within the statutory time limit must have been an onerous undertaking. Any reasonable commentator would recognize the hard work that must have been done in order to develop the various estimates of revenue and expenditure and to balance the budget, if I may say so.

Some equally reasonable commentators have lamented the fact that the Minister has not enunciated long-term strategies and action plans to solve our economic problems. This nation does not lack grandiose dissertations on prescriptions and policies for economic recovery, and even for economic miracles. What we, however, lack is a propensity for action, performance and results. I therefore would not lose too much sleep over the Minister’s comparative reticence, especially if this reticence means and signals that he and his Government would prefer us to judge them on the basis of their deeds and performance rather than on the basis of their words and policies. I would suggest that we would have ample time to make these judgments.

I propose today to examine in as workman-like a fashion as I can, some of the key economic indicators and also some of the key revenue items and expenditure items in the budget. I also propose to make some observations and recommendations that would improve this budget exercise in Parliament. Finally, I would wish to make some proposals which the new Government, with five years to perform, may well wish to consider.

Let us take a brief look at some of the key economic indicators that characterize the economic situation in which we find ourselves at the end of 1991 and the start of 1992. We are told in the first instance that the overall deficit in 1991 was $87 million or just about 0.41 per cent of GDP. While this indicator may be the cause of some degree of comfort, we must also reflect on the fact that our net reserves at the end of November, 1991 were only TT $249.5 million or just one-third of what it was on January 1, 1991.

At the same time, the domestic economy is characterized by very tight liquidity. This is the result of the policies of the Central Bank aimed at reducing the
effective immediate demand for foreign exchange. No one should be surprised at
the rush to settle foreign currency liabilities by the business community and indeed
by individuals in the light of the widely expressed fears about flotation of the TT
dollar and its possible devaluation.

While the so-called flight of capital is noteworthy, one must not overreact,
because I think that we could not have expected any other reaction. I believe that
the term “flight of capital” overstates the problem. The drawdown in our reserves
came about because many businesses sought to pay foreign bills early, and I would
expect that as 1992 unfolds, we shall see a reduced effective demand for foreign
exchange. That would only happen when the jitters and the fears brought about by
the speculation about the parity of the TT dollar is settled.

Of greater concern to me is the amount of the foreign debt, some US $2.3
billion. We must realize that this country will have to find some US $612 million to
service this debt in 1992. This US $612 million represents approximately 30 per
cent of the export earnings of this country. I am basing those export earnings on a
price of US $19 per barrel of oil, which, as we know, is possibly a very optimistic
assumption. Because of the importance of the assumption about the price of oil,
one must wonder what would happen to us and what would the Minister do if the
$19 price does not materialize.

I wish to suggest that this question is germane to all of our budget estimates,
and I would wish to ask the Minister for his contingency plans if we do not achieve
a price of $19, but instead a price of $15, $16 or $17. When I ask that question I
mean an average price.

In addition to the problems and difficulties caused by the uncertainty about our
export earnings, the price of oil and the high level of foreign debt service, we must
recognize also that the Government of Trinidad and Tobago started the year 1992
with a liability in excess of $1.5 billion to public servants and another amount of
unspecified and unquantified liabilities. I say unspecified and unquantified because
we heard Sen. Ali tell this honourable House that the arrears at the university is in
the vicinity of $106 million, which is not provided for in these estimates.

Further, when one considers that we now have some 93,000 unemployed
persons in the country, and further that there has been no increase in sustainable
jobs over the last seven years, one cannot help but be very pessimistic about our
ability to maintain an acceptable standard of living for all our citizens.
Finally, when one considers that our Government has had a cumulative overall deficit of $11.2 billion over the last 10 years, and that the only possibility for real growth in jobs is investment from the foreign or local private sector, or borrowing from the increasingly difficult international market, one must realize that the challenges that those faced with the duty and the responsibility for the economic management of this country are difficult and daunting.

We must not, however, believe that we stand alone in this economic quagmire. All of us would have seen the long lines of gloomy faces waiting to buy a loaf of bread in what was the Soviet Union. The bad economic news coming out of North America on a daily basis must make us realize that there are no easy solutions to structural economic problems. Simply put, we share the economic problems of the world. There is no national or international Santa Claus. We must earn our keep in the international world and it is most important that our citizens realize that Government cannot really give them anything. All that a government can do is facilitate economic growth and take from one set of citizens and give to another set of citizens. Simply put, there is no free lunch, breakfast or dinner.

I propose at this time to look briefly at some of the key items of revenue which the Minister has included in his draft estimates. I should first of all like to deal with the question of the oil revenue that we expect to get, or the taxation that we expect to get from the oil companies.

The oil revenue, other than taxes on petroleum and royalties for 1991 was $1.8 billion, whereas the estimate for 1992 is only $1 billion. What this means is that the country would have lost some $800 million of taxation revenue from the oil companies in 1992, as compared with 1991. We know that one reason is the price that we have used, the $19 price. Despite this, if one assumes that there would be no significant shortfall in production, one has to wonder why this shortfall is so large, why as much as $800 million.

Now, I am aware that the estimate of $1 billion is an addition of the supplementary petroleum tax, the petroleum profits tax and a number of other small taxes. On the basis of my calculations, and these are very rudimentary calculations, it seems that if one uses a shortfall in the price of $3, one would have anticipated a shortfall in revenue of only $300 million and not $800 million.

What is very clear is that this honourable House does not have sufficient information to determine how the estimates of revenue from oil have, in fact, been computed. I want to ask the Minister, I want to plead with him, that because of the
importance of this single number to the economy of this country, to please provide this House a detailed calculation as to how the estimate of $1 billion was arrived at.

Let me tell the Minister through you, Mr. President, that my main reason for asking for this information is the rather unsettling disclosure that he made on page 7 of his budget speech in the other place where, in speaking of the fragility of the domestic economy, and in referring to the fact that we had an overall deficit of $87 million in 1991, he said in part:

“That the deficit was, in fact, not larger was due to the convenient timing of oil tax receipts of over $400 million and the fact that state enterprises and statutory boards—failing to obtain transfers from the Government—had to seek over $150 million in new loans from the financial system.”

I am very concerned about that disclosure because I have to ask, how is it possible in the interest of convenience for the estimates in any one given year to oscillate so materially? Is the Minister suggesting that there was some mischief with the 1991 numbers? Is this the reason why the shortfall of $800 million is so hard to explain?

Finally, I would want to ask the Minister whether the tax regime for the oil industry has been settled for 1992. I should also like to ask whether the estimate of $1 billion is reflective of the final and agreed rules and regulations, particularly as it refers to the computation of supplementary petroleum tax and the deductibility of allowances.

I now come to the question of taxes on individuals. There has been ample discussion on the merits and demerits of the increase of five per cent on chargeable income over $20,000. What concerns me at this time is the reliability of the estimates for individual taxes in 1992. Let me state at the outset that the reliability of the taxation estimates for individuals has been notoriously deficient in recent years. In 1989, for example, the original estimate was $949.5 million, and the actual revenue collected was only $727.8 million, a shortfall of 24 per cent. In 1990, the original estimate was $711 million; the actual collected was only $570 million. Very strangely, in 1991, the original estimate was $678 million and the revised estimate has grown to $913.6 million. An increase of $235.6 million or 35 per cent. I raise this question, the reliability’s of these past estimates, in the context of the Minister’s remarks about the $400 million of oil revenue.
We come to the 1992 forecast. Will the Minister, in fact, collect $1.1 billion or an increase of some 22.4 per cent over the revised estimate for 1991? I expect that the tax take from the increased public servants’ emoluments will be approximately $100 million in 1992. I also realize that if individuals in the high income brackets do not—and I stress—do not take advantage of the tax giveaways in the form of home maintenance allowances and tax-free savings bonds, they would suffer an increase in taxes of 13 per cent, but presumably the higher income earners would take advantage of these benefits and allowances and, in fact, they would pay a smaller amount of tax.

If, therefore, our high income earners are likely to pay less tax, I would want to know what was the basis of the Minister’s optimism in forecasting that he would receive an extra $200 odd million in taxation from individuals in 1992.

I want to suggest that as in the case of oil revenue, this is a very important estimate to the budget document. I am skeptical about it, because based on our experiences in 1989, 1990 and 1991, we were consistently wrong to the tune of over 20 per cent in every estimate that we made. What basis do we have to believe that the same would not happen in 1992?

The Minister must remember that a $200 million shortfall is 1 per cent of GDP, and its current surplus for approximately $330 million would be completely wiped out if the experience of the past is repeated in 1992.

My other concern about individual taxation is the deliverability of the promise that the Government will so organize its affairs that the increase of 5 per cent will only be temporary. I ask, will there be a reduction in personal income tax and corporation tax in 1993? If so, how will it be financed? Are there going to be other sources of revenue? Will expenses be curtailed? Or, is this promise dependent upon the hope that there will be another increase in the price of oil? This is a very fundamental question. Because it is very important in my view that in the early term of a Government’s life, credibility be established, and I believe that the population needs to be told when this promise for reduction in personal and corporation tax will, in fact, be delivered.

I now come to another item of revenue: Lands and Buildings Taxes. The forecast for 1992 is $44.5 million, as opposed to $48 million in 1991. I have consistently represented in this honourable House that this source of taxation should be exploited more fully and the revenue derived from it used to reduce the
levels of direct taxation. The fact of the matter is that the marginal rate of 40 per cent on personal taxation and 45 per cent on corporation tax makes Trinidad and Tobago relatively uncompetitive in the international arena. By way of example the highest marginal rate in Cuba is 30 per cent corporation tax.

What is most disturbing, however, about our taxation with respect to lands and buildings is the quantum of arrears that the Government seems unable or unwilling to collect. If I may refer to the Auditor General’s report on 1990’s accounts, he states that the arrears for lands and buildings taxes stood at $122.1 million or approximately two and a half year’s take of lands and buildings taxes. Why is this money not being collected? I would ask the Government to review its policy with regard to lands and buildings taxes, particularly in the light of the anticipated changes in the administration of local government. Bear in mind at all times that I am not recommending that the Government should seek to put its hands deeper into our pockets, but rather that it should seek to increase indirect taxation rather than direct taxation.

I come now to the question of the value added tax. Here I note that the Government is expecting that it will receive $1.1 billion as opposed to $1 billion in 1991. I would wish to congratulate the Government on the removal of VAT from books, but I wish to make a point that the imposition of VAT on low income earners, and particularly pensioners, in my view is harsh and indeed callous. One has to remember that the pensioners in this country paid income taxes at extremely high marginal rates during their working lives and in the autumn of their years they are being asked to carry an increasingly large burden of indirect taxation.

While the Government, in my view quite rightly, does not charge any income tax on persons who earn up to $12,000 of chargeable income, we must realize the burden of taxation on these low income earners. They have to pay indirect taxes in the form of VAT, excise taxes on fuel, stamp duties and the list goes on. While I understand the constraints that the Minister would have faced in attempting to balance his budget, I wish to make a very strong plea and a very urgent plea that the VAT legislation be amended so that lower income earners would receive a rebate of about $500 to $750 a year. This would cost money. In other times I would have asked for this benefit for our lower income earners, and I would perhaps have used the emotive underpinnings of “One Love”. In this case, I want to ask the Government to consider this out of their abundance of propaganda that they care.
It is most important that we relieve the burden of indirect taxation on people in the low income groups. I want to tell the Government that this mechanism has been used and is being used quite successfully in other jurisdictions where VAT is a prominent feature of taxation. It is all well and good for the Government to increase old age pensions by 10 per cent, but when indirect taxes are increased, we have to ask, are we putting too great a burden on those citizens who are least able to shoulder it?

Mr. President, I come to the next item of revenue which is detailed in this document, Draft Estimates of Revenue, the question of the revenue the Government expects to derive from past lending. The Government is expecting to get $33.7 million from past lending, whereas, in 1990, the Government received $129.6 million from this item of revenue. What is disturbing about this is that the loans and advances made by Government out of the long-term development funds in prior years, and out of revenue items in prior years amount to $8.8 billion. I ask the very simple question, why is it that, in 1992, we can only expect to get $37 million when the amount owed is as much as $8.8 billion? Let us look at it another way. The national debt, Central Government’s national debt, approximately $11 billion, and we are being asked to pay $2 billion to keep our foreign creditors happy. Why is it, when we are owed $8.8 billion, all we can expect is $37 million? The Auditor General keeps repeating in his annual report that nothing is being done about collecting these amounts. I would like to ask the new PNM Government to do something about this.

11.00 a.m.

I come to another item of revenue which I believe is set out on page 15 of the Draft Estimates of Revenue. It relates to the Ministry of Trade, Industry and Tourism—the lease rental of Iscott—the lease rental of the steel mill. In 1991, the Government estimated and forecast that it would have got, by way of rental, $46.4 million. I am very disturbed to see that in the revised estimate there is no mention of $46.4 million—there is just a dash, which I take to mean zero—and I note that in 1992 the Minister is expecting to get $10 million from Iscott for the rental of the steel mill. I ask the Minister, why was there no rental income in 1991? And if there was zero income in 1991 when we had forecast that we would have got $46.4 million, why should anyone believe that we will get $10 million? And the more important question is, why are we not getting some rental income from an investment which has cost this country so many millions?
I now leave that and come to the question of borrowings. I note that the amount of gross borrowings is estimated to be $1.5 billion and that the net borrowing position is $332.3 million. I do not want to engage in the sophistry and the semantics that define what is capital and net lending, but I wish to make the point, very simply, that in order to pay all our liabilities in 1992, the Government of Trinidad and Tobago has to borrow $1.5 billion; true, the incremental borrowings will only be an additional $332 million odd, but the point needs to be made that we continue, from year to year, to borrow more and more. We finance our capital repayments by borrowing more. And if I am not mistaken, I heard the Minister say yesterday that he was proposing to borrow US $100 million to help with the interest payments on foreign debt. I do not blame the Minister for that because he has to balance his budget. But what is becoming painfully obvious is that this country is living on borrowings, borrowings on an increasingly difficult international market, and foreign lenders no longer lend you money because they like you. Sen. Mark referred yesterday to the rather difficult conditions which they seek to impose—they seek to tell you how to run the utilities. So that if we are going to continue to rely on foreign borrowings, we must understand that we will have to continue to accede to the requests and demands of foreign creditors whose interest may not always coincide with the interest of Trinidad and Tobago.

I have spent a fair amount of time on the revenue estimates as they relate to all taxation—personal tax and other items. I am extremely skeptical about these revenue projections, and I wish to ask the Minister, once again: what are the contingency plans if these revenue estimates do not materialize? Will we curtail our expenditure? Will we devalue, perhaps? Or will we borrow more? I think it is important that this honourable Senate be told what the Government may have to do if we are not as lucky as we think we will be.

While I am somewhat skeptical about the revenue projections, I must tell you that I take a most cynical view of the expenditure side of the budget—and this has nothing to do with 1992. It is a complaint which I have made consistently over the last few years. The reasons for my cynicism are very simple. Government accounts to the nation on a cash basis so that the revised estimates and actual figures do not show what expenses have been incurred. All those estimates and actual figures show is what the Government has paid for. If the Government spends too much or too little under any one Head, it has ample opportunity to vary the appropriation post facto—it comes up every March of the financial year.
Further, when Government spends less than it forecasts, neither the Parliament nor the citizens, nor even the politicians can say whether the saving came about because of efficiency or because of deprivation of service.

Lastly, if the Government does not have enough revenue in any one year it can incur the expenditure and merely postpone the payment to another year, another regime, another administration, or simply cut back on the capital budget. So, all of those books which we get including all sort of estimates, we will have to take them with the proverbial “grain of salt”. The accuracy of the figures has always been a source of question and because of the fact that Government continues to account on a cash basis—and it has nothing to do with this regime—the ability to manoeuvre and to use sleight of hand in showing overall deficit figures of computable numbers, that ability is not, in my opinion, sufficiently circumscribed. I refer again to the problem of the $400 million which the Minister referred to in his budget speech in the other place.

I come to the capital development programme. I believe we plan to spend some $636.7 million in 1992. Let me, first of all, say that we have been shortchanging the capital development effort in this country consistently for the last few years. In 1988, for example, we were told in the Appropriation Bill (Budget) that the Government was going to spend $1.9 million on the capital development programme, in fact, it spent only $1.1 billion; in 1989, the estimate was $1.3 billion, we spent $1.1 billion; in 1990, we reduced the estimate to $794 million, we spent only $526.4 million; in 1991, we said that we would spend $988 million, we spent only $855 million; then in 1992, we say we will spend $636.7 million, or less than one per cent of the total Appropriation Bill.

I reiterate my concerns for the funding of the capital development programme. I appreciate all the problems with balancing the budget, showing the current account surplus and keeping the bailiff from the door, which is a problem that borrowing, and borrowing, and borrowing, causes. But we have to recognize the fact that when in order to satisfy the pressing claims of recurrent expenditure and current expectations, we shortchange the future, what we are really doing is depriving our children, and generations to come, of the basic infrastructure that will be necessary in order to increase jobs, have business formation and indeed improve our standard of living.
11.10 a.m.

Now, if I may examine a little bit the very small capital development budget for 1992 of $636.7 million. Let me say that it is my opinion that this is overstated, because of that capital development budget of $636 million, $110 million has been set aside for debt servicing of Iscott, Arawak Cement, and National Fisheries. Now this is not capital investment. So that the real capital budget, one might be inclined to conclude, is $526.2 million. But again, if one examines closely the details of the capital development budget, one realizes that the headings under which moneys are being spent repeat themselves from year to year. So that it becomes clear that we keep building the same bridges from year to year to year and they never seem to be completed.

I do not want to criticize a government that has just come to power, but really we have to ask the question: is this capital development budget really being properly spent? Is it another version of LIDP, is it, or DEWD? What is it? Are we really managing this budget properly? And it is an important item because it has everything to do with the future. So, I wish to ask the Minister to, perhaps, spend a little time telling this honourable House about what he really expects to get from this capital development budget.

Now, that budget is very small. In recent times we used to receive a lot of details on what was called the Public Sector Investment Programme which, essentially detailed the investments we would have in the state enterprises. Now, most of those investments came from borrowing on the international market, in most cases, but it was always good to have some indication of what sort of business formation—new capital growth—we might have in the country. I do not believe that has been included in the documentation that we have received and I would want to ask the Minister for it. I appreciate the time constraints which he has had, but I think that the country needs to know how much we intend to invest in these industries and how much more we are going to borrow in order to fund these investments.

I now come to another major item of expenditure and it is debt service. And I really have great sympathy for the Minister. Of his $8 billion budget, he has to find $2 billion to keep the bailiff from the door. This is a lot of money, and I make the point ad nauseam. There is going to be a bigger and bigger problem if we continue to rely on foreign debts as a source of investment as opposed to foreign investment capital. Debt service will cost about 30 cents of the export dollar. If our exports
amount to about $8 or $9 billion, which I think is what it would, we have to spend 30 cents of every export dollar earned to pay our foreign creditors for debts which were incurred—some productive, some woefully unproductive state enterprises. This is not good news at all. Because what it really means is that the Government does not have any money of its own to invest, and really annual budgets in this country over the last few years have been an acrobatic feat to balance the budget, keep the bailiff from the door, and keep the overall surplus or deficit at a level which the international creditors would find acceptable.

Now, we know that Government cannot generate capital because of the constraints of the budget. The current account surplus is only $200-odd million. But the private sector's ability to save and invest is also being diminished and curtailed by the imposition of higher corporation tax. So that if Government cannot invest without borrowing and the private sector is being squeezed to help fund recurrent expenditure, we have to ask the question: where is the investment capital coming from to create some 93,000 jobs, which we are told we need in order to keep our people employed? I have to ask the questions of this newly elected Government: Are you going to take or insist on taking control of the economy and keep borrowing more and more? Are you going to invite foreign investors and refuse to increase the debt load and the debt service of the country? Is the Government going to sell off its existing investment in state enterprises like Telco, or Trinidad Cement Limited for that matter? Or are we going to continue talking about unemployment from year to year and do nothing about it except in an election year when we automatically increase the expenditure on LIDP?

I do not mean to be uncharitable in my remarks and I would say that many commentators, very wrongly in my view, have castigated the Minister for being silent or almost silent on this very fundamental point, but note that we are going to have a symposium on unemployment. Well, I wish the symposium well. But symposium or no symposium, we have to realize that this country's ability to save is very limited. Our foreign exchange inflows are at best uncertain and they are at a level which will just about suffice to maintain the status quo. So we have to make a decision as a country. Are we going to borrow more? Are we going to have foreign investors? Are we going to divest and reduce our borrowing, or are we going to just pay lip service to the unemployment problem? We all want to keep this country for ourselves. Our unions, in particular, may not want to consider divestment a viable option. Foreign investors, however, are likely to be more
interested in fortress Europe, the Soviet Union or even Cuba for that matter. We have to ask: where is the capital coming from to create all of these jobs?

Let us look at the recent past. How much real capital, other than borrowing, have we attracted in this country? Why has the free zone experiment not produced any jobs after two or three years? What are we going to do? I would suggest that we need to ask the question: is Telco a success story? A foreign investor paid some US $85 million for a 49 per cent share in Telco. This money was used to pay off debts and the company is now profitable. Indeed, I believe it is paying an interim dividend of some $20 million, which I think the Government will receive or has received. Is Trinidad Cement Limited a success story? Is Iscott—with no lease rental, as I have mentioned before, a success story? I would suggest that the symposium needs to address these very fundamental problems. What are we going to do? Are we going to continue to borrow and borrow, or are we going to realize that the only way to grow is to grow without debt and without the burdens that are imposed upon the population of this country from year to year as we hear the litany of woes about debt service, the current expenditure, etc. The only way to go is to attract foreign capital rather than foreign debt.

In many ways this is *deja vu* for me, because I seem to remember making the same point many, many years ago. I wish to close on this point by saying that, if we do not approach the need for foreign debt reduction, we shall be in the same position five years from today.

**Mr. President:** May I draw your attention to the fact that your speaking time has expired.

*Motion made,* That the speaking time of the hon. Senator be extended by 15 minutes. ([Sen. J. Spence](#))

*Question put and agreed to.*

**11.20 a.m.**

**Sen. Mansoor:** Mr. President, I now wish to make a few remarks about a variety of matters which I believe will improve the budget exercise as it takes place in this House. As it now stands, the parliamentary budget process is deficient in that there really is no rigorous analytical review of the key assumptions and calculations of the important estimates and aggregates in the budget. I suggest once again, that there be a parliamentary sub-committee, perhaps of both Houses, that would concern itself with the details of the budget. Without such a review,
there is really little to suggest that Parliament can really establish real control over the workings of the budget, the details of the estimates, both on the revenue and expenditure sides.

With respect to taxation, I want to state categorically that a marginal rate of 45 per cent for corporations and a marginal rate of 40 per cent for individuals, make Trinidad and Tobago very uncompetitive in the international arena. We made a very fundamental decision as a country a few years ago to increase indirect taxation and to reduce direct taxation, thereby giving our citizens the option to save or to spend. People understand very clearly that in a regime where indirect taxation is prominent, they can save. They receive the moneys for which they are entitled and they can make that decision.

However, when you take 40 per cent off the top, at the higher levels of the income band, the nation's ability to save is impaired, and we know that without savings, both local and foreign, perhaps, we will not be able to grow. We will not have the business formation that we need to find those 93,000 jobs. So I would ask the Government not to renege on its promise to reduce the levels of marginal tax on individuals and corporations. I would suggest that more reliance be placed on indirect taxation rather than direct taxation.

I now come to the question of the moneys allocated for personal expenditure in the public service. I believe that the Government is expecting to spend some $2.5 billion on personal emoluments for public servants. That represents some 40 per cent of the expenditure side of the recurrent expenditure of the Government. I am not going to make any comments on the return of the emoluments of public servants and the payment of the merit increase award and COLA. I think that the population has decided for itself what it wants, and I compliment the Government on keeping its election promise. But I want to ask the question: are we as a country satisfied, that we can continue to spend 40 per cent of our recurrent expenditure on personal emoluments to public servants, when in every year, specifically in 1992, we continue to spend less on the goods and services, the equipment that these public servants have in order to do their jobs? As a matter of interest, in 1991, the revised estimate for this expenditure is $576.9 million; in 1992 it is $532 million, which means that the Government is planning to spend less on pharmaceuticals, materials and supplies.

On the one hand, we have the personal emoluments increasing, on the other hand, the tools with which they can do the job, have been reduced from year to
I have to be very clear on my position on the public servants. I think that many people make very irresponsible remarks about the public service. There are very many public servants who are prepared to work 24 hours a day when the situation demands it, and this country has been well served by them. However, there is need for public service reform. This is not something new. I found in my library last night, a letter that was written on June 16, 1969, by Mr. Boswell Inniss, who was then the Acting Secretary to Cabinet. The letter was addressed to Mr. C. H. Dolly. He said in this letter on June, 16, 1969:

"I am directed to inform you that you have been appointed to be Cabinet Chairman of a working group with the following terms of reference."

Three pages of terms of reference, all to do with reviewing laws and regulations recommending reorganization and streamlining of practices and procedures. So as far back as 1969 we have been talking about public service reform. Very ironically, that letter from Mr. Inniss ended with a rather cryptic paragraph, which says:

"I am further directed to inform you that the working group should submit its report for the consideration of Cabinet within a period of four months."

So even in 1969 the matter was urgent—four months. The report is an excellent one. Some 80 recommendations, all sorts of descriptions of problems and procedures. Then I believe we had other reports.

The fact of the matter is, public servants are not lazy; they are like everyone else. They are just not motivated in many cases. They are not inefficient, but in many cases they are not trained. We know the experience on these bridges that we build, when you have men, you do not have materials; when you have men and materials, you do not have equipment; when you have men, materials and equipment, you have rain.

So this job has to be done and I want to congratulate the PNM Government on appointing Minister Draper who, I believe, has been entrusted with the duty of sorting out this problem. I am very hopeful that he would have the vision, the compassion and energy, to deal with all the problems that public service reform entails.

I now come to a matter which was touched on yesterday. It has to do with the question of foreign currency reserves. I should like to make it clear that if I understand anything about the way our financial system works, the tight liquidity
which we now have is a direct result of the fact that people are panicking about the parity level of the TT dollar. There is no flight of capital. What they are seeking to do is to pay their foreign currency bills.

I want to ask the Minister to use his best efforts to have liquidity returned to the system. Because what it really means is that small businesses are being asked to pay overdraft rates of 18, 19 and 20 per cent, if they can get credit. If we choke off credit, we know what happens. Disposable income drops, business activity drops. I think it is very important that the Minister and his advisers, with the Central Bank or without the Central Bank, use their best efforts to allay the fears of the population. Let us establish whether it is going to be floatation, devaluation or whether the status quo would prevail, even if it is going to be for three or four months. But if we are going to continue with this problem of liquidity and high interest rates, that, in addition to the fact that so much of the draconian measures in the budget would serve only to stroke off demand on the part of consumers, a combination of both these two things means that we will have shrinkage in the economy in 1992. When you have shrinkage, the revenue flows are impaired, jobs are lost and we get back into the cycle and the spiral of recession.

11.30 a.m.

I should like to make another very genuine request of the Government, and that is to beg them not to complicate the tax system. A lot of the tax reform that we have had served to simply complicate the taxation regime under which our citizens live. When we seek to complicate the tax system, there is a multiplicity of allowances dodges to pay; all we really do, is that we are forced to increase the marginal rates and the international, empirical evidence suggests that with high marginal rates, what happens is that you tend to collect less revenue in the end.

So, I would respectfully suggest that there are better and more efficient ways of stimulating the construction sector. I accept the fact that $12,000 will create some jobs, but it is not fair to all of us. Only those who can afford to invest in tax-free savings bonds or spend money on repairs will get the benefit. Those among us who cannot afford these things must pay more. So I suggest that we seek to reduce the marginal rates and keep it simple. Let us keep out tax reform simple. I really feel that a return to these allowances, rebates, apart from the VAT rebate, is not the way to go; which brings me to my request for a rebate of VAT.

I know it will cost money, but I wish to tell the Minister, through you Mr. President, that his hon. colleague, Minister Valley, Sen. Spence and I, fought very
bitterly to have certain items of food zero-rated when VAT was introduced. I remember on that occasion the agreement between the three of us, and others, that VAT was regressive and we needed to have some sort of rebate for low income earners. I want to reiterate that request. I hear pensioners complaining every day about the fact that they have to pay out of their small income, $15 and $20 in VAT, it hurts, and that problem can be very easily resolved.

So, to summarize my recommendations, I think the first thing we have to do is to make the very fundamental and difficult decision as to whether we are going to grow the economy by borrowing more, inviting foreign investors, inviting local private sector investors. We need to make that very fundamental decision. How are we going to grow this economy; how are we going to get competitive in the international arena; how are we going to secure a competitive advantage in the difficult world out there? That is a very key and fundamental problem that we need to solve.

I know the pressures to keep it all for ourselves, but if we continue to borrow to grow, we would pay the consequences very dearly in any year that our commodity prices fall and we find it difficult to muster the amount of foreign exchange to pay the interest on foreign debts.

I should like to conclude by stating that the structural economic problems affecting our economy do not have any facile, easy or simplistic solutions. Whatever solutions this Government proposes will essentially be compromises—compromises between spending for the pressing needs of today as opposed to investment or saving for tomorrow; compromises between maintaining control of our economic resources, on the one hand, and on the other hand, yielding to the requests and pressures of foreign predators and foreign investors; compromises between the needs of the poor and the unemployed—Sen. Daly referred to them yesterday—and compromises between the rich and the wealthy.

These compromises will not be easy for the Government, because co-active decisions that will result in performance, job creation and economic growth will never leave all the partners happy. Our social partners, however we define them, need to understand that there is need for sacrifice and that sacrifice must be shared equitably, and the longer we take talking about it is the more opportunities we lose; the more people who will remain unemployed for longer and longer.

So, I think that the fundamental and the most difficult question for this Government is the question of compromises between these interest groups. But, I
want to suggest to them that this is perhaps, the nature of government in a
democratic society. Indeed, it is part of the human condition. Let us always,
therefore, recognize the dilemma that this imposes upon us. Most importantly, let
us not be afraid to tell our people the truth. Let us not believe that our citizens do
not understand the need for sacrifice. They understand it, perhaps better than any
one of us in this honourable Chamber.

So, I ask the Minister for the answers which I have requested in the course of
my short contribution, and I ask him once again, to level with the people. Tell
them what the problems are, as he has been doing, and let us not believe as some
commentators have suggested, that the people do not understand that this is a
difficult budget. People understand it very well and I think that what the apparent
silence means is that the population realizes that, really, there is no other option.

Thank you.

**Sen. Ainsley Mark:** Mr. President, I first of all commend Sen. Mansoor on an
extremely worthwhile contribution. I have listened quite intently to the
contributions of all Senators who have spoken, and quite frankly, I am heartened
by the tone and quality of their suggestions and proposals.

It is evident that even when criticisms are levelled at provisions, or lack
thereof, of the 1992 budget, one gets the distinct impression that while we may be
disagreeing on specific strategies or tactics, we all share the fundamental concerns
for the welfare and happiness of all our peoples of Trinidad and Tobago. It is
crystal clear what we want to achieve. What we need therefore is the continued
consultation with debate and the maturity to accept the give and take that is
necessary as we move forward together.

Given the fiscal constraints outlined by the Minister of Finance, one has to be
encouraged, not only by the financial responsibility that he has demonstrated in the
preparation and presentation of this budget, but also perhaps, more critically, by
the important signals which the budget is sending to all sectors of our society.

**11.40 a.m.**

The Minister was very clear in articulating precisely what he intends to achieve
in this budget. On page 11, under the heading; “Medium Term Economic
Strategy”, he states:

"We have necessarily focused on the immediate stabilization of the economy".
But from listening to some of the contributions of Senators, it seems that they
dealted precisely what a budget is, what a budget is intended to do, and the
confusion which that debate creates is evident. There was one view that in a
budget a Minister of Finance must articulate everything about his proposals, what
is going to happen in the economy and so forth. Some of us would remember the
days when we sat and listened to budget speeches that went on for three, and
sometimes four hours. It is evident that the Minister of Finance has taken the other
view which is that a budget is but one chapter in the entire book of economic
policies of a government.

Our manifesto sets out certain aspects of the overall policy. The Minister in his
budget speech mentioned the development of a medium-term plan for sustainable
economic growth and development, that is another element, another chapter in that
book. The articulation of a clear and coherent industrial policy, would perhaps be
a third chapter in that book. So it is necessary that we ensure that all the other
elements get as much public discussion as the 1992 budget has been getting to
ensure that our citizens understand and appreciate in a coherent way the overall
economic policies of this Government.

It is understandable when some of hon. Senators speak about the omissions in
the budget document.

This morning I proposed to firstly address the role of savings in a national
economy. In fact, taking off from Sen. Mansoor—of course, he was very clear and
unequivocal about the important role of savings in the national economy and the
specific provisions that have been enumerated in this budget which are intended to
mobilize domestic savings. Sen. Mansoor also spoke about the distinction between
domestic and foreign savings and I intend to spend my time this morning dealing
mainly with the mobilizing of domestic savings. I then propose to respond to some
of the issues and concerns which were raised by Senators who spoke before me.

During the period 1974 to 1981, the height of the oil boom, Trinidad and
Tobago was able to maintain a relatively high level of national savings. It was
approximately 25 per cent of our national income. This high level of savings
resulted primarily from increased petroleum revenues, and Government emerged as
the major saver and investor in the economy. The situation however, was not
sustained and in fact recent CSO reports indicate that saving as a percentage of
national income declined from 28 per cent to 17 per cent between 1982 and 1990.
The option of filling this gap by external savings, funds from outside, foreign
savings, has been tried but we are all aware of the tremendous price which the
society pays in the terms of the debt burden and of the increasing difficulties
associated with accessing those funds.

Sen. Wade Mark in his contribution yesterday spoke about the conditions that
are normally attached to the use of external loan funds. We are all aware, of the
issues: the debt trap, the impact on our foreign exchange reserves and so forth.
Savings must be viewed as one of, if not, the most essential ingredients for the
growth and development of the national economy. In fact, I am in total agreement
with Sen. Mansoor that critical to the resolution of the problems of unemployment
and under-employment, will be the success that would be achieved in mobilizing
savings, both domestic and foreign to finance investments in employment creating
activities. And in this context increased domestic savings—the least costly—must
be seen as a primary objective of economic policy if we are to sustain or, if we are
to ever get that much needed higher investment.

Savings will in fact form the basis for increased production capacity for goods
and services and this, as we are all aware is absolutely necessary to generate
greater employment and assist in the primary repayment of the burdensome foreign
debt.

Within the wider economic policy framework therefore, measures to provide
for the effective mobilization of domestic savings must be a critical element of
financial policy given the declining pattern of savings over the past decade.
Individual and co-operative savings must be encouraged and the policy among
other things must focus on the development of a range of saving instruments to
cater for all members of society and I want to repeat that—to all members of
society—in terms of their flexibility, liquidity and yield.

These instruments must among other things be attractive to the saver, they
must provide for short and long term benefits in terms of tax relief, dividends etc.,
and they must be transferable with the minimum of bureaucratic red tape.

In the 1992 Budget the Minister of Finance has re-introduced tax free savings
bonds. It says here:
"these bonds will have maturities of five, seven, or 10 years with interest rates
at six, seven and eight per cent respectively depending upon the maturity. Tax
credit will also vary with the maturity. Five-year bonds will be entitled to a tax
credit of 15 per cent of the purchase price, seven-year bonds will bear a 20 per
cent tax credit, ten-year bonds will bear a 25 per cent tax credit."
Maximum investment per person will be limited to $50,000 per annum and $500,000 overall, and interest earned on the bonds will be tax free."

He also spoke about increased tax credits to Unit Trust and credit union holdings. Increase from 20 per cent to 25 per cent up to a maximum of $625 and perhaps most importantly, he spoke about proposed amendments to the Insurance Act.

On page 28 of his budget speech the Minister says:

"As an incentive to increase the funds available for financing residential construction, it is proposed that rules in the Insurance Act governing the permitted investments for Pension Funds and Statutory Funds of insurance companies be amended to increase the percentage which may be lent on mortgages of real estate or leaseholds from 75 per cent to 80 per cent of the value of the property. An amendment will also be made to permit contributors to pension funds to use their contributions to meet the down payment on a first home under certain conditions."

11.50 a.m.

I want to spend a little time on each of these instruments. Let me start first of all with the tax-free bonds. It is most interesting that in another place, while there was much discussion about national unity, we were hearing that these tax-free bonds were intended as a measure to cater only to the rich in our society—a most interesting comment. If we were to look at the history of these tax-free bonds in the five years 1984—1988, we are talking about average holdings of some $60 million and it tells of the number of individuals in the society who hold tax free bonds. In 1988, we were talking about 18,800; in 1989—18,400; in 1990—16,131; and 1991—14,615. So clearly, large numbers of our citizens utilize these bonds. The Minister estimates that approximately $40 million will be raised from the sale of these bonds, and the benefits that will be derived, if they accrue to one select group in the society—which is the perception of some people—I think it is necessary to point out that the People's National Movement is the Government of Trinidad and Tobago and all its citizens.

I move now to the provisions for the credit union holdings and the Unit Trust holdings. What is important about these provisions is that they allow low and middle income earners to save on an incremental basis. I want to repeat this point. These provisions allow low and middle income earners to save on an incremental
basis. Little by little, month by month, these instruments enable people to accumulate relatively significant savings over time. The credit union movement we are told has a membership in excess of 250,000, total assets very close to $2 billion. It is in fact a very formidable institution owned by small people in this society.

You will remember, of course, that it was the PNM Government, which in 1983 introduced the $2,500 tax allowance which no doubt contributed to the phenomenal growth of the sector over the past decade. The fact that His Excellency, President Hassanali has seen it fit to include Sen. Dean, a very experienced credit unionist, nationally and internationally, is to our mind an indication of the repute in which he holds the credit union movement.

The Unit Trust Corporation is another institution of considerable importance in our quest to mobilize domestic savings, and it is necessary that I spend a little time discussing it here, as it is in my view, the ideal vehicle for ensuring the widest possible participation in the ownership of equities in our society. It was imperative that an institution like the Unit Trust Corporation be established in Trinidad and Tobago because we have had a tradition of a very narrow equity owning class. The spread of direct share ownership was not being achieved through the institutional and regulatory mechanisms of the 1970s and it was deemed prudent by the PNM Government at that time to create a special institution, the Unit Trust, to provide investors with an indirect route to the stock market, while not exposing them to the risk typically associated with direct stock market investment.

The promotion of the Unit Trust concept therefore was geared to bring into the stock market, a group of investors who, under normal conditions, may not have participated in stock market activity. Simultaneously, this provides the investor with the opportunity to share in the twin benefits of stock market investment—dividend return and capital appreciation—from which large numbers of our population had been excluded either voluntarily or involuntarily.

The empirical evidence reveals that at the end of 1991 the Unit Trust Corporation had 41,242 unit holders on its register. Notwithstanding the success of this organization after nine years of operation, there is a view that the narrow confines within which the corporation has had to operate, have been an inhibiting factor to its development and growth. I understand that the existing board of directors is currently studying proposals for the amendment of the Act and the main thrust of the amendments being considered is to provide increased flexibility
to the corporation which will enable it to play a more fundamental role in the economic development of our country.

**12.00 noon**

At December 31, 1991 the total funds under management, in both the first and second unit schemes and the corporate investment were of the order of some $400 million. What we are saying is that we must find a way to release some of these funds into the society to assist in developmental efforts.

In terms of the amendments to the Insurance Act, again, we are aware of the long-term nature of funds in insurance companies and so forth, and these companies that control these funds can play an important role as providers of some financing for long-term development in a very direct way. They can involve themselves in areas of activity which will provide net economic benefits to our country, but it will mean that we will have to look at amendments to schedule II of the Insurance Act, which at the present time, perhaps quite justifiably, limits the range of investments.

I think it is necessary for me now to spend a little time dealing with the increases in corporation taxes, personal taxes and chargeable incomes in excess of $20,000.

No one likes to have his taxes increased. The Minister of Finance has intimated in another place that these increases are necessary. Notwithstanding this, I am sure that the heads of the various corporations still believe that the five per cent increase was not justified. Sen. Mansoor spoke about the merits and demerits of increase or indirect taxation *vis-à-vis* direct taxation. He agrees that indirect taxation is regressive and suggests, with respect to the value-added tax, that there should be some rebate on value-added tax for low-income earners.

One can argue that the lower tax levels that corporations and individuals with chargeable incomes in excess of $20,000 were enjoying over the past few years were, in fact, directly related to the postponement of legitimate expenditures, and argue further that the People’s National Movement Government does not have this luxury of postponing legitimate expenditures. So that while the decision was taken to reduce direct taxes, we saw a debt to our public servants accumulating to some $1.6 billion as of December 31, 1991.

We know that the sugar workers are owed some $150 million. We know that some US $727 million of foreign debt repayments were rescheduled to 1992—4.
One can argue, quite frankly, that the approach that was taken to lower taxes at top levels, were in fact part and parcel of what some of us consider the misguided economic policies of the last administration with their supply side, trickle-down economics. We are all familiar with that view that what we do is alleviate taxes, reduce direct taxes; there are savings, the savings then trickle down to the small man through investment and so forth. This is an argument that we have been hearing certainly for the past 30 years. The empirical evidence, however, does not support it. One gets the impression that the savings are either held overseas, or “expended in high-priced consumer items”.

Sen. Teelucksingh was telling us yesterday about the prices of some automobiles which defy logic. There is no doubt that as the situation improves—the Minister said in another place—the whole question of direct taxation will be re-examined.

I should like to spend a little time responding to some of the concerns and queries that have been raised by a number of Senators. I sat here yesterday and I thought how nice it must be to be in the Opposition, or to be an Independent. We are hearing about all types of proposals, but not a word about how these proposals would be funded. You see, we cannot on the one hand talk about the negatives associated with increased taxes, and on the other not deal with the funding of the various proposals.

Let me start first of all with Sen. Daly, as he opened the batting for the other side. I was generally in agreement with his comments. I shall leave my friend and namesake Sen. Mark for last. I was generally in agreement with Sen. Daly’s comments on the Central Bank, and the lack of facilities at the Industrial Court. I had a little difficulty, however, with his proposals about the unemployed. He stated that it was not acceptable to allocate only $90 million to unemployment relief and based on his calculations, some $420 million was necessary. He compared this with the $496 million that was going to the public servants.

I was not clear on precisely what Sen. Daly was suggesting, I do not know whether he was suggesting that the Government should have ignored the court order, or that we should have split the $496 million going to the public servants and $420 million to the unemployed. Now if we have to carry out the court order, how are we going to raise another $420 million without impacting too negatively on other critical areas of the society? I will not press him on the details, but I think he has made his point as forcefully and as eloquently as we expect him, that the
unemployed are, in fact, the wretched of the earth in Trinidad and Tobago. He made that point very forcefully, but as to how we go about getting that $420 million, maybe we can discuss this at lunch or tea, Sen. Daly.

Sen. Teelucksingh’s comment about the standardization of texts, I think we agree with that totally. We can agree with it very easily, because it will not cost us anything. I remember some time ago speaking to a colleague in the Faculty of Education at the university and asking him, why can we not do this? He was saying of course, that there were problems. I do not know what the problems are.

His point about how we treat the foreign artistes who come here and take out our foreign exchange and so on, again, we have got to tread a little carefully on that. Because many of our local artistes work overseas; at least most of the calypsonians of any note, by Ash Wednesday, are out of here. I think we have to be careful about how we go about keeping certain people out. But again, his point has been noted.

Sen. Wade Mark—I agreed with most of his contribution. The language was a little strong, but we have come to understand this. He made a very important point about incomes policy but he made it just in passing. I should like to suggest to him that now that we have the National Trade Union Center, perhaps he could work out a clear, coherent incomes policy and bring it to the nation. I am certain that if he can bring forward an incomes policy that would be acceptable to the various groups in the society, the country would be eternally grateful to him. I am suggesting that when he goes back to his colleagues in the trade union, he talk to them about this.

Sen. Wade Mark and Sen. Baksh spoke about the domino effect of price increases and the dramatic rise in the cost of living. I have a little difficulty with this, because we have to understand the various elements that go into prices. One gets the impression that the consumer is in fact powerless; I am not too certain that the consumer is in fact powerless. I am saying that in terms of the elements that go into a price, you have the cost to the supplier, yes, but then there is effective demand, demand relating to the income of the consumer and perhaps most importantly, competition. I am suggesting that notwithstanding the increase in the excises and so on, prices will rise to the extent that consumers do not resist. A concrete example is someone who works at Arima, travelled on one of the new buses for the first time yesterday and was quite impressed by the buses. They are new, the air conditioning, the piped music and so forth. They came
down the Priority Bus Route, so that as far as she is concerned, whatever the taxi drivers are charging is of no consequence; she has switched to the public transport.

I am prepared to argue that in certain industries—soft drinks are an example—as soon as one producer starts losing market share, we are almost certainly going to find that he will reduce his price to try to regain his market share. I am saying, basically, that the consumer is not as powerless as he is made out to be, and that competition is critical.

I agree with Sen. Hydar Ali on the need for the widest possible consultation. I am further agreeing with him that after all the consultation, the PNM has been given a mandate to govern. The buck stops here. If the people are dissatisfied, they will change us once again.

Now, in terms of the funding of UWI, I think I can spend a little time on that because as most people know, I have been associated with the University of the West Indies since 1971.

I agree with him that the funding of the university is critical and that it should be increased. In terms of resources, I can remember, for example, in 1971 a final year accounting class would have maybe 20 students; that class today would have 100 students. The university, as we all are aware, has been playing and continues to play a very important role in providing us with our engineers, our lawyers, our medical doctors, our nurses, our economists, etc. With the exception of the Institute of Chartered Accountants of Trinidad and Tobago, ICATT, who persist in discriminating against our graduates from St. Augustine, one can say that everyone else in the Caribbean has accepted the output of the university.

I say to Sen. Ali, through you, Sir, that I think UWI has to put its own house in order before a genuine case can be made for increasing the funding to it—there are a number of things within that institution which have to be put in order.

Let me deal first of all with the academic staff. I think my friends in WIGUT, West Indian Group of University Teachers, are going to be quite upset with me, but I think we can release a lot of these funds for paying for some of these services if we pay them for only 10 months. That we say, “Go and find some employable work for two months and make the equivalent of your two months’ salary”. Because there are too many people at the university who after they get tenure just sit around and have a job until retirement.
There are members of our academic staff who do not seem to be concerned about generating any funds. I will give an example: A couple of weeks ago there was a seminar on the campus on the floating dollar. It was sold out; standing room only. If the people in the Department of Economics were thinking about it, they could very easily have rented the Hilton or Valley View or Holiday Inn or some place, charge the business people and unionists and so on a little stipend and funds would have been generated. But they do not think in this way. This is understandable, you see, because this kind of thinking is not encouraged at the university, as Sen. Ali is aware.

The members of staff who want to get involved in these activities are, in fact, put down as pariahs. There is no recognition; it does not count when evaluations are being done and so on, so that is the academic staff.

With respect to the students, there has been a lot said about cess. I have a difficulty with the manner in which a lot of that discussion goes, because, while there is a lot of talk about the students and their rights to education, there is not a corresponding concern with their responsibilities to the society. We have a situation where, as far as I am concerned, there are too many students who do not give anything back to society. So that, in yesterday’s papers you can see they are trying to fill vacancies in Toco Composite and Mayaro Composite and Moruga Composite because quite a few of the students find that those places are too far. We have medical doctors who would come out of a rural area but when they qualify they want to practise somewhere in Port of Spain or in San Fernando. We cannot get a DMO in Toco, we cannot get a DMO in Cedros because those places are too far—for them.

I am suggesting that in terms of this whole discussion on how we treat with the students, that we identify the economic cost of their programmes, that we use some sort of means test to identify who will pay no fees at all and who will pay the full economic cost, and that we link some measure of service to the community to the level of fees that are paid. Until we start discussing it in this kind of way, I think the talk about cess and no cess and so on is not as meaningful as it might be.

Finally, let me conclude by pulling the threads of my contribution together. Savings are critical for the growth and development of this economy and the mobilization of domestic savings is even more important in the light of the difficulties associated with foreign savings.
The Minister of Finance in his budget speech has enumerated a number of very specific provisions which would assist in this mobilization effort. The PNM was a Government in exile for the period 1986 to 1991 and we have our positions on a number of key national issues, contrary to what some people believe, but as a Government, it is important that we continue our process of consultation with the wider community. As Sen. Mansoor said so eloquently, we have to deal with compromises—that is the essence of governance. Consultation is an integral part of our vision and our philosophy. The PNM has a position on employment—on how we should treat the question of unemployment—in society, and this is why the hon. Prime Minister can call that consultation on unemployment scheduled for after Carnival, because we want to get the national views.

I do not think Sen. Teelucksingh should fear, because I am certain his comments will be taken into consideration in due course.

We have made a commitment to the people of Trinidad and Tobago. Our manifesto is our bond with the nation and we take that responsibility very seriously. I close by quoting from an article in the Express of Wednesday, January 22, where the managing director of Citibank, Mr. Suraj Maharaj said:

“The 1992 budget represented a balanced approach in terms of burden sharing and sacrifice by all sectors of the society. We will all have to make sacrifices.”

He continued—

“The most important requirements are policies to encourage return of capital, strengthening investment savings and encourage growth and so reduce unemployment.

It is important to see how our Government’s policies would unfold,”

but warned—

“that people should not expect miracles overnight.”

There is absolutely no doubt in my mind that given the contributions of the various Members here, given the consultation which we expect to continue, we shall together treat these critical questions facing our beloved nation. I thank you.

Mr. President: I believe this is a convenient time to suspend the sitting. This morning we had the battle of the accountants. After our experiences with members of the legal profession and the economists, it is good to see that there is a
profession where a certain measure of agreement can be reached by people even on opposite sides, particularly when you treat the discovery of that letter of 1969, concerning the famous Cecil Dolly Report. It is amazing how, when dates come out so long after, certain things strike you. If my memory serves me right, it was the year that man first landed on the moon. I would not make any further comment lest I be deemed improper.

The sitting is now suspended. The Senate will resume at 2.00 p.m. and we shall have the battle of the experts on energy this afternoon. We shall start with Sen. Rooks.

12.30 p.m.: Sitting Suspended.

2.00 p.m.: Sitting resumed.

Sen. John Rooks: Mr. President, let me, first of all, congratulate you on your re-appointment to the Presidency of this Senate, and also to welcome all the new Senators. Some of them have made excellent speeches and I am sure we shall hear some more before the debate is over.

The Minister of Finance opened his budget presentation with some fine sounding words about striking a relationship of openness with our population, explaining with candour and simplicity the sometimes complex reality of our present situation. He hopes, thereby, to consult with and receive the support of the people as he takes difficult decisions in their interest over the next several years. He goes on to state that ultimately the welfare of our people is the prime consideration of this Government.

However, none of these fine sounding words seem to agree with the budget proposals, as the whole population is being asked to provide payments for one sector of the workforce, by further deprivation through increased taxation which will further increase the cost of living. The Minister has stated that his Government is going to pay the Industrial Court award to the public servants, which amounts to an annual payment of $496.9 million, as this was promised in their manifesto.

The paragraph in the manifesto right above the commitment to re-service civil servants reads as follows:

"The social fabric is collapsing as the middle-class crumbles and an under-class emerges. Unemployment rises as tens of thousands face sheer poverty and daily starvation."
Further down that page, mention is made of the alarming escalation in the rate of crime, which is caused by the high unemployment rate. No doubt, the public servants would like to be paid the award of the Industrial Court, but most of this payment will be gobbled up by increased taxation, while these funds can stop the sheer poverty and daily starvation. I suggest that more thought be given to this, as the public servants have probably adjusted their lifestyles to the lower salaries.

The Prime Minister has announced that consideration is being given to floating the Trinidad and Tobago dollar, which is tantamount to announcing a devaluation ahead of time. This has already caused panic buying of the US dollar and no doubt, many prospective foreign investors to discontinue negotiations which may have been in progress, until the final situation is clarified. An urgent clarification by the Prime Minister is required.

What is causing the successes of other countries, such as Hong Kong, Singapore, Malaysia, Thailand? They have learnt that it is business that makes a country successful, and the Government must give every assistance to businesses to ensure that they become and remain successful. Taxes must be reduced to help the companies grow and expand. Business is not the enemy of Government and labour. On the contrary, business provides the jobs for labour, as well as the funds for Government through taxation. The more business expands and makes profit, the more jobs it provides and more taxes it pays to the Government. The 1988 Year Book of Hong Kong states:

"The economic policy in Hong Kong is, to a large extent, dictated and constrained by special circumstances of the Hong Kong economy. Owing to its small and open nature, the economy is vulnerable to external factors and Government actions are designed to offset unfavourable external influences of limited effectiveness.

A primary role of government is to provide the necessary infrastructure and a stable, legal and administrative framework conducive to the economic growth and prosperity."

There is no general tariff on goods entering Hong Kong but duties are charged on six groups of commodities, irrespective of whether they are imported or manufactured locally. These are hydrocarbon oil, methyl alcohol, alcoholic liquor, tobacco, non-alcoholic beverages and cosmetics.
Salaries tax is charged on emoluments arising in, or derived from, Hong Kong. Profit taxes are levied on profits from a trade, profession, or occupation, carried out in Hong Kong. Profits of unincorporated businesses are taxed at a rate of 16 1/2 per cent of the net profit, whereas corporations are taxed at 18 per cent. The salaries tax is on a sliding scale restricted to a minimum of 16 1/2 per cent."

Recently our petroleum sector has been able to attract foreign investment, something which has not been seen for many years. In fact, our investment climate has been so bad that over the years we have lost Shell, British Petroleum, Texaco, and, most recently, TOTAL.

In the last few years, we have been attracting foreign investors such as Exxon, Conoco, etc., Phoenix Park Gas Processors and the South-East Coast Consortium. Most people do not seem to realize that we are competing on the world market for the investment dollar. These companies are not coming here because Trinidadians are nice people or that we have the only oil in the world. They are coming because they think that they can get a good return on their investment. The infrastructure is good. Trinidad and Tobago is a stable country and is not going to change the terms, which is one item of the many, that were part of the reason for their decision to invest in Trinidad. This does not mean that another investor will replace one that we are now losing. On the contrary, the word will soon get around that we have changed the terms and no investor will consider investing in such a country.

Similarly, if we had a foreign company working here and a more profitable investment turned up in some other country, we would lose the investment funds to that other country, which would mean more lost jobs in and out of the oil industry. Historically, one job in the oil industry, indirectly provides five other jobs outside. We not only have to get the foreign investors but we also have to learn to keep them.

Whether we like it or not, this country is still a single industry economy—the petroleum industry—and everything must be done to ensure that we get the most out of it. We must continue to provide fiscal measures conducive to the drilling and exploration of wells, particularly, off the east coast, where, in recent times, production of condensate and natural gas has been found at much deeper horizons than previously. These wells produce a high quality condensate but they also deplete quickly, as some of the wells at Amoco have been depleting at up to 32 per cent per annum. The wells off the east coast produce with a water drive rather than
a gas drive on the land wells. Normally, a water drive indicates slower depletion and production over a longer period, but this does not happen off the east coast. Trintomar, as if to add insult to injury, is now getting water in three of their wells.

We also hear that on the Venezuelan side of the Gulf of Paria, new oil has been found in much greater volumes, whilst the geology has been that similar formations are deeper around Trinidad than in Venezuela. We shall require drilling rigs capable of drilling to 30,000 feet, if we are to locate the same production zones as Venezuela. The condensate which we have been finding now off the east coast is around 17,000 feet, but, naturally, these horizons have not been gone into before and these are new types of production which we have not had.

2.10 p.m.

We must also recognize the other investments that have come into Trinidad, first by ISPAT taking over ISCOTT and, incidentally, ISPAT was interested in purchasing the steel mill here, but since the investment climate could not be satisfactory to them, they have now purchased a steel mill in Mexico, spending a billion dollars on that, bringing it to their own requirements. This is something we could have had here which would have doubled the size of the existing steel mill and provided many more jobs.

Similarly, the investment of British Telecom in Telco has turned around that company in a very short time and they are now, I understand, going to pay their first amount of profit to the Government. The privatizing of Trinidad Cement was another successful venture and all indicates the concept of reduced taxation can actually provide increased income to Government.

The increased corporation tax from 40 to 45 per cent may prove to be counter productive. The Minister made much in his address of the need for Trinidad and Tobago to be competitive in order to attract foreign capital for investment. It is questionable whether a corporate rate of 45 per cent, coupled with a variety of withholding taxes, achieves this. Foreign investors also employ non-nationals in positions in companies which they own or control and higher marginal rates of individual income tax will adversely affect the cost of doing business.

The previous government had embarked on a programme of tax reform and simplification, with the advice of experts in the field of fiscal reform. These measures included a move away from a plethora of tax induced savings mechanisms and allowances. The 1992 Budget signals a reversal of this
programme with the introduction of tax free savings bonds and relief for expenditure on owner-occupied property.

To give an idea of the effect of the 50 per cent surcharge on commercial vehicles: two 15-ton truck chassis, which have been on order since December, 1991 at the price of $642,200, in January 1992 because of the 50 per cent surcharge, these two chassis costs will go up to $1,071,000. At this point in time those two vehicles are due to be shipped, and the extra $400,000 needed to clear them is not going to be available from the bank. What does this customer do now? Not to say that he is competing with local business, because the largest truck made here is a six-ton truck.

The budget makes references to the party's manifesto and in some instances this requires clarification, particularly in the stated energy policy, from which I will read the relevant part.

"The PNM has always considered energy to be the leading sector in the country's development. Conscious of the fact that our natural resources belong to all our people, the PNM stands committed to the development of the sector to the benefit of all."

It goes on to say:

"The PNM Government, as a matter of highest priority, will formulate specific strategies to revitalize the sector and its major components, exploration, production, processing, construction and services; accelerate diversification within the sector and expansion and deepening of the downstream industries."

It seems to me, as though the PNM is going to take over the running of the oil industry and I sincerely hope that is not going to be the case. I know we have an excellent Minister of Energy—a very knowledgeable man in the field—but still, you do not go to a shoemaker to have a suit made. I think that the oil industry people are the best people to decide and look for the development of the oil industry. There is a small mention here about the creation of an environment that will attract foreign interests not only in local investment but in the undertaking of some of the research and development activity in Trinidad and Tobago, and secure and expand the available marketing opportunities for all energy products. This is all well and good, but surely, we will be much better off with a company such as TOTAL, that we just lost. They expressed a desire to buy into the refinery and do the whole re-modernization of the refinery, at their cost, for a share in the refinery.
But they have now left the country. I do not think they could have found the terms very satisfactory. I understand, however, that they are still open to suggestions. I think, Mr. President, that those are really the main points I wanted to get at. All the other important points have been handled in a much more satisfactory manner than I am capable of doing, so I thank you for your kindness in listening to me.

The Minister of Energy and Energy Industries (Sen. The Hon. Barry Barnes): Mr. President, may I add my voice to the chorus of acclamation that greeted your re-election as President of the Senate, Sir, I go straight to the matter of gasoline prices just for a moment. Without too much preamble, resulting from the budget provisions, at midnight on Friday January 17, the price of premium gasoline was increased from $1.50 to $1.96 per litre; the price of regular gasoline from $1.44 to $1.88; and the price of auto diesel from 90 cents to 98 cents. The increase in gasoline is 46 cents a litre and my hon. Friend and colleague Sen. Wade Mark got it right—$2.00 a gallon—and as he also said equivalent to 8 cents a mile—I believe I quote him correctly—which tells me, of course, that Sen. Wade Mark, like me, is obliged to drive around in his private motorcar by himself. But if he were a taxi driver licensed for five passengers, that would equate to 1.6 cents per passenger per mile.

2.20 p.m.

The increase in auto diesel was TT eight cents per litre, equivalent to TT 36 cents per gallon. This is the fuel that feeds the maxi taxis and the buses. Take any mileage you want—20, 15 even 12 mpg—that works out to three cents per mile per vehicle. If you are in a maxi taxi with 15 others, that is 0.2 of a cent per passenger per mile. If you are in a bus with 30 others, 0.1 cent, per passenger per mile. In seeking to assess the impact on the travelling cost, I unfortunately may have misled the Minister of Finance. I did not quite take into account Sen. Mark and, indeed, myself. I was talking about the broad travelling public who must rely on public transport. I think we shall find that in fact the impact is about on average, one cent per passenger per mile.

But perhaps I should continue for a little longer on the question of gasoline in Trinidad, the domestic market. The country’s refineries—there are two of them—have as their first call, the supply to the local market. The local market has a requirement of about 9,000 barrels a day of gasoline, about 1,500 barrels a day of
kerosene, 3,000 barrels a day of diesel and virtually no fuel oil. Yet from the combination of indigenous crude, our own crude that is feeding those refineries, and the refineries in their present configuration, what we get is a yield that is, in fact, 19 per cent gasoline—but let us make that 20 per cent—and we get a fuel oil yield of 48.9 per cent say, 50 per cent. So that the 9,000 barrels of gasoline used in Trinidad, in fact, takes up the gasoline yield of 45,000 barrels a day of crude, out of a 70,000 total, which is what we have, and produces additionally 35,000 barrels of fuel oil a day which cannot be sold locally and which must be sold abroad.

So that our refineries are in the international export market, with in fact a rather skewed barrel. They are essentially sellers of fuel oil. So that there is a double penalty on the refineries from the amount of gasoline that is being used in Trinidad and Tobago, firstly, the loss of possible foreign exchange revenues, and, secondly, the lack of flexibility in the market place because they are essentially out there with five or six cargoes of fuel oil and somebody says, “Can we get some gasoline from you?” They say, “sorry, it has to go into the local market”. Today may well be the day for old documents, because I have with me Act No. 14 of 1974, assented to on June 14, 1974, an Act respecting the provision of a subsidy for petroleum products and the imposition of a levy on persons carrying on production business. June 1974—some of us can remember—gasoline stations, some owned by Texaco, some owned by Shell, a few owned by National Petroleum. The refineries are owned by Texaco and Shell, the production still in the hands of Texaco and Shell.

April, 1973, the first oil price hike, the products in the local market under price control and the feeling that this population should be protected from the impact of the rapidly rising prices. In fact, the prices went from, roughly, $2.00 a barrel for crude to $14.00 a barrel, so it was seven times higher.

The people who put this together were very brilliant people. They devised a means of covering the marketers' cost—the under-recovery of cost because of the price control—and taking that and levying it on the marketers' own production. So that, in effect, the subsidy that was paid to Shell for the difference in the market was levied back on Shell's production, so to speak. This continued, and the circumstances changed, and as Sen. Rooks has pointed out, Shell, in fact, sold its assets here to Government and Trintoc was formed, and later Texaco did the same. But the Act continued.
Perhaps I should share with this august House the effect of this Act in terms of the level of the subsidy. I could not go back to 1974. I have figures from 1977. In 1977, total subsidy, $87,341,000 odd; 1978, $93 million; 1979, $178 million; 1980, $286 million; 1981, $327 million.

Let me explain that the subsidy depended upon the volume of products in the domestic market and the level of prices. So that in 1979 when we had the second oil price hike, again, with the need to protect the domestic market, the subsidy obviously grew. This subsidy was levied on the producing companies, levied against crude production. Clearly, as it reached in 1981 to $327 million and in 1982 to $345 million, the Government, faced a dilemma. The thing was clearly getting out of hand.


There are increasing problems in respect of this subsidy/levy but understandably the producing companies are more than a little bit upset. It is unpredictable, where they are concerned; it is significant, where they are concerned, at a time when their revenues are declining, where they are making every effort to control their costs, and here comes a levy from nowhere, on a monthly basis that is significant in terms of their own costs. However, let me make the point that the levy is allowed as an expense for tax purposes and, therefore, it is a levy that is shared 50-50 between the Government and the producing companies.

2.30 p.m.

So if I may, I will go back to 1981, when I myself was part of the clamour, seeking relief, seeking change. At that time, 1981/82, the Ministry of Energy decided that the best solution was to seek to use the plentiful availability of gas as a possible substitute for gasoline, to abate the volume of gasoline being used in the domestic market. They, therefore, launched an inquiry inviting interested companies, motor car assemblers, to join with them in a pioneering project to investigate the applicability of CNG. They got responses from Industrial Agencies, and Ross Engineering. They commenced an exercise—we are full of data and so
forth—they installed one station, monitored it very carefully to find out what the consumption was etc. A very scientific approach to the problem by my colleagues.

It proved, in a way, to be a success. Sen. Ali, I think, made mention of this, that one station has subsisted, since 1985—86, 200 units have been converted and the matter seemed to have remained suspended; I think, essentially because the people in the ministry who were involved are not there any more—Mr. Hinds is one of them—and one of the problems that we have in the ministry is the loss of a number of senior people.

The fact of the matter is that it is difficult to see how, the country, the producing companies or the Government, can continue to afford the level of subsidy as it is enshrined in this particular Act, so that in an effort to accelerate the conversion, to CNG, NP has been instructed to take the matter in hand. I think NP first saw CNG as competing with their own interest, and understandably so. We straightened that out by giving it to them and saying, you run it.

Sen. Ali, in his very perceptive, very thoughtful and analytical contribution, touched on some important concerns, not entirely convinced that the conversions will take place as swiftly as we might wish, and I bow to him. Certainly the evidence of the last five years suggests that he might be right. However, I am prepared to back my marketing soul on this; I would merely say that I was involved in the CNG discussions and I am convinced of the benefits of CNG. I happen to live at the top of Maraval and if somebody tells me that I must convert and the only place I can get CNG is at Cross Crossing, I am not going to convert. It is as simple as that. A fundamental of marketing has to be, to make the thing available. So, you have got to set up first. Once it is widely enough available, then you have a chance of getting the conversions to go through.

Sen. Ali made the point that his understanding is that it is one million dollars for each outlet. Whereas his figures are not altogether correct—the figure that I have is, in fact, $750,000—it is a lot of money. But, compared to a level of subsidization of TT $149 million, of which the Government pays 50 per cent, in one year, it would seem to me that it would be very, very beneficial.

Now, let me go on to say that it is certainly neither the intention nor the expectation that we are going to see a 100 per cent conversion and that the whole country will be on CNG and there will be no more gasoline purchased or sold. That is certainly not likely to happen. A second consideration in the very nature of the
thing, is that in the choice of outlets we must marry two things—the nearby availability of functioning natural gas pipelines, and the proximity of a suitable gasoline station. Some of them have got the space and layout to accommodate it; some of them, particularly in the country stations, may be a little too small etc. I am assured that NP has located at least 10 outlets that meet these requirements.

Now, another feature which, in fact, is causing something of a delay is that the pricing basis that was set up when the pioneer project was done has been left very much in place. It seems to the ministry that if we are going to pursue a conversion, then one of the things that we must avoid is to convert from subsidized gasoline to subsidized CNG. So, we want to start off by making sure that the Natural Gas Company which supplies the gas, is kept whole. We want to make sure that National Petroleum Marketing Company is kept whole. We are certainly anxious to maintain some level of excise tax to keep the Government whole. Even with those factors of price, we still believe that the selling price of CNG will be more than sufficiently attractive to support the cost of conversion and make it an attractive proposition.

There are two other matters for consideration. The petroleum affairs of this country are regulated under licence. Therefore there will be the necessity to licence such installations and indeed some regulation over the garages etc., that will be licensed to undertake such conversions. The ministry is working very hard to get those things in place to allow proper, regulation, expansion and conversion on the introduction of CNG.

I shall not deal with the benefits of CNG, essentially, because I think that would be more than adequately handled by some of my other colleagues.

I listened with considerable interest to the contribution of my hon. Friend and colleagues Sen. Rooks. I was really pleased to hear many of the points on which he and I, and indeed the Government, see eye to eye.

I would say just a few words on the energy sector which is vital to the buoyant economy of Trinidad and Tobago.

One of the comments that I read was that the budget had no new visions for the energy sector. I regret to say that I do not go in for visions myself, but we can share some of the realities of the energy sector and I should like to make a division for purposes of this discussion, between the oil sector and the natural gas sector.
2.40 p.m.

I have with me a document of the Ministry of Energy—Information booklet of the 1991 Exposition of the Society for Petroleum Engineers—Historical facts on the Petroleum Industry of Trinidad and Tobago. The year, 1857, first well drilled for oil in Trinidad; 1865, Parin Vileo founded by Walter Darwent 1908, commercial oil production begins in Trinidad near the Pitch Lake, La Brea. I shall not really quote the entire document, just a couple of things which I found very interesting—1930, first importation of oil from Venezuela for refining locally etc.

What I am trying to illustrate is that in fact we take great pride in teaching—for instance to my son at school—that we were one of the earliest provinces in which crude oil was produced—the battle is between the United States, Venezuela and ourselves as to whether we were the first, second or third. We are a small country and the very fact that we were in production in 1908 tells us certain things, that our land fields have been in production for an awfully long time. They were in production under companies and names that are perhaps not even remembered. They were in production, and we are grateful to the pioneers who undertook such production, when perhaps they did not know as much about ecology—environment as we know today. When they were drilling in those early days with cable tools, rotary drilling rigs had not yet come in; where there was sub surface damage from some of those early works—even today we get an occasional accusation against our companies of oil pollution. Some of it certainly comes from that early work that was not perhaps properly finished as we would do it now. But it tells us that because of our relatively small areas and all the exploration activity in those relatively early periods, those areas were thoroughly worked over, were explored and certainly all the easier oil near the surface may well have been found.

It tells us that our oilfields are mature. With all that means, so that we have the decline rates that Sen. Wade Mark has been talking about. It means that to maintain our production to cover a decline rate of 10 to 12 per cent you have got to drill new wells. And when you drill new wells and move on, you leave behind additional wells to maintain. So that we have seen within the last three years the necessity for the farm-outs and the leases of virtually abandoned oil wells where other smaller contractors can come in and bring them back to life recovering something. Within the industry we see ourselves turning to secondary recovery, water recovery, steel recovery etc. and so forth, to try to maintain the level of
production. We have to understand and accept that and this is—certainly in our terms—high cost production, we have to accept that our own companies now have to run much harder to stay on the same spot, but we are in an oil-bearing province. The easy oil may already have been found but technology has advanced and we have had a bit of good fortune. There have been significant findings, and as Sen. Rooks has mentioned, in eastern Venezuela, significant enough the major oil companies are following the trends with state of the art technology, with the kind of finance that would allow them to make a significant exploration effort to undertake really deep drilling, and not only deep drilling, but also deep drilling through shallow depleted areas, which means that there are areas that have to be sealed off with casings.

So that you have to start with a bigger diameter hole than you would normally have to do so, in order to seal and protect the areas that have been depleted. They have become interested. They are here, they are commencing to explore and I think all of us here have to be pleased with that, have to be in fact, more than satisfied that such an exploration effort is again being made—and I mean absolutely no disrespect to any of my colleagues in the oil industry, since we lack both the finance and the technology to undertake that kind of activity on our own. So that perhaps at this juncture, I should endeavour to bring home the realization of who we really are in the world-wide oil industry.

Again I turn to my Friend and colleague, Sen. Wade Mark, who gave some figures. Our total system is $140,000 barrels a day at the present time, 70,000—71,000 barrels per day from Amoco production which is exported as crude; the other 70,000 barrels per day of indigenous production coming from other companies: Trintpec, Trintoc, Trinmar and coming into our refinery system. The total Trinidad production, 140,000 barrels a day of crude.

2.50 p.m.

I have here with me the Special Supplement Issue of the Petroleum Intelligence Weekly dated December 23, 1991, which ranks the world's top 50 oil companies. I will say that I myself had a few surprises in this.

No. 1 —Saudi Arabia, Aramco: 1991 production—6,279,000 barrels per day;
No. 2 —Royal Dutch Shell: 1991 production—1,890,000 million barrels per day;
No. 3 —and that was the surprise—Petroleos de Venezuela: 1991 production—2,135,000 barrel per day;

No. 4 —Exxon: 1991 production—1.712 million barrels per day.

and so on down to No. 50.

So that by comparison, Trinidad and Tobago's total production of 140,000 barrels per day makes us a very small player indeed.

The question of oil price projections for 1992 has been very much a matter of discussion during this debate. I think we all know that OPEC is scheduled to meet on February 12, and the matter under discussion at this time is the Saudi's insistence that if there is to be a cutback to remove the excess supplies from the market place, they wish it to be a percentage cutback across the board. And the figures that are being bandied about are between eight and ten per cent. For purposes of rounding off the figures, I shall use ten per cent. That would mean a Saudi cutback, based on 1991 figures of 628,000 barrels a day equivalent to some 4.5 times Trinidad and Tobago's total daily crude production. For Petroleos de Venezuela, also an OPEC member, it would mean a cut of 212,000 barrels a day. That is like shutting down the whole of Trinidad and Tobago's crude oil production. So, that as an oil producer we are very small. And there is nothing wrong with that.

We have seen as a matter of public record that the United States of America, a major producer with 12 million barrels per day; major importer of just over five million barrels per day, placing an embargo on Libya's entire petroleum production and, indeed, withdrawing their companies from Libya thereby foregoing the availability of 1.5 million barrels a day. We have seen a similar treatment occurring in the case of Iran who have an availability of 4.5 million barrels a day.

Our exports of petroleum to the United States of America is 70 per cent of our total petroleum exports but it equates to less than two per cent of US imports. Among the companies listed here, No. 10 is Amoco, with a world-wide production of 782,000 barrels per day. We rely on Amoco to produce 50 per cent of our total crude oil; Amoco relies on us to provide less than 10 per cent of their world-wide production. So that the oil sector of Trinidad and Tobago, vital as it is, is really vital only to us, as indeed it should be.

We know that there are certain things that are required of us. When Sen. Rooks made the particular point that there are people coming to us—major oil
companies—prepared to make investments, prepared to undertake the searches that we cannot do ourselves, prepared to invest money which we do not ourselves have, but what are they saying? What they are saying is that it is your field, mark out the field and then hold it level. These investments have a long gestation period. What we do not want is flipping and flopping and the rules changing. It is with this very much in mind that both in the PNM manifesto, and as a matter of government policy.

Our Prime Minister, in the other place—and he said it quite categorically—that we see the need to depoliticize the industry, we see the need for honest consultation to develop an energy policy for Trinidad and Tobago within the framework of consultation with the Opposition, within a parliamentary framework, and within a framework of wider consultations. Indeed, the Prime Minister has said that Government will develop a White Paper on energy policy in an attempt to get a consensus to allow us to move forward with a certain stability and security, knowing that whichever way the people may decide, the energy sector of Trinidad and Tobago is in a way insulated. Even our own companies are making the same cry: "Please mark out the pitch and try to keep it level so that we know where we are going." Really it is a problem for everybody's consideration and we think that it places the onus on everybody to respond.

Mr. President, on the morning after the last election, on Saddle Road—and I am an old man—there were two young people, walking hand in hand, and the girl was dressed in a flowered skirt and a bright coloured jersey with the rising sun on it. The young man, very possessive, holding her hand, had on a jersey saying that he cared about Colm Imbert—but the lady was not at all worried, she did not see Colm Imbert as any competition—they were talking happily and they were smiling. It pleased me, Sir. Elections come and elections go but the young people of Trinidad and Tobago know what they have to do and when.

So without wishing to push the matter further, and again because I am an old man, let me conclude with some very famous words: One generation passes away and another takes its place, but the earth abides forever in deference to my colleagues on the other sides: The sun also rises.

3.00 p.m.

Sen. Roi Kwabene: Mr. President, it is with the utmost respect that I address the Senate on this bill, the Appropriation Bill, presented in this Chamber for our consideration. However, since this is my maiden delivery, permit me please to
And paragraph 3,

“...the welfare of our people is the prime consideration for this Government...”

At page 53 of the PNM manifesto on the issue of public debt, they have acknowledged the growth of indebtedness to our foreign lending agencies from 1986 to 1991. However, they neglect to outline or rather disclose the true reasons why we have to rescue the economy in the first place; barring, of course, the unnecessary total reliance on the petroleum sector of our economy.

In my estimation, this is the budget of a Government lying helplessly in front of the international lending agencies and trying not to offend them. This is reflected in the whole policy of repayment of the foreign debt this year. According to the hon. Minister of Finance, the total represents some 30 per cent of the country’s earnings from the export of goods and non-factor services required to pay interest on principal. It is a commercial dent, by all calculations, but must we become subservient to these lending agencies and be so concerned with repaying them that
we cannot recognize the damage being done to our beloved country and the economy as a whole? For instance, the whole issue of the need to safeguard the economic independence and sovereign rights of this country and its peoples is being pushed aside in a mad rush to please the lending agencies, in particular the World Bank and the IMF, at all costs.

Economic independence in Trinidad and Tobago will be weakened, not strengthened as a result of the measures proposed in this budget. In fact, all the measures being addressed in the budget are not concerned with how to strengthen the independence of the country, but how to strengthen the neo-colonial process, which was given a big boost during the previous five-year reign of the PNM’s “B” team, the NAR.

Countries like ours are supposed to go from colonialism to independence, and then on to other forms of government which will strengthen our freedom, our economic, social and political development, and the very life and well-being of the people who comprise these beautiful islands. However, the opposite is taking place here. The measures which have been proposed in this budget are aimed at strengthening the process which we were supposed to give up 30 years ago, in 1962, when we gained independence from Britain. The dependence which is being put on the hand of foreign capital to save the day for our country is truly shameful. This dependency syndrome has landed us in a worse position in 1992, when we compare where we were in 1986.

Our foreign debt is so large that the cost to service it in 1992 is on the backs of every man, woman and child in our country. This will amount to several thousand dollars. In other words, this foreign debt servicing is one of the main instruments of impoverishment in this country at this time. We are actually turning back the hands of the clock in terms of our freedom, our dignity, our sovereignty. We have to watch this carefully.

They intend to borrow more, they intend to place bonds on the international market. They intend to draw down about US $40 million from the World Bank and the Japan Exim Bank, in addition to a fast disbursing loan from the IDB for facilitating the removal of obstacles to investment, etc. This Government continually argues throughout the budget the need to service the debt and this has constrained the size of the budget investment, the removal of VAT, and caused us to be conservative in our experience. However, on page 34 of the budget speech—I am not even seeing the Minister of Finance—we are advised as follows:
“...that it may be possible to refinance, on relatively favourable terms, a substantial share of the principal payments falling due in 1992...”

The obvious question is: If payments are rescheduled, what becomes of the projected expenditure pattern contained in the budget? For that matter, would the budget become non-applicable?

The man-in-the street cannot forget the Budhoo controversy. I refer to what happened in 1988, when a Caribbean born former employee of the IMF disclosed that the latter had misrepresented data concerning the economic condition of our own country and even after correcting it, made no effort to inform the then Government of its error.

We cannot continue this cycle of disillusionment. We are not the only country in this predicament, but we must become part of a movement to break the back of this new form of colonialism being administered by these so-called multilateral lending agencies which are, in fact, manipulated by a few big countries for their own ends. Instead of working towards a new economic order, as cited in our UNC manifesto, page 43, here we are instead, kneeling helplessly in front of these agencies as if begging for more blows. Where is the independence mentioned on page 1 of the PNM manifesto? It reads:

“To this end, the PNM pledges itself to give special emphasis to the following objectives:

The preservation of the national independence of the people of Trinidad and Tobago.”

Where is the redemption of the PNM, as cited by the hon. Prime Minister on page 3 of that same manifesto, and I quote in part:

“...our redemption lies in a political party that has its roots in the historical struggle of our people to gain independence, dignity and a sense of ownership and belonging to the land of their birth.”

I am convinced that this budget will allow further plunder of our country to enrich the richer countries, but it is we who will continue to have to face the hard times, to be drawers of wood and drawers of water.

Where does this 1992 Budget either in its general policy or specific measures stand in relation to the struggle to bring about greater freedom? The UNC manifesto pledges:
“We in the UNC hold as our founding principle the belief that the purpose of mankind’s existence is happiness. We believe that God in His infinite mercy has made man to be happy: it is the reason and object of this existence. Without happiness, life would have no meaning.”

Where is the happiness in Trinidad and Tobago today? Are we saying that in this country life has no meaning? I notice the hon. Minister on this side—remember he is National Security:

“Without happiness, life would have no meaning. While it is true that each person will find happiness is hardly possible without the basic necessities of life”.

What are the basic necessities of life? Food, clothing and shelter. But man—and when I say, “am”, I refer here to man and woman—is not only a physical being, there is also a spiritual, non-physical part, a dimension to our nature. Our physical as well as non-physical needs must be satisfied if we are to find happiness. In this context the functions of any government must be to organize the social-political economy of the society, so that every man, woman and child can find his own way.

The former NAR regime implemented similar measures now planned by the PNM, and landed our beloved country in its present predicament. This is already too much for our people to carry on their backs. For this new PNM regime to come into power and ignore these realities would lead us to an even greater disaster for the people and the nation as a whole. This budget does not even address the question of small business, vendors and other people fighting for survival through their trade.

I am now referring to the tens of thousands of small people who make their living by running a very important sector of the economy. There are vendors of every kind and in every corner of the country—on the streets, on the pavement, in the parlours, in the markets and on the highways. They manage sections of the economy which in many instances are completely indigenous. They use our raw materials, their sweat, and labour and produce goods which keep the economy alive. I do not see anything for these people in this new budget.

It is not sufficient to say that there are small business projects already in place, because the very small business projects in place are what have contributed to the disgusting situation that exists among the venders and others. Will a final policy be bestowed on the issue of the Drag Brothers? Over 20 years in limbo, still outfitting
our people with leather products, north, south, central and even in Tobago. In fact, because of the Drag Brothers, we have a thriving leather trade not only in Trinidad and Tobago, but also in Grenada, St. Vincent, right up the Caribbean to St. Kitts and Nevis.

What about the People’s Mall on Frederick Street? Will the new Government find time in their busy schedule to regularize the status of those people, or even the land lease? If I remember correctly, the late Prime Minister, Dr. The Right Hon. Eric Williams, the founder of the PNM, and another prominent vendor, Halim Sabur, on behalf of the Street Vendors’ Association, had a very important part to play in the scenario that now exists.

A UNC Government, as promised in our manifesto will have legislated against the establishment of monopolies, and so protect and encourage the expansion of small business throughout this country. If the PNM regime is truly interested in addressing this question of stopping the development of monopolies, it must first pay attention to the question of those who make their living on the basis of engaging in enterprises that in many instances provide basic services to the community. Such action must be encouraged. I refer to the vendors of every kind—handicraft, shoemakers, shopkeepers and others.

It seems, however, that this budget will give strength only to the monopolies and their stranglehold on our economy, thus weakening and disenabling the small business people, vendors have to risk their lives, their goods, to earn a living on the streets with the law of the jungle and are eaten up by the big sharks on all fronts.

Another important issue is culture. Forgive me if I sound too emotional because I have been a cultural activist for 17 years, the better half of my life. Humanity develops in stages: man, woman, child, family, community and nation and at each level we are distinguished by our habits, our skills, our beliefs, our values, our instruments and institutions. We must realize and come to terms with the fact that without culture, as they said in their manifesto, there can be no civilization.

According to our manifesto, we recognize the many problems which hinder the development and we also appreciate the cultural diversity that exists in Trinidad and Tobago. These problems include:

(1) The lack of facilities for the constant expressions and development of the many indigenous cultural art forms.
The limited time and coverage of local events and artistic productions by the national media, both electronic and print.

The limited avenues for financial sustenance to our artistes and their institutions.

We propose to encourage and promote the development of the same throughout Trinidad and Tobago by establishing a national theatre, an institution for arts and culture.

If I remember rightly, the regimes that ruled this country during the boom years, and prior—and I speak here about 30 years ago—failed to fulfill this deed, despite the fact that they earmarked the area which was known as the Princes Building grounds, and our own architect and mas-maker, Terry Evelyn, Ungn Uhuru, ensured that there were blueprints available for the construction of that theatre.

We of the UNC would also seek to significantly improve the provision of education in this regard by providing scholarships, among other things. Since 1989 we have been hearing from the PNM “B” Team—the NAR—that 1992 would be the “Year of the Arts”.

On careful study of two documents which I have here—one, the Draft Estimates—Details of Estimates of the Recurrent Expenditure for 1992 on page 246, under “Expenses for the Ministry of Community Development, Culture and Women’s Affairs, the sum of $1,463,000 is listed for the “Year of the Arts”. I was somehow relieved. Then, as you know, yesterday we had the hon. Minister making a very beautiful delivery—concerning plans that the present Government, has for the arts. But I do not think that $1.5 million would be enough to carry out such a project. I do not agree with that at all.

On closer examination, I did not notice any funds for Carifesta. The PNM has promised to review this issue later this week. I trust that they will not leave out this promise to the people of not only Trinidad and Tobago, but also of the region and the wider world. I quote from page 1 of the PNM manifesto:

“Economic integration of and cultural collaboration among the various countries of the Caribbean in the interest of the political dignity, economic development and social being of its peoples.”
I hope that they do not neglect the steelband movement, as they did for the past 30 years when they reigned. Despite the fact that I heard from the hon. Minister yesterday that they are collaborating with Pan Trinbago and they are having consultations with regard to the steelband movement, I am still a bit concerned. I have lived in England for a period of time and I have worked in schools in England, and to my surprise, the steelband is already included in the curriculum of schools in the United Kingdom, not only in London, but also in Central England, Northern England, and even in Wales. I mean, this is Trinidad and Tobago. And, as you know, were it not for our independence, the steelpan would have been thrown aside as a noisy instrument.

Mr. President, Carifesta, on the other hand, is a very serious matter. I believe that it would be a wonderful opportunity not only for Trinidad and Tobago, but also for Caricom, which we speak of so much. I remember as a child hearing about the Federation and what was planned for the integration of the Caribbean region, but, unfortunately, nothing has come to pass, as yet, in terms of concrete initiatives to finally patch up our differences here in the Caribbean and function as one united nation.

We are living in indeed very special times. January 1, 1992 saw the coming into being of the United States of Europe. Are we going to be swallowed up here in the Caribbean? We have to decide from now where we are going. The previous regime, the NAR, had intended to stage the Carifesta. I am praying and hoping that they did not have some cynical political, exploitative plan on the artistes not only of the country but also of the entire region.

I can make other statements in regard to the neglect of the steelband movement and the fact that it had such an important role to play in Carifesta, but I have to continue on Carifesta because of the fact that there is so much that could be said on the question of art and culture. If it is not addressed by this budget, the important thing to see in reality is what the state has to say or plan in this important area of life. It would seem that the arts and culture of this country are merely, as far as the state is concerned, relegated to an ongoing affair for a few—an occasional thing, you know, seasonal, like Carnival. That is a bit unfortunate. We must be fed-up with such an outlook.

If we, of the UNC, were in power today, Carifesta would have come off. In fact, we want the Government to say whether there will be a Carifesta this year, next year, or the other year; whether the talents of the people are going
to be treated with the respect they deserve or just being used for public relations gimmicks; how much money will be committed to Carifesta, if any at all. As I know from evidence, the former Prime Minister had indicated that this year being a very significant year, we would be staging Carifesta.

On the whole question of the arts and this “Year of the Arts”; I should like to know how many music schools will be functional in this country, how many pan yards will be opened, how many public libraries will be refurbished, when, in fact, the “Year of the Arts” has already been neglected. We are already close to the end of the first month of the year and I have not seen anything, as yet.

The whole question of the arts is tied up with the other question of the quality of life we are building for our own people, especially our youths. If it is not addressed seriously, we are going to be in deeper trouble than we are right now. The youths need urgent attention. We must do something, not tomorrow, but right now. In fact, I am aware that there is a group of young people in this country who are striving to establish a new National Youth Council. They are referring to it as NYATT (National Youth Association of Trinidad and Tobago). I sincerely hope that the Government of the day would provide some assistance to that group of people in establishing that movement. It is necessary.

Furthermore, we are hearing about LIDP, YESS, YTEPP and AIM. These were strategies of the past regime, and yet crime and lawlessness prevailed over the past five years. However, we of the UNC promised in our manifesto to safeguard the future of our youths by providing,—not “ten days,” but 365 days—of employment.

3.30 p.m.

There is yet another issue which I feel very strongly about. It is the issue of illiteracy. As you know, this is something which cannot be overlooked, because without the development of the natural human resource there can be no progress in any country. I look forward to this Government’s implementing programmes to eliminate this scourge in our society. There are people who are employed in the public service, there are graduates who are coming out of the university who are in a very bad way as far as literacy is concerned. This is a very strong point I am making. Perhaps we are forgetting that we are on the threshold of the 21st Century. We are not only speaking about functional literacy, where people are unable to read and write, we also have to look at computer literacy. Are we prepared? How many computers do we have in our schools?
Somehow, perhaps this Government which claims to care—or should I say, care less—does not see the need to bridge the gap between the elderly and the young. For years we have been accustomed to discarding our elders, on retirement age. We have lost the extended family unit—you know, where grandmothers used to take care of grandchildren. Yes, the grandmothers have gotten younger, but, at the same time, we have to ensure that we are not discarding our elders. Sen. Barry Barnes, my dear brother, earlier indicated concern for the aged. I have much respect for that. We must respect the elderly people in all communities, at home and abroad. However, if we do not have activity centres where they can share their knowledge with the younger ones, how can we progress? We cannot progress.

I am suggesting to the hon. Ministers in charge, not only of Community Development, but also of National Security, Energy, Creative Arts, etc., that we establish activity centres so that our elderly—disabled or not—can be transported to these centres, and can share their knowledge. And if they would like to be taught as well—no problem—the youths could teach them the little that they know. Perhaps the youths may appreciate the joys of life and refrain from the violence that is so prevalent in our society today, if we have such activity and such centres.

Drug abuse, is tragic. Years ago when I published a magazine entitled "CURE—Community Upliftment and Rehabilitation Exercises", we pointed out to the previous PNM regime that drug abuse is a plague, and you know what they told us? "It is now raising its head." And at that time it had already overtaken the society. I am really looking forward to theStamping out of this menace. I have lost too many friends, relatives, and neighbours, etc., through this scourge. Perhaps the budget has a goal to stamp out this menace because it now affects not only our national reputation but also our international reputation, and it is important that we have some sort of activity and education in this area.

There is another area that I should like to address. It is the area of sport. The state it is in right now, is crucial. Most of the sporting associations are riddled with controversy—for example, the Football Association—and it seems that there is no end in sight. Much money needs to be spent on revamping sports on a national scale. On sporting and supportive equipment duty should be eliminated. For example, moneys utilized for other extravagance should be appropriated to the area of sports. I trust that the hon. Minister responsible for sport—for whom I have great admiration—will remember her own experiences as a sportswoman and
strive to establish, in collaboration with her colleagues, a firm policy on sport, so that sporting facilities could be established in all communities and all schools—of course, within the constraints of the 1992 Budget. We may hardly get much done but, at the same time, perhaps the business community could somehow be encouraged, with tax incentives, to contribute to such an exercise and allow the public to financially patronize such activity as well. Sportsmen and sportswomen have to financially maintain themselves, and many of them are unemployed as well.

There is also a dire need for technical training and assistance in this field at a professional level for all communities in our beloved country. We do not have sufficient national recognition of these exemplars in sport. I do not think that the PNM will miss such an opportunity, in this five years, to at least ensure that those who excel in sport will be accorded the national recognition they deserve.

Education: Multi-cultural education is the way we should go. We have to address, first of all, the problem with our libraries. Not only the community library in Diego Martin, which has it partisan roots, but national libraries on the whole. Illiteracy is too rampant in our country, and I note that the budget does not include anything for a new library. But, at least, some facilities, for example, computers, air-conditioners, acquisition of new books, will assist. The integration of this important institutional service will also be very necessary. It should be a priority. It has been in the pipeline for too long.

As for multicultural education, I have had the experience of working with hundreds of tutors and students in the Caribbean, Africa, and Europe, and these people have already enabled the system to work within the confines of that same institution, I am suggesting—multicultural education. As you know, we live in a country of diverse races and cultures. We cannot afford to be left behind. We need to teach the children to appreciate, at some level, the different religious cultures and concepts. It is unnecessary for us to perpetuate a colonial style education system. Through the United National Congress, I assure you, Mr. President, we would have established a multi-cultural education system in this country.

The family unit in our country has disintegrated over the years. Our moral fabric has been severely affected. There are many homes—hundreds, perhaps, thousands—where meals are not adequately provided to such families. This Government plans to hold a consultation on unemployment. This is not enough, for there are hungry people out there who need immediate relief, not promises.
The PNM Government has to do something soon, or we will be faced with a crisis of unimaginable proportions. People want action, they do not want any more talk.

On the issue of race relations, what we need is a National Equal Opportunities Commission, not an Institute for Ethnic Studies on a campus. It is unfortunate. However, if indeed racism in our society does exist, we need to spend money on finding solutions to these problems and they should be brought before some sort of commission.

It is unfortunate that many of our citizens feel alienated from the university campus, so somehow we have to try to integrate the campus into the basic lifestyles of the people in the immediate community of our country, where the people will feel more comfortable and they will not see the institution as a university far out of their reach.

3.40 p.m.

The task ahead is tremendous for the PNM and I am really worried for you all. I am really worried.

This budget, in my sincere opinion, may not fulfill all that needs to be done. It is in fact a betrayal of the youth, the workers, the unemployed, the oppressed and even the poor. Unfortunately, our people would not realize the trauma until it is fully experienced within the next few weeks and by then it may be too late, because the PNM has given with a finger but taken back with two hands.

The dawn is rising. I agree, we are having a new dawn: the sun is rising, and I know that it will wither the balisier because not much water has been provided. So we of the United National Congress, wish to reaffirm that we will work with the PNM in preparing our country during this five-year reign for a better future.

Mr. President, I rest my case. Thank you.

Sen. Carol Mahadeo: Mr. President, may I publicly take this opportunity to congratulate you on yet another term in office. This augurs well for you and it says a lot. I have seen, Sir, that you have a very good listening ear and a wise tongue and this augurs well for us in the next five years.

Before I go into the budget proper, there are two observations that I want to make. The first is that there has been quite a raging controversy going on, both in the print and electronic media, concerning the role of Independent Senators on the bench here, particularly the scathing remarks coming from my very amiable and
genial Sen. Wade Mark when he said there is no voice for labour on the Independent Bench, none on the Government side, none on the Opposition except himself alone—the loner, in the wilderness crying out for the voice of labour. I want to ask him where was he in the mid-sixties in those hectic heady days going straight into the seventies Black Power uprising. He was still in his labour union diapers, or perhaps in his short pants.

Your humble servant was there, when stalwarts like George Weekes, Joe Young, Francis Beddoe, Carl Tull and Rojas used to rush through the corridors of power at the Ministry of Labour on Albion Street, "Knowsley"; would go through the doors and get into the Ministry of Labour's chambers of the then hon. Errol Mahabir and H. A. Alexis as Minister of Labour. Your humble servant was there for four and a half years sitting at the conciliation table listening, watching—not necessarily taking part physically—but observing when both management and labour were flexing their muscles.

I want to assure Sen. Mark, as indeed, my colleague here, Sen. Dean, assured him earlier yesterday morning, that we are all on the Independent Benches, not with any vested interests, but we are going to protect the interests of labour because, in fact, we are all here to protect the interests and welfare of people. And who are people, but the people who labour in every field of work in this country? And so long as labour has a right, a proper right, we on the Independent Bench will assure that those rights are aired and they are preserved insofar as we are able to do so. Sen. Mark should rest assured that the Independent Bench is not void of the interest of labour, just because a union leader is not sitting here.

Another very congenial and amiable person is our hon. Minister of Finance. It was reported in one of the newspapers, one of the weeklies, I think, that although this budget has a very large heart and the Minister has a very large heart—may I say, I hope it is not an enlarged heart because that would be a medical problem—but in having such a large heart and caring so much, he may have lost his soul. I do trust that if this be the case my venerable Rev. Friend on my left will help to retrace his steps and find his soul.

But to get on to other things, Mr. President, I must commend the Government on having presented its budget for this year within the given short time-frame, very short time-frame, I must say. But the Government, which stated on the campaign trail that it was the government in exile for five years, surely in that context would have been expected to have readily available and probably “fitted to
wear”, as it were, a budget which ought to be all-encompassing and fully comprehensive. Yet, the national budget for 1992, compared with traditional budgets, has been both brief in its presentation and content. Thus, as far as I am concerned, not comprehensive enough to outline or identify the fundamentals of the policy and programmes of the Government recently elected to keep, if not all, but surely, most of its campaign pledges as indicated in its manifesto.

I must concede and compliment the Government on having addressed some of the main issues, such as pay for public servants. That was what you call a national cry; another is the removal of VAT from school textbooks and certain other over-the-counter sale drugs. Midday today when I went to lunch I heard over the radio that Ms. Hazel Brown with the Consumer Association was raising the question: What over-the-counter sales drugs are we speaking of? The people are already asking and the pharmacists themselves are not aware which drugs are to be sold over the counter, minus VAT. So there you are, I am hoping that the Minister concerned will act with despatch on this aspect of it, so that the population will be entitled to over the counter drugs without VAT. I was subjected to the VAT yesterday when I tried to get some cough syrup and other things, so I myself would have been spared that, had it been done earlier.

3.50 p.m.

Other such issues are the increase in old age pensions and social or public assistance, relief on personal income tax by way of allowances for repairs of owner-occupied property to a ceiling of $12,000 per year; and on certain bonds and so forth. But these bonds, it is only people in the younger age bracket who would be able to go up to the five and ten-year periods and so, letting it accrue to their pensionable ages. Even pensioners, I do not think will be able to divest so much of their pension and their gratuity rights into that type of savings bonds. There are so many other essentials to take care of.

The budget exercise reveals itself as a fiscal balancing act, when it states again: “The anticipated revenue will be $6,577.8 million.” I am not an accountant or an economist; I am just a simple citizen of Trinidad and Tobago. But taking into account what I have seen here in the budget, expenditure will be $6,340.0 million, and the surplus will be $237.8 million. This looks like a very disciplined budget, as described by the hon. Minister of Finance and it has significant omissions, to my mind, in the area of expenditure and capital development and strategy for dealing with the external debt.
Now, Mr. President, you will concede to me, the fact that I have come late in time, when most of what I have prepared for this contribution has already been taken up by nearly all of my colleagues on the Government side, on the Opposition and even on the Independent Bench. But as an old school teacher myself—that is one of my former disciplines too—I have learnt that repetition helps to send home to pupils the facts far better, so I am going to repeat what all of you have already said.

The budget itself is short on details, moreso in the control and in the context of the objectives it outlined, which are among others—again I repeat what others have said—to stimulate growth in the economy, to enhance the country’s foreign reserves position and to reduce unemployment. The greatest of these is to reduce unemployment, because with that conservative 100,000 figure of unemployed, and with more and more people coming out of our universities and our secondary schools and primary schools at the end of July this year, you would have more people getting onto the job market.

As for the various sectors of the economy—industry, agriculture, manufacturing, construction, tourism—again I say, I am subject to what the relevant Ministers have already contributed since I had prepared my contribution. For instance, yesterday, I heard on the news where the Faculty of Agriculture is to have high level talks, whenever they are going to be. Because if I am to go by a letter that my colleague, Sen. Mansoor produced, dated way back in 1969 where certain things were to be done to reorganize the public service, and we are now in 1992, still in the process of reorganizing that same public service. I am only hoping that these high level tech talks are going to produce something for us by way of agriculture. I do not want to go too much into the domain of my colleague, Sen. Prof. Spence.

With respect to tourism, I think the Minister responsible did answer yesterday, indicating certain things that he was hoping would happen in the tourism and industry sectors. But again, where do they fit into the picture of the budget as presented, to use the words of the hon. Minister, “to stimulate growth of the

New investments, both local and foreign, must increase substantially and incentives for so doing must be put in place. Joint venture enterprises and divestment ought to be seriously considered. These again, are two points that the relevant Ministers touched upon yesterday. But it was pointed out that the
unemployment situation could be reduced by the tax relief on repairs to homes. How many people, especially pensioners, would be prepared to spend that ceiling of $12,000 on home repairs, when they are eking out their existence on maybe less than half their salary at pension level? Those of us who have been in Government service, that is. What about the others in the private sector? This type of tax relief will only be minimal and cannot bring to bear any appreciable reduction in the 100,000 unemployed persons, because of its very nature, which is purely cosmetic.

Construction, including capital development in housing and agriculture by Government should be contemplated to keep this economy moving. As someone pointed out earlier, or was it my colleague on the UNC bench, the Rising Sun bench, Sen. Kwabene, when he mentioned that incentives for small and medium sized manufacturers must be offered and encouraged. Again the Export Development Corporation should be encouraged to seek external markets in Latin America, Africa and Europe maybe in other countries as well. The hon. Minister will be able to effect these.

The free zone company which has been fluttering, I suppose without a wing, ought to be resurrected. I see Sen. Wade Mark laughing away. Maybe he knows a lot more about what is happening to that enterprise.


Sen. Mahadeo: Sen. Rooks will tell us about it. I am sorry about that aside, Mr. President. I did not mean to go outside you.

The surplus profits from state enterprises should be invested to generate employment. The budget should contain specific projections and provisions for tapping our tourism potential. The relevant Minister did speak of certain things, but he did not say how far he was going to tap them, but it is the tapping process that we are interested in.

Since petroleum is the main foreign exchange earner—and here I do not claim to know everything there is about it. My colleague, Sen. Rooks and Minister Barnes, both are more qualified and are experts in the field, they will tell us. Foreign investment should be sought for greater crude production and refining. And this is what we need here, greater refining and greater production of our crude and the exploitation of our gas reserves. We have heard quite a lot about the gas reserves and the type of gas that we must now use in our vehicles, costing $7,000 to install the cylinder in the trunk or the boot of your car. How many of us
can afford the $7,000, first of all, to get that piece of equipment into our trunks, far less to get the gas that is said to be cheaper? However, time will tell. We have to wait five years in which to see that.

But exploitation of our gas reserves should receive much greater attention than it has been up to the present time. It is very heartening to hear that we are going to have our gas reserves exploited.

I strongly advocate some immediate measures to relieve the social and economic ills. This is where I have my pet complaint—the reorganizing, as proposed by Government, of the LID programme. I have not heard about DEWD; I have heard about YESS, AIM and YTEPP and things like that. But LIDP or DEWD is what you call the grassroots thing. This is purely welfare employment for the poor, the dispossessed and the more vulnerable people in our society. It ought to be restructured and not restricted to what is holding at the present time.

Again, I have to mention my colleague on the UNC bench, Sen. Kwabene, when he said: we do not want “five days” and “ten days”, leaving the poor workers scruntng after seven months for the next five months of the year, helping to build up the crime rate for us again. Because these are the people who come before our courts all the time. I know, I have been there for over 17 years, and seen that these “scruntng” workers are the ones who come before us time and time again, for petty crimes and sometimes very grave offences. I, personally, was in a quandary many times to know what to do with these people because I knew it was a social ill rather than something inherent in the person.

4.00 p.m.

It should be a continuous full 12-month programme, and I agree most heartily with my colleague when he said that, through proper project identification, and more importantly, very proper management of materials on site more can be achieved. Gentlemen, I know what I am talking about, I live in the country area, and I can see materials spirited away during the night. Between the time the workmen leave the site on afternoons and the next morning, materials are gone. Next morning at seven, hoes, rakes, forks and so on are there; workers are there shaking their shoulders, but no materials with which to work, so they cannot work but they must be paid for their time. As my colleague, Sen. Mansoor, said, perhaps we would have materials, perhaps we would have something else, but then the rain. In this situation, it is raw materials. So, that too, has to be properly manned and secured.
This sort of employment could help to reduce the present high crime rate. Sad to say, I see that instead of propagating LIDP and DEWD, for the less fortunate people, and we are speaking of getting the unemployed employed; our Government, whose slogan clearly states that it cares, and I dare say has a very large heart, has seen it fit to cut the allocation to that programme by $73 million. I wish I could hear that I am wrong. So, then it is true, it is cut by $73 million.

Mr. Mottley: Mr. President, if the Senator will give way. It is increased from its 1990 allocation, but cut from its 1991 allocation.

Sen. Mahadeo: I so thank you. I am greatly indebted to you, Mr. Minister. I am glad that you corrected that. I am so thankful. So, this shows that the heart is still large.

The budget then, in this context, to borrow a phrase from another source, “has no soul”—and as I said, this is not my phrase, it is borrowed. It has left the people not only empty, but also empty handed. I heard from two sources this morning, where not so many words were said, but the substance was much the same, that you give with a finger but you take back with both hands, again coming from Sen. Kwabene. I am sorry to overplay you, Sen. Kwabene.

The Government that cares is looking through a glass darkly—again I refer to something biblical—so that the vision of the year 1992 is a distorted shadow of thought. I heard a Government Minister say that he does not believe in vision; he does not like to think or look at vision. Is it the energy sector Minister? We do have to have visions, if we are to project into the future. How then are we going to enrich our horizons?

In the area of agriculture, without encroaching too much upon the domain of my colleague and Friend, Sen. Prof. Spence; who I know is going to take great care of that, this should not mean Caroni (1975) Limited only, and again, I ask Sen. Wade Mark not to take me to task. It is broad in its implications and far-reaching in its economic potential. Where is our national policy for agriculture? Actually, yesterday, I think I heard it on the news, where the hon. Minister of Agriculture had said he was having high level talks at—and again I speak subject to correction—the Faculty of Agriculture of the University of the West Indies. If that is so, let me know, if there are in fact, high level technical talks to be held on national policy, the incentives to production and marketing, agro industries and the preservation of stable prices. I live in the country; I am a grassroot girl. I was born
in the country, I was raised there, I went out during my working life, but I am back, based in the country, and I know. I come from the north eastern part of Trinidad and we are mainly an agricultural and fishing area and I know the woes of these people who belong there.

While mon eys owed to workers of Caroni (1975) Limited must be addressed with dispatch, I hold nothing back on that. They are owed that money, they had been labouring, and labouring under very hard circumstances and they need to be paid their moneys. While public servants are having theirs, we also want to know that they get theirs. Nothing clearly positive was said about that in the budget. Again, I am happy to hear that some big talk was going on—when I say big talk, I mean heavy talk—that they will be paid some part of their moneys; whether it is the backpay arrears or whether it is an increase in their earning capacity, with the price of sugar being sent up; we do not know what the process is going to be.

While I am on this aspect of the budget, may I point out—and here I am we on the Independent benches, are representatives of the people as a whole, throughout Trinidad and Tobago—I cannot help but mention what was once upon a time, the Garden of Eden in the East, 1,600 acres of agricultural land called the Nonpareil estates, formerly owned by, a previous Member of the Legislative Council, Sir Harold Robinson, now owned by Government. This area of land is lying in limbo. The very name tells you what it used to be, “Nonpareil” beyond compare, incomparable. Those of you who have French roots—I think my hon. Friend and colleague Sen. Rooks will be able to understand what I am talking about; also Sen. Daly; ultra vires.

I must let you know that at this point, it is really incomparable, not in the higher sense. It is not even an orphan or a bastard child—and I will very hastily say that I take the word “bastard” back because those of us who have been in the legal field will know that that has since been abandoned in our affiliation laws of Trinidad and Tobago—quite a long time ago. What shall I call it then? A creature of the Immaculate Conception, hoping and waiting for God the Father to rejuvenate it.

Yes, no one seems responsible for it at this moment—1,600 acres of land. Nor does it appear that anyone cares about its development, and I must mention again that that area in the east and north, as I said, is mainly agricultural and fishing. Can
that area be reactivated to some purpose thereby creating jobs perhaps for the poor, unemployed youths of these areas, rural as they are, dependent upon nothing else, not even any form of recreation after three and four o'clock in the afternoon? This land is standing, as it were at ease.

4.10 p.m.

Then you also have, without encroaching again upon the domain of my colleague, that vast area of land through which I pass twice a day called Wallerfield which was called Fort Reid, was deactivated since the Second World War when the American left these shores, leaving a proper infrastructure of roads and runways and other support systems in place. They are there even though they are covered by shrubs and bushes and with minimum effort by Government that area can be transformed into generating work for masses of unemployed in the construction industry. We are speaking a lot about construction here. I sit here for the last few days and for the better part I heard about the emphasis being placed on construction. Now I am a woman but also having to build a house would know what is happening in the construction industry. So if that area can be utilized—and those who pass through it will know that you can plant pangola grass—but it is hopeless to say that you are going to have farms and so on because it is purely gravelly land and more suited to building. It is grossly under-utilized at the moment with a sprinkling of farms mainly poultry, pig and dairy contracted out by Government to certain farmers, and I do not want to tell you stories out of school. Most of those dairy farms and pig farms—you find people coming out of them and facing the courts. In Arima from 1981 to 1985, and again at Sangre Grande, where I sit, you see where the people are coming out and talking about larceny of cattle, poultry and things like that. These are projects which Government has highly subsidized and our moneys are just going away without getting back something from what we have put in. I do not blame Government, you have to blame management, the people who are on the administrative side managing for Government. But again, government has to take the blame, whichever government, whether it is this Government or the one before it, or the government before that one, because these farms have been there for the past 30 years.

I come now to the question of education. The educators should be concerned about not only the primary and secondary systems and here again, I pause to commend the Minister of Finance for alleviating the plight of parents by removing VAT from school books.
We should like to go a little further—I heard certain parents talking on the streets, saying, “Not only school books. I have three children and each one is going to a different school and each one has to get a different kind of school uniform.” So they need money to buy the uniforms as well. I do not know how far the hon. Minister could go in alleviating that aspect of it. Certainly the standardization of school textbooks—as my colleague, the very Rev. Teelucksingh, has proposed and I think it has been taken up by the Government side—is a heartening exercise.

I congratulate and compliment the Minister of Public Utilities for proposing the reintroduction of the school bus system which I trust—and I am so sorry he is not here—will include the North Eastern Division, especially to service that East-West Corridor going straight through to Sangre Grande and Toco and which leads to Sans Souci and Matelot, because you have to pass that “killer-strip”; the Valencia long stretch. I become a bit emotional when I speak about this because three school children died in fatal accidents in maxi-taxis coming from their schools on that Valencia stretch over the period September to December 1991.

Some of the victims are paralysed for life, among them is one of my niece's only daughter, paralysed for life from her waist down and this is why I say this is becoming a bit personal and emotional, but I trust for the larger community travelling through those areas that we do have a proper bus service. I commend the Minister highly for reintroducing such a service.

Coming back again on education. What is the cost of tertiary education? The Minister has spoken about the cess and things like that. Actually, the budget has not said anything about cess and the prohibitive tuition fees at our university and at our Mount Hope Medical Complex.

Prof. Max Richards has bemoaned the very high percentage of university enrolment in the English-speaking Caribbean as compared to Trinidad and Tobago. Is this as a result of the high cost to the Trinidad and Tobago national student? I heard the Minister on the other side speak of the cess and students and their own involvement in getting—I think it was Sen. Ainsley Mark who this morning referred to that—the student must be concerned about helping themselves and that they are, what shall I say, responsible for certain things that happened to them. But I think on the broader scale on the cess it is a good idea that he threw out as to letting the students come back to give national service. They give you a deal, as it were. I do not understand it to be that, but if it is a deal, that the University of the
West Indies is making with the student—that you come back and give national service at the rate of so and so, if I forego the cess and let you get a scholarship or whatever...(Is that the point? I thank you very much.) then that is most commendable and I think many nationals will opt for that. They get their education which is there for life, they give their three years or five years service to the nation and then go their way or, if they choose to make a career of it in their own country they may do so.

We come now to the School Feeding Programme. This has been a bugbear for many parents and it should be extended from three days a week to a full five days a week. I know it is going to make a dent in the budget of the Government because already they have started giving schools their meals but it ought to be extended to every school. I am not saying in the initial stages it ought to be five days straight but at least every school should get a little three days and then as the funds are available you give them five days so that the malnutrition rate of our children would have gone down in another five years or so, and you have nobody to congratulate but yourselves, our Government.

Under the social services, again I was heartened to hear the hon. Minister for Social Services pronounce her priority for more foster homes as a very urgent measure. What I should like to see, because in my time sitting on the lower bench of the judiciary, for over 17 years, I found that most of the cases that came, especially in the juvenile courts, were for lack of day care centres, holding bays and I will elaborate on this.

Remand homes for the young person, female, and again the hon. Members, who are sitting on the UNC benches, Government Benches and Independent Benches would appreciate what I am speaking of. Because I am sure they would also be placed in a quandary, as I have been on many occasions when young females between the ages of 16 and 18 years came before me on criminal offences and there was no proper place to send them to because St. Jude’s Home for Girls is the single home for those people and it is a denominational institute funded and subsidized by Government not wholly maintained. It is the only one when girls are committed there, but none for those girls who are awaiting trial of their matters.

4.20 p.m.

We want at least one Government remand home for these young people between the ages of 16 and 18. They ought not to be housed, as is done at the moment, as St. Jude's Home for Girls with those young people who, because they
have no parent or guardian or are uncontrollable in the eyes of their parent or guardian, are placed there. They have committed no criminal offence and they are sharing rooms with someone of that age group who has committed a criminal offence but because of lack of room are placed together and thereby we see where the wickedness can emanate.

The day care centres will assist mothers and single parent families to have their young children seen after, while they are out earning a living and helping the process of production.

Holding bays: This is a new terminology for us here but not a new one in the United States of America, England and Canada. With alarming frequency we see on our television screens faces of youngsters who have been lost or who strayed after school, with a call to come and collect this child at the police station. Sometimes the child does not know the parents' names or address. That in itself is a traumatic experience for a child of that age—being in a police station seeing men and women in uniform all around.

If each parent/teachers association in every school, in collaboration with Government, seek to have at least one security guard paid and posted at each school, during the after school hours to keep such children in a particular room of that school until such time as their parents who for whatever reason have run late can collect them, then the safety of these children can be assured.

I come back to the old age pensioners and the bus pass that used to be. I should also like to see the reintroduction of the bus pass to old aged pensioners and receivers of public assistance, what with the higher cost of transportation. Most of these old people travel by PTSC or the regular taxi service maxi-taxi so that whatever little has been added to their monthly allowance will be dissipated in their having to go to the doctor and travel by taxi or maxi-taxi, or even by PTSC buses. So that, if you reintroduce the bus pass to these old aged pensioners, that in itself is going to be helping them and they will be able to hold on to whatever percentage was given to them in this new budget.

I shall go on now to the homeless and the aged and the vagrancy problem. If you could only persuade Government to build more institutions wholly funded by Government. I agree that we do have certain institutions, but they are almost all denominational. Look around you, throughout Trinidad and Tobago, show one building or institution that houses aged or destitute people that is not a denominational institution. We used to have one called the St. James Home for
Old People but that is now a cancer centre, so that at the moment, there is none. If we could get that, the vagrancy problem would be alleviated considerably and this would generate more work in all three areas—in the construction industry where people will get work to build buildings, you will get staff to man these buildings to take care of people's hygiene, prepare their meals and serve them. So, at these different levels, you will be having worker participation and the unemployed will become employable and employed.

In this context, Government must organize and direct the national community in such a manner that all people must have access as a fundamental right. Again, I am quoting something that I saw at another source:

"They must have access as a fundamental right to food, to clothing and to shelter as well as to education and employment."

which, after all, are the basic common denominators of a comfortable way of life to which we all aspire.

I know that we are all looking towards our tea break. I do appreciate that I have come on at a very bad time but I am not far from concluding, I assure you.

The economy must be diversified and must not be solely dependant on the energy sector, as I have heard here for the last two days. Further growth is necessary in the non-oil and manufacturing sectors. This area has contributed in the past few years to diversification and much more attention should be given to its expansion.

The prediction that 1992 offers the promise of a somewhat better international economic environment than 1991, should be based not on the premise, as I have heard earlier this morning, that the price of a barrel of oil would be US $19 in 1992. I also heard that the OPEC cartel will be meeting in Geneva—I think it came from the Government Bench—somewhere around February 12, and decisions of a very far-reaching nature and affecting both producers and consumers of oil will be taken. Decisions will also focus on the price of that barrel of oil. So, if we are going on the premise of US $19 per barrel for 1992, we should start thinking a little lower and cut our infrastructure to suit.

As I said, I am not an economist, but on the broad basis of reason and practicality, I would think that this is the way we should go.
In the context of a national budget, we are aware that money has to be raised, exports have to be increased and there must be expenditure within an overall plan. I expect that, I concede that, and any reasonable person will appreciate that. True, time is very short for the Government and we expect post budget exercises such as would involve Cabinet and its advisers to analyse and formulate plans that would answer what has not been expressed in the budget, what is expected of the private sector and the public sector and most importantly the harnessing of human resources towards these roles both in the private and public sectors.

I welcome the granting of easier access to foreign currency by exporters—there may be others who dissent on that—the divestment of selected state enterprises, those having no particular strategic or public purpose value, the concern of Government for dealing with the public debt and the expectation of a clear-cut development plan, restoration of an adequate level of exchange reserves, efforts to reduce the unemployment situation and the fact that Government, in order to maintain its integrity in keeping with its campaign slogan of a caring government, would seek to attend to the welfare of our people—and I would say in capital letters—towards the fulfilment of its commitment.

I thank you, Mr. President.

4.30 p.m.: Sitting suspended.

5.00 p.m.: Sitting resumed.

Sen. Dr. Harry Kuarsingh: Mr. President, I should like to address the matters in the following manner: firstly, I would show how this new Republican Parliament can assist in what I consider to be a sensible budget in the circumstances. Secondly, I would give my own view of the situation that afflicts our country and our society and perhaps out of boldness or of folly, I should like to congratulate the other side and offer some gratuitous advice. And I must say that when I see the look of prosperity on their faces, I wonder how I came to this foolish conclusion to give gratuitous advice. Then I was referring to the back-benches.

I should like to deal with one technical matter. I desire to fill the spaces left open by my senior colleague, Sen. Barnes, on the CNG issue, and if time permits, answer certain questions raised by Sen. Mark, Sen. Hydar Ali and Sen. Daly. You will observe that I have left Sen. Daly for last. I hope my time will run out and I will not have to come to him.
If I may begin, Sir, let me congratulate you on your reappointment. I have already benefited from your knowledge and experience and I feel that we all will benefit from your talents in this honourable Chamber. As I said, Sir, I look upon this budget, not as the happiest budget, but as a sensible budget in our constrained circumstances. My view might be described by some as narrow and confined, but my view essentially is that the West Indian condition worsens by the hour, and the West Indian condition is essentially the Trinidadian condition.

If I had to choose one matter that was essential to our problem, it is the diminishing cake which we must divide among the various sectors of our society. Therefore, I view it as crucial that if this Government is to succeed, we must bake a bigger cake, or to put it in the terms of the economist, to increase gross domestic product. If I have any interest in public life—and people come to public life for very complex reasons—90 per cent of that interest would be to be an instrument to increase gross domestic product. I am fired by the examples that I see in Asia, for the Asian countries. I could give many examples, but I will only give one so as to be brief. Mauritius, for example, has lifted itself from a condition worse than the worst West Indian island to a prosperous society. So as I say, if I have a purpose in public life, it is to be an instrument to bake this bigger cake.

The other thing, as I grow older, I believe that a certain lack of clarity is entering our intellectual life. When you discuss any issue, there is so much befuddlement, there is so much thinking that is at cross-purposes and I take the view that a strong Senate could lead the way to clearer thinking. Mr. President, I remind you that we can solve no problem unless we understand clearly the nature of our difficulty. It is the first step.

All the civilizations; the ancient African civilization, the ancient European civilization, the ancient Asian civilization, understood the simple fact that the first step in progress has to be to understand your difficulty. I am very proud and happy to say that I have always listened to the debates of the Senate, particularly the Independent Benches and have benefited from their wisdom. What has happened in the last day or two confirmed my belief that this Senate will be a leading light in clearing up our difficulty.

Now, I know that you would not want me to call names, Sir, but at the risk of offending you, I particularly appreciated the contributions made by Sen. Daly and Sen. Mansoor, and I also always like to hear Sen. Prof. Spence. He has opened the door on many technical matters for me. So let me begin.
I think that I could begin best by examining the intellectual baggage that I carry. I am now carrying only an olive branch and my Bagva Gita. The olive branch I bring for the other side—and I refer only to the front bench—my Gita, well there are special reasons for that, my religion enjoins that when you are approaching the end of your life you should make your peace with your maker, and I am trying to do that. I have put away my political sword. I wish to work with you. We on this side are not overcome by the foolishness that we are the repository of wisdom. I really come to this House with an open mind, and I wish to work with all of you. I stand against humbug, but that is the only stand that I take. For the benches at the back, I have already spoken about how I enjoy their contributions.

I have read certain newspaper reports that some of my former NAR colleagues have joined the back-benches. I will not be so presumptuous as to bring a newspaper report to this House. But I will say, what does it matter? Every man has a right to see the light on the road to Damascus, in fact, even Saul of Tarsus did, as I understand. But I raise the issue of the last regime, not out of any sense of what it did in the past, but because the human condition is such that we must learn from the mistakes that we made in the past so that we may not make these mistakes again.

In bringing this chapter to an end, I will say that that good ship, the motor vessel “One Love” was launched and manned by a group of very odd individuals, and I mean odd philosophically, intellectually and even legally. You recall that the agreement was signed in Grenada, Mr. President. We must examine their record to see that we do not make these errors again. With that, I want to begin my contribution on the budget.

The hon. Minister, on page 31, paragraph 3, says:

“We are aware of the impact that this measure will have on the travelling public and it is with this in view that action is being taken by this Government to promote the use of alternative and cheaper fuels, such as CNG.”

Government, in my view, has brought this measure, wishing to encourage its use for two reasons. Firstly, to reduce the cost of transportation and to bring some relief to the long suffering travelling public when costs keep going up and have been going up for the last 30 or 40 years; secondly, to make sensible use of a certain resource that may not be a resource in the future.
Let me explain. Natural gas is something that there will always be a need for as a chemical feedstock and as an intermediate chemical in various manufacturing processes. But natural gas for use in cars will not in the future be a practical proposition. There are two technical matters that are coming before us: firstly, a small battery car with a range of about 300 miles is no more than five years away. As we talk here, on the outskirts of Tokyo such cars are doing their trials. But that is a minor problem, for the battery car in the end uses natural gas in the power station. There is a greater danger than natural gas as a fuel, and that danger is in fact from hydrogen. All of you would recognize that, in fact, hydrogen is the best fuel. It burns to water alone; it is environment friendly in the extreme sense.

Now, let me deflect just to relate a certain story to you. Just before the coming out of the popular video, suddenly the journals no longer had articles on the issue. As a young man, I wondered what had happened: is the research not being done, have they all gone to sleep? No such thing.

I have been following the CNG and the hydrogen car issue with great interest and suddenly the journals have dried up. There are fewer and fewer articles on the subject. I take that to mean that our friends in the Far East are making considerable progress with the hydrogen car. Therefore, the CNG we have is likely to be a fuel that we can use in the cars for the next generation, or at most, the next two generations. That is what I mean by the sensible use of CNG. If we do not use it in the cars now, we may never have a chance to use it.

Now, what advantages will CNG bring to the nation? If we were able to convert an entire fleet of a little over 200,000 vehicles, CNG would bring to the nation approximately TT $350 million in foreign earnings. Now, CNG, as you will realize, burns through carbon dioxide and water and the performance and vehicle life on the engine are greatly enhanced. CNG will therefore have three additional benefits in its train: firstly, there will be a far smaller demand for lubricating fluids and we should expect from that a saving in the amount of TT $2 million. From such things as spark plugs and distributor parts, we should expect a further saving of approximately TT $4 million. On those grounds alone, if we are able to use CNG which we would get in our own local economy and have to pay no money for it in terms of foreign exchange, we would have a saving of approximately TT $360 million, and this alone is sufficient reason why we should go for it.

CNG has many benefits to the travelling public of Trinidad and Tobago. Firstly, as an environmentalist—for many years I have wanted to become an
environmentalist rather than a politician, but having failed at environmental studies
I then consulted politics. CNG burns to carbon dioxide and water. It leaves no
dangerous gases in the atmosphere, it leaves no dangerous acid in the crankcase
and it is, as I say, environment friendly. We in this country will soon find that the
environmental lobby in the United States and Europe is forcing us to completely
abandon leaded gasoline. But to my mind, the most important benefits that CNG
will bring is that it will reduce the fuel costs to the travelling public between 80 and
85 per cent. That, to my mind is a cause worth working for. This Government has
taken up the cause and we intend to do our very best to succeed.

CNG is used widely in Italy, New Zealand, China and Peru. I have to inform
you that all the technological problems with CNG and gasoline engines have been
solved and, therefore, I throw out a challenge to our business community to have
the kits available and be able to install them properly. One of the problems in this
country is that there have been so few conversions and virtually none of the cars
have current carburation as far as I can tell.

A colleague and I—a certain Mr. Bartlett—had bought a car for experimental
purposes and have actually done some experiments and I can tell you that it is a
matter that has not received any technological attention in this country and
certainly no business attention.

Now, there has been much talk about CNG not giving power. Nothing could be
further from the truth. Recent research shows that at medium speeds you cannot
tell the differential between CNG and ordinary gasolines. At very low engine speed,
there is a loss of about eight per cent power but the modern gear boxes we have
today will take care of that. At speeds of about 100 miles per hour, you have a loss
of power of about eight per cent. But, Mr. President, you will join me, I am sure,
in cautioning Members not to drive at 100 miles per hour.

In a sense, then, the technological problems are solved and the project awaits
implementation. None of these projects are without problems and I am going to list
these here, because I believe in the Senate we must have full and complete
disclosure so as not to have the intellectual befuddlement that I so scorned earlier.

Implementation is not at all a cheap thing. In fact, the kits commercially would
cost about $6,200. If the Minister of Finance sees it in his power to release the
long-suffering population from the taxation in issue, the kits would then cost about
a $4,000. But the foreign exchange requirements for the kits are even less. It is
about $3,000 per kit in foreign exchange. The gas stations themselves—to convert
gas station would cost about $400,000 but, in fact, only half of this is needed in foreign exchange to buy the equipment. The other half is materials produced locally. In baking a bigger cake, we can take no bigger step in increasing gross domestic product than to have construction that uses our local materials.

While there is a certain amount of expense associated with the introduction of these kits, the truth of the matter is that the cost is not beyond us. I have two technical studies available to me, one done by an oil company, the South Trinidad Oil Company. On the recommendation of a few of us they tested four vehicles as a trial. Their trials, I understand, were very successful. In any case, I shall tell you what they intend to do to follow; they have now decided to convert 90 of their vehicles to CNG and they are putting in their own dispensing station. Since these are hard-headed businessmen, I assume it to be a great success.

I have another report done by National Petroleum. NP has also done some studies and they seem to be of the view that a high volume vehicle, such as a taxi, could borrow the money from the bank and pay off the funds within one year. That is from an economist, who would charge you a considerable amount for this report. For an economist the pay-off time for CNG installation would be less than a year. My own experience in the experimental vehicle that we ran is that without overheads you can always pay off for the installation in less than a year.

The stations themselves present some problem because they have to be in the vicinity where there is a natural gas line. But in this country we are very fortunate in that most of the population is concentrated in areas where the gas line runs in any case. So, within five to 10 years we should be able to have a CNG fleet covering 75 to 80 per cent of our total fleet and serviced by stations either built by NP or built by companies in the same way that Trintoc is able to build a station to service its fleet. Who knows, three or four companies along the East-West Corridor may wish to do the same.

Mr. President, may I inform the Senate that this is a project that has many benefits for our country. It is a project that we would wish to pursue with all diligence. The benefits would be a reduction in the cost of travelling, a reduction in the cost of living for the population.

Let me say that when a country drastically reduces its choice of transportation, it leads to greater economic activity. The Minister of Finance will, no doubt, find a way to tax these firms so that we can implement our social programmes. That is as
much as I would want to say on the CNG. When I respond to Sen. Hydar Ali, I will make a few other remarks.

Now, I want to move to a more serious issue, that is, to respond to the excellent address, in some ways, made by Sen. Mark. Let me begin at the beginning. The Senator brought a newspaper like this to the Senate yesterday giving the clear impression that the Minister had misled the people. Nothing could be further from the truth. It says here, “$0.01 per mile.” Sen. Mark informed the Senate that he had a vehicle. I too am informing the Senate that I have a vehicle and I have done the calculations. [Interruption] I will take your question if you wish, but other than that, let me make my contribution.

Taking a maxi-taxi getting 20 miles per gallon, such a maxi-taxi would have an increase in its gasoline costs from $0.35 to $0.44. Now, a maxi-taxi, some can carry 25 passengers, some can carry 12. But let us take a conservative figure that it is carrying 10 people. Such cost to the travelling public would be $0.009 per mile per man. That is, it works out to be about $0.01 per man per mile. If there is any mistake, the mistake comes in the headlines.

Now, in studying the case that Sen. Mark presented, it seemed that he is not used to public transport. But the truth of the matter is that when you use public transport, you do not pay for your neighbours, you pay for yourself. So for the ordinary commuter, for the vast majority of the people, the cost of the increase in gasoline is about $0.01 per man per mile.

I want to take the case that Sen. Mark gave yesterday and I must say that I was most disappointed that he got the arithmetic wrong. Mr. President, sitting in the Chair as you are, I know that you cannot take cognizance of such commonplace matters, but Sen. Mark was one of those persons who was, shall we say, universally rejected at the polls and it may be that that is because of his poor mathematics. I do not know; we will examine, we will see. Sen. Mark said yesterday that his car gave him 25 miles per gallon and the cost of gasoline had gone up from $0.27 to $0.35, saying that he had an increase of $0.8 per mile. So far so good. But this calculation, if I may say so, is incomplete and not the customary excellence that one expects of Sen. Mark. For example, if Sen. Mark can put five of these poor people that he is standing up for, the cost would come down to $0.16 per mile. And it goes on. I have put a little note here that if he tunes his carburetor, he would bring it down to $0.01.
Now, there is a school of thought out there, happily not a large one, that takes us politicians for a pack of fools who cannot do our calculations. I have to say that Sen. Mark’s working on the data has not done anything to improve that unfortunate impression. But there is a more serious matter raised by Sen. Mark.

Sen. Mark, in speaking of the refinery modernization—and I raise these matters because they are very serious, people look to this Senate for truth and for certain intellectual clarity. And even though I find Sen. Mark congenial, affable and kind as an individual, he cannot come to this Senate with pure humbug and walk away. He implied that the refinery is being modernized and that refinery output is going to be doubled. This is very correct. He then went on to say that we must use money to buy the new product to put it through. This also is very correct. But he stopped there—a half truth. What he did not say is that when we manufacture and refine this extra product, we are going to sell it. We on the Government Benches do not intend to drink the extra gasoline we make. I am the largest man on this side and I have no interest in gasoline.

Now, two matters arise out of these very serious matters—

Mr. President: I would just like to remind you, as you are calling the name “Sen. Mark” so often that there are two Sen. Marks.

Sen. Kuarsingh: I thank you for your guidance, Sir—Sen. Wade Mark. I can understand your concern, Sir. There are two things at issue [Interruption] I will take a question—there are no cheap shots and I stand by what I say.

There are two things at issue. Firstly, he either read the document and did not understand, and if that is so, Sir, it raises the question of his suitability for office; or secondly, he read it, understood it and misinformed the Senate. I shall be charitable and assume the former—that he read the document and misunderstood it. As Sherlock Holmes would say, “Simple, my dear man.” I do not think Sen. Mark raised any other issue that I can answer, but I can understand the dilemma of the people of San Juan, that is why they rejected him. I did not understand what he meant by decolonization of our appetites and eating habits and I await enlightenment on that at some time.

In closing on this issue, all I can say is that Sen. Wade Mark seems to be carrying the burden of a certain kind of leftism. His leader, on the other hand, wishes to go to Washington to negotiate a certain kind of marriage. Gentlemen, make up your minds. Are we going left or are we going right? I want to know.
Moving on to Sen. Hydar Ali, I thought his contribution really excellent. There are just a few matters that need correction for the record. Firstly, the kits do cost $6,000, but the essential fact is that it would take only about $3,000 in our foreign exchange to buy the kits. That is the essential part. The rest of it is labour in central Trinidad, labour in northern Trinidad, labour in eastern Trinidad, cleaning up the car. So understand that there are two kinds of expenses. So that was an error. Secondly, the cost of modification to gas stations—and I spoke to him here on this afterwards—is not $1 million, but $400,000. As I have mentioned previously, the foreign exchange output on this is approximately half of this cost.

Sen. W. Mark: Mr. President, if the hon. Senator could give way. Sen. Barry Barnes indicated here today that it would cost about $750,000. Is Sen. Kuarsingh now saying $400,000? Who is correct?

Sen. Kuarsingh: I am not aware of what Sen. Barnes’ contribution was and I am not aware of those figures. I stand by my own figures, as I must. Now, it is entirely possible that Sen. Barnes may have been thinking of dispenser plus station in which case the cost would be doubled. But in either case I regard this as a red herring, a little triviality brought across, Mr. President, to vex you, to deflect me. You will observe that I have not taken this on.

5.30 p.m.

To come back to Sen. Ali. We have had a long problem of carburation in this country. Sen. Hydar Ali said that the cars have no power. Well, this is true and yet it is not true. It is true because we have not got experience in installing the kits. But worldwide, there are hundreds of journals that compare the tour cars with ordinary gasoline and the tour cars with CNG, and there is no difference. There is no difference whatsoever. So I want to put that to rest here now. There are certain problems that have come about because of our inexperience.

In concluding on the matters raised by Sen. Ali, let me just say that, as far as mechanics and mechanical things are concerned, our country has limitless talent. As a young man at the university, I used to work in a Rolls Royce plant, painting car bodies. Some of the paint shops that we see in central Trinidad, how many of them do Rolls Royce painting? A Rolls Royce will take 18 coats of paint and have a 10-year life. The fellas in Central will give you four coats of paint, and charge you for five. Many of the problems which we have been experiencing with CNG so far will be solved.
Before I answer the questions raised by Sen. Daly—I observe that he spoke about reading body language. Mr. President, I want to tell Sen. Daly that this is a matter which I took great interest in. In fact, if my studies have suffered, it would have been in part because of this. I sit in a position where I can read the body language of the official Opposition and I am sure Sen. Daly does not have this advantageous seat, and that he would like to know what I read. Through you, Mr. President, let me tell him that. I see, on the left, a super Marxist; I see on the right an entrepreneur who can be described as a rapacious capitalist, squeezing poor Sen. Baksh in the centre, who is bawling out with correct BBC elocution in her best language, as we got yesterday during her presentation.

To come to the issue that Sen. Daly raised. I do not think that any reasonable man can take issue with his desire to save $420 million for the deserving people of this country. But there are two ways this can be done. We can bake a bigger cake and divide it, or we can print money, if you like. But printing money carries a danger that will destroy all of us. You can try to borrow but no banker worth his salt will lend you money for this kind of process. Essentially, we are bound to baking a bigger cake, and that is, increasing the gross domestic product or printing money. I will not be part of a government, I will not be in a party that sanctions printing money. You should know, Mr. President, that printing money destroys, most of all, the under-classes. The only people who really benefit from inflation is the Government that gets more taxes, and the super rich who can manipulate their currency.

In addition, if you are so foolish as to print $400,000 and put it in the economy, without creating goods and services, you will have an immediate increase of six per cent inflation. And I know that the Senator would not want that, so I dissuade him from that. The only other course open to us is, in fact, to increase the gross domestic product, bake a bigger cake, by the amount you mentioned. Let me tell you: That is exactly what the People's National Movement Government is aiming to do.

Mr. President, I see that my time is almost up so let me come to my concluding remarks. Let me get back to the budget. As far as I can see from my study, the budget is the best that could have been presented in the circumstances. I am not happy with the increase in corporation tax—I think it will prevent the baking of a bigger cake. I am not happy with the increase in personal income tax. I am not happy with the increase in gasoline. But, we have real commitments, we live in the
real world. What are we to do? I put it to all of you that the only option open to us is the option that we have taken.

The Minister of Finance is his own man and he will speak for himself. But, he acted very honourably in that he had to raise money, and he came openly to the Senate and taxed. All of us in this Senate know that there are two ways you can raise money. You can raise money by taxation, as he has done, which is open and above board, or you can raise money by secret taxation, which is inflation. It is to the credit of the Minister that he has obeyed the law, both in the letter and in the spirit, and has raised the money openly.

The concerns raised by Sen. Mansoor this morning, that perhaps the budget is without control and that the Parliament has no real control, these are real concerns which must be addressed. But I think that he will agree that the steps taken by the Minister did not go along that route. He came openly to the Senate and raised the taxation as he intended to do. Should I congratulate the Minister for obeying the law? I will never do that. I will never congratulate a PNM minister for obeying the law. They all know the law, and they have obeyed it. They are not doing us a favour. It is not necessary for a judge to congratulate me when I stop at a traffic light. I am doing so because that is the law. I recognize that the Minister has acted honourably, he has obeyed the law. I will leave that there.

As far as the budget is concerned, the issues that concern me—the Minister and others have said that what goes up will come down. I have said it but in different circumstances. It is my hope that the matters that concern me—personal income tax, corporation tax—will, in fact, come down in future. I look upon this budget as the hardest budget that the PNM Government has had to present. If we are successful in our aim at baking a bigger cake, I look towards a budget that corrects what I, and many of you, are facing.

Mr. President, that ends my great address. I thank you sincerely for obliging me.

Sen. Muntaz Hosein: Mr. President, like all those before me, let me congratulate you on your re-appointment. Let me also congratulate all Senators who have spoken so far. I must say that the debate has been very good. The quality has been excellent. Some have been a little funny, but nevertheless excellent. In every court there must be a jester; therefore, we too, must have ours. We have changed our batting order a bit. My captain spoke to me this morning and said to me, "It looks as if you will have to go a little higher in the order," because
he anticipated that he would need some quick runs. I am a good team player so I am here to oblige my captain by giving the opposing team the long handle, as it were.

I am so happy to see the hon. Minister of Finance here. Welcome, Sir! Our friendship goes way back, even before he knew we were friends. In my youth I admired our Minister of Finance. He was one of the world's best 400 metres runners; I think you know that. Then, he joined the PNM “A” team of the 1970s and 1980s, and, as a member of the TTMA team, I had the privilege to work with him. There too, he had an ability that I also admired—fantastic for ducking issues. I really admired his ducking of the issues. I did not like it then, but I did admire him. Later, he started an orchid farm in Santa Cruz, where I live. I saw his farm grow from small to a very successful medium-sized orchid farm. Excellent! So you see my admiration for the Minister goes very far back.

But as far as the preparation of a budget is concerned, I think he is out of his league. He will best be advised to ask the Prime Minister for a change to the agriculture Ministry because he is best suited to that.

This budget has been termed all different things but I see it as a “magic budget”, an illusion, done by a magician who is adept at sleight of hand tricks. In Trinidad, we call that kind of person a “smart man”.

5.40 p.m.

When I was in primary school, I remember we used to have magic shows and a fellow called "Abracadabra" used to come—I understand he is still around—I wonder whether he had something to do with the budget. He used to put coals in a basket and make sweets for us and we were very happy. We did not realize we had to pay double the price for the sweets because there was a little entrance fee charged. And this is how this budget seems to be.

This budget, gives no hope. I am so sorry to say that. It does not give me pride to say that at all because I am Trinidadian to the core, and that is also my Government and the money that they spend belongs to all of us, so I want them to succeed—I really do. But when I see this, I have to bring it to the attention of the national community. There is no vision and most of all no employment generation, no relief for the poor and hungry of this nation. I read and re-read the budget speech and I listened to all the Senators who went before hoping that I would be able to tell those poor people that there is something in it for them. I thought I was
wrong. Perhaps there are speakers to come after me tomorrow and they will show me that I was wrong, and I hope so.

You see Mr. President the plan and the rhetoric of the PNM always go against their performance and implementation. They have had that problem since 1956. You will remember, Sir, that Dr. The Right Hon. Eric Williams, got up one morning and said that he was going to feed the whole nation—school feeding programme—everybody was going to get food. Well we know we have not been able to feed half the people—and that is 35 years ago. Another one was the crash programme, and if you have a crash programme, obviously you will have to have a crash result, and this is what has happened. We could go on and on. The Maloney housing scheme where a fellow kicked the wall, poor fellow, it broke down. These are the kinds of things that this PNM Government—through their behaviour in the early days—that have put pressure on our dollar today and they have the brass, Mr. President, to come here to say, “well it is tight liquidity, we do not have money; we cannot do much.” But they are to be blamed—not all of them—but they have to take the blame.

I wonder whether the Minister of Finance, in his winding up, can tell us what was the fee paid to Dr. Bobb for his advice on the budget. It would be interesting for us to know the kind of money we paid for the type of budget we have received.

You know, Mr. President, every year we have the problem of money being wasted. Senators before talked about the materials and the rain. This is not a new problem, we have talked about it before, but nothing has been done; and I wonder whether the time has not come to take the advice given years ago and change our fiscal period from September to August instead, so that we could have an early budget and our development plans could start in January when the weather is favourable and we do not lose time, money and materials to the weather. These are the kinds of bold steps, that are required to get us out of the problems we are in. You know, when you have a lot of money you do not miss much, but when you do not have, you have to look for every little corner to get it. And I dare say, I do not know if anybody has done any studies on this, but you will find that it runs into hundreds of millions of dollars lost every year. I should like the Minister of Finance to take the bold step and put that into operation and I am sure, that next year the Minister will be starting, not with a deficit but with a surplus.

I want to deal with my good friend, Sen Kuei Tung’s address. We have become friendly a few days ago, but good friends anyway. I have good friends here
in the Senate. Mr. President, poor fellow, I feel sorry for him. I really do; I pity the
guy. He has little or nothing to work with—his contribution. Because the budget
left him nothing. All we got from him was a set of generalizations; no specific
proposals. Anybody can do that. As a matter of fact, when he was on the radio—if
you would permit me, Sir, to say this—I heard some sort of specifics coming from
the said Minister. But I find that a little strange, Mr. President. Why would a
Minister in his budget contribution not give this honourable House specifics, but
go to another place and give specifics and data? The truth of the matter, it seems
to me, is that these fellows have no plans and as they go along they are thinking
things through. As they remember something today, they say, well all right I will
talk about that tonight. That sounds good, that is a good thing. That is the only
conclusion I could come to. Of course, Mr. President, because I know he is a very
meticulous gentleman, and he would not do a thing like that.

There is concern for unemployment. This is the kind of generalization I get
from the Minister—the PNM is concerned about unemployment. Well, I want to
tell him, through you Sir, that concern cannot fill bellies. I want him to know that.
We have to go beyond concern.

Now I heard the Minister talk about small business development companies—
loans to small business at concessionary rates. He did not say that in the Senate
here; he said it in another place. Very good idea. I hope he follows it through. He
did not give specifics but that is a very good idea. Export—they believe in export.
They believe in the importance of export. But where is the finance for that? Where
are the facilities? Where is it in the budget? The Export Development Corporation
is involved in export in this country, but it is “scrutining” all the time; it is
“scrutining” for staff, wages, and for money for development. I do not know how
we are going to do this. "Abracadabra" will have to tell us how to do it because I
cannot see how to do it.

5.50 p.m.

In the Minister's budget speech on an important thing like taxation, he omits
completely the fact that it was temporary. Can you imagine that? You tax
companies; you tax the citizens, but you omitted from your budget an important
thing like, “temporary.” The next day we heard it was temporary, in another place.

As I was saying, these people have no plans. All they are doing, is as they get
an idea, they slip it in. So they got the idea the next day and they slipped it in. I feel
very frightened; I am scared. Because if this is the way we intend to go, we are in
trouble. Do you know what “temporary” means? This House must know that. Do you know what “temporary” means in government circles? There are teachers working “temporary” for 20 years. The Minister knows that. I know you are aware of that as well. Every department you go to in government, half the staff is temporary. Some of them will get pension while being temporary. Therefore, the Minister must say to this honourable House what he means by “temporary.” Is it going to be one year, two years, five years? What is it going to be? If he does not know, well, tell us so. That is all. But the people want to know.

Reading through the figures, I saw the Ministry of Trade and Tourism is allocated a measly sum of $6.4 million or 0.54 per cent of the total development fund, as against $402 million in 1991. How can anybody believe the words of the Minister of Finance and the words of the Minister of Trade about all these lofty ideas, and the funds are $6.4 million? I really do not know. Again, I plead with “Abracadabra” to explain to us how we are going to make this work. Somewhere along the lines I think they made a mistake. Maybe a few zeros are missing.

Mr. President: On a point of clarification. I do not like to interrupt anyone giving a maiden speech, but I heard your reference to “Abracadabra” and I took it that it was another individual you were speaking about, but as you progressed and repeated the name, I got the impression you were trying to apply it to a Member of this House. I want to remind you of the rules. You would be very safe if you address Members by their names or their portfolios.

Sen. Hosein: Mr. President, I apologize. I did not mean to say that the Minister of Finance is “Abracadabra.” I apologize for that.

Can the Minister tell this honourable House whether they have abandoned tourism? There is no mention of it. We need to know. Tourism has been touted around by the other team, the PNM “B” team that went out of office, as the thing to do, and much money has been spent on it, but I cannot see what $6.4 million can do. Maybe, as I said, there are other Senators who will make contributions tomorrow, and they can tell me what they intend to do with $6.4 million, as far as tourism is concerned. I should also like to know from the Minister how much of that allocation is for trade and how much for tourism, so we would have a better idea of what kind of tourism thrust we are going to get and what type of money will be spent on trade.
Let me deal with the role of the business community in our United National Congress alternative government. We do not get our due from the media, therefore it is incumbent upon me to explain this, because many people do not know the truth of what role the business community will play in a UNC government. The UNC sees the business community as the engine of growth; a partnership with labour and business. We want all kinds of business. If we were called upon to form the government some time in the future, we will welcome foreign business, big, small and medium; local business, big, small and medium. However, we will not welcome monopolies. I wish to make that clear. We would not tolerate any sort of monopolies. As a matter of fact, we will pass anti-monopoly legislation to protect the small and medium-sized business and to protect the consumer against high prices and low quality. So let it not be said that we do not have a role for the business community.

Much has been said about foreign exchange. The experts in that field have spoken about it. But one of the things I do not think they touched on and I should like to touch on it a little, is the question: Why do people put their money abroad? That is a very important question for us to examine. There must be a reason. If people make money here and they put money abroad, there must be a reason. I am not talking about infamous people. We are talking about people legitimately putting their money abroad. The answer must be, confidence. I would advise the Government to consider that, and they will solve that problem of money going out of the country. It is only when people have confidence in the government of the day that their money will remain here in Trinidad and Tobago.

Therefore, if you want all that untapped money outside—and I understand it is a lot; in the government of the PNM “A” team, billions left the country, we can bring them back—all we need to do is to declare an amnesty and give the people confidence in the government of the day. But we cannot give people confidence if we say that we are going to consult with everybody and we consult with the business people, and lo and behold, the first budget, we raise taxes. If that was not good enough, our hon. Prime Minister had to make that infamous statement of the floating TT dollar. Up to today, I have not heard that matter put right. I think the Minister of Finance has a duty to put that statement right, so that he could build the confidence of the business community. For as long as you have such a matter hanging over the heads of businessmen, you cannot get development and you
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[SEN. HOSEIN]

cannot make meaningful changes to the unemployment problem. So, we must know that and we must take measures to correct it, if we are to get that money from outside.

6.00 p.m.

I would have expected that the Government would have identified areas of business development, which they plan to pursue and attach adequate attractive incentives to attract foreign and local participation for foreign exchange generation and job creation. You have to become internationally competitive. The Minister alluded to that in the budget speech, but from another angle.

We must understand that the Government does not have all the money, and we understand that on this side of the Senate. They do not have all the money and cannot do all the things; then it has to come from somewhere else. Therefore, you need to generate foreign capital to solve your foreign exchange problem. But you cannot do it if you have a boggling bureaucracy, you cannot do it if your incentives are not attractive enough to encourage that kind of investment; you cannot do it if you do not encourage your local businessmen to expand.

We need to put a few pointers to my good friend, the Minister of Finance, so that he may examine them. He may want to examine a five-year tax holiday as one of the incentives. He may wish to examine the lowering of the income tax structure, both for corporations and individuals. He may wish to examine the proposal of having equipment and machinery duty-free for at least two years. He may wish to also examine tax credits for new investments, both foreign and local. He may wish to examine tax credits for all businesses wishing to expand.

All of these suggestions I give to the Minister so that he may consider them and hopefully he will not feel restrained in any way to use them. Had the ball been in our court, we would have done exactly that, and the business community would have been seen as a partner in running this country and solving the problems that we have.

The corporate tax rate has gone from 40 to 45 per cent. Empirical evidence suggests that when the tax rate dropped, the Government collected more tax. It is as plain as day; one of my colleagues in the Senate made that point earlier today. But another point is that the real increase is not five per cent, it is 12 1/2 per cent
on the tax payable, and we must understand that. The businesses have to pay 12 1/2 per cent more tax than they paid before. So, when you take that money away from businesses, where will they find the money to expand?

We have a tight liquidity situation in Trinidad and Tobago, the Minister admitted that.

**Sen. Kuarsingh:** Mr. President, something is confusing me. It is not clear to me how this 12 1/2 per cent was arrived at, and it seems to be incorrect. Would the hon. Senator please explain to me?

**Sen. Hosein:** Mr. President, there are some things that you do not want to educate some people about, and I trust that the Senator will do his homework. It is a disincentive to investment.

With respect to personal taxes, while the rate increased by five per cent, the increase is really 16.7 per cent more tax that has to be paid, and people have not been working this out. The Government did not have to tax the individuals, they did not have to raise corporate taxes. There is a better way, and it is right under our noses. If we had concentrated on the taxes that people are not paying in this country if we collected those taxes, there would be no need to tax anybody else.

There is one big racket going on at the Inland Revenue Department. The officers who must audit the taxes for individuals and businesses, are involved in doing the taxes and the books for the same people whom they have to audit. So, how are you going to collect those taxes? In the same Inland Revenue Department, you could buy tax exit certificates for $500. Do you know how it is done? They will take your tax exit number, which is fully paid, and give that on the name of somebody else who owes millions of dollars, and that person pays $500 and gets the tax certificate. These are the problems we have in this country, and I wish to advise the Minister concerned—I see the Ministers for National Security and Finance are here and I am sure they will want to take this up.

Had they been looking for ways and means of raising the money, rather than just putting numbers together, by saying, "Well you know, we have these promises that we want to fulfil, and therefore, we must find some way of raising the money, so fellas, work out what those promises will cost." And they say, "Fine, now let us see what is the best way to tax the people." “Vip-vap”, budget. That is how the budget was done. That is the problem.
Mr. President: Senator, you have made some very serious charges against people who are not here to defend themselves. I hope that you can substantiate those statements you have put into the Hansard record. If you do have evidence to support those charges you are making, there are legal ways and means, even outside this Senate, which you can adopt to have the matters rectified.

I do not think it is fair to lay such serious charges against individuals who cannot defend themselves in this Senate, when there are other avenues open to you, if you can, in fact, substantiate your claims. I should be grateful if you would withdraw them.

Sen. Hosein: Thank you, Mr. President. Whatever you say, I abide by it.

Mr. President: It is not a matter of whatever I say. I just brought certain things to your attention. If you feel that you have evidence to substantiate the charges that you have made, I cannot instruct you to withdraw them, but I feel that, in fairness to the people who are not here to defend themselves, the seriousness of the charges are such—and there are other avenues open to you—that you can have legitimate, legal action taken.

6.10 p.m.

Mr. President: Are you withdrawing?

Sen. Hosein: Yes I did that already. I am sorry, Sir.

Mr. President: Thank you very much for your co-operation.

Sen. Hosein: Let me make some remarks concerning Sen. Gosine's contribution. He made quite a number of them showing how taxpayers have more money: that they had money to buy tax-free bonds, repair their homes, buy credit union shares, but no mention was made about the increase in gasoline prices or the expected increase in the cost of living. So that, it is unfortunate that the accountants who did the work for him—and I think he mentioned some names—did not see it fit to include the cost of living. The assumption is that everybody has money to do what he said they were going to do. But the truth of the matter is that people in the middle, lower and higher middle income bracket are “scrunting”, so I do not see how they are going to have the money to buy all that he says they will buy. I think that is fraud.

Sen. Gosine: Mr. President, I did not say what the hon. Senator accused me of saying. What I said was that if members of the tax-paying public would avail
themselves of the opportunity of the various tax credits they would accrue to themselves savings with which they could either buy bonds or avail themselves of the credit union facility. And, indeed, I mentioned those persons who in 1991 would have purchased credit union shares and who would do the same thing in 1992, given the increase or no increase in income, simply by the movement from 20 to 25 per cent, they would have gained an increase in their take-home pay.

Sen. Hosein: Mr. President, for the last five years there has been idle equipment from the School Nutrition Company amounting to over $10 million lying idle at Chaguaramas being liquidated, but the people charged to do this exercise are being paid salaries on the proceeds of the sales. I do not know how long it will take to get that liquidation done. It seems to me that we might get old and the equipment might get rusty before it is liquidated, so I am bringing it to the attention of the Minister of Finance and perhaps what he should do is get an independent liquidator and sell off these assets and there will be some more money so that we can use to assist the poor.

On the question of annual repairs to homes, and I quote the Minister on page 28 of the budget speech:

"In order to stimulate the construction sector as a means of reducing unemployment it is proposed to re-introduce an allowance for home owners who spend on repairs to their owner-occupied residences. They may claim tax relief on the amount spent, up to a maximum of $12,000 per annum."

I have no quarrel with the $12,000 on home repairs but I cannot see how that is going to kick-start the economy. The assumption here is that home owners were not repairing their houses all the time and they were waiting on this $12,000 relief to do it, and I think that that assumption is not correct. Sure you will get a few more jobs created by it but that is something we have been having. Maybe you will get a few more jobs, now that you can get tax relief on it, but I do not see that the reality is going to be anywhere near what the budget states. A better way to kick-start the economy would be to give tax relief of 10 per cent per annum on the cost of construction of new homes under the value of $350,000. That will be more attractive and new home-owners, especially in the middle and lower income brackets will find that a little more attractive.

Sen. Barnes—sorry he is not here—said that the young people of this country know what to do and when. It was nice, everybody laughed and it reminded me of an incident that a friend of mine related to me. He said that late in December a
friend of his who did a little peddling brought four puppies to sell, and he said to him, "These puppies are $20 each", but he said, "No man I do not want any puppies now, and my wife is not here: she is the one who does the choosing of the puppies". He said, "But they are PNM puppies". He said, "Never mind that, I still do not want one". But, he came back in January right after the leader of the alternate government, hon. Basdeo Panday, replied to the budget, and he brought some puppies again, and he said: "Look, these puppies are $20. Can you not buy these puppies? Your wife is not here? He said, "my wife is here now. He said: "Tell me something. What kind of puppies do you have?" He said: "Well, I have black, white, brown and so forth and these are UNC puppies". He said: Why? They were PNM puppies before, why should they be UNC puppies now? He said: "Well, since they heard Basdeo, their eyes open, they are UNC puppies now".

Hon. Senator: But you cannot see?

Sen. Hosein: Mr. President, we both wear glasses but I can tell the difference between a magician and another, but I know that some people cannot tell the difference.

I come to my pet subject; one which I know the Minister of Finance is quite acquainted with, and which the Minister of Trade, Tourism and Industry is becoming involved in now—the garment industry. The garment industry employs some 6,000 people and so much has been said about it, and anyone in Trinidad and Tobago who wants to be fair and honest will tell you that Trinidad garment manufacturers make some of the finest garments in any part of the world and I say that without any fear of contradiction, without doubt.

In Trinidad there are some of the finest garment workers you can find in any part of the world, but when people compare Trinidad garments, they compare it with junk from Taiwan and Korea—seconds, thirds and fourths—and say that the price of the local garments is not right. This is the truth of the matter and very unfair to the garment manufacturers. If the Government does not protect our garment manufacturers, they are going to invite problems because I tell you those 6,000 workers, if put on the breadline will have difficulty finding jobs anywhere else. Those workers—some of whom were put on the breadline in the boom years, even then could not find jobs because they are out and out garment stitchers—beautiful, honest people struggling. They need the protection of this Government, and I ask the Minister of Finance and the Minister of Trade, Industry and Tourism to go out there and bat for those 6,000 garment workers, because they are producing quality and style.
I wish to inform the House that all over the world the garment industry is protected. Everywhere you go there is a garment industry. Nobody in any part of the world has an exclusive on garments. The United States of America—they have all the resources, raw materials, money, technology and they protect theirs. The CBI excludes garments—the Minister of Finance knows that. They have quotas given to the Far East—how many garments can come to the United States. They go all over the world telling you about free trade, but they protect their own. How can we expect not to protect our own here—a little country like Trinidad? We do not have indigenous raw materials, we do not have the money, but we have the workers, and I daresay that this is one suggestion that both the Minister of Trade and Minister of Finance will agree with.

6.20 p.m.

Mr. President: The speaking time of the hon. Senator has expired.

Motion made, That the Hon. Senator's speaking time be extended by 15 minutes. [Sen. W. Mark]

Question put and agreed to.

Sen. Hosein: Mr. President, to tell this Senate of the practices of the big countries. You will remember the Japanese rice experience. I am sure that the Minister of Finance will know because he was once the Minister responsible for trade. When America tried to sell Japan rice, they were told in no uncertain terms by the Japanese that they could not allow American rice into Japan because the rice grown there was special, it was indigenous, it was their way of life and they could not upset that. Japan, a powerful nation.

Recently, the President of the United States, George Bush, went to Japan to try to sell them cars and I heard, Lee Iacocca on television when they came back, saying that one of his jeeps sold in Japan for US $10,000 more than it was sold for in the United States. The reason put forward for this was that tariff barriers were put up by Japan. They did not accept their certification and all the vehicles had to go through testing, and they had to pay for it. This is what the Japanese are doing and they are so powerful. They have money that they do not know what to do with. So we must take a leaf from their book and understand where these people are coming from.

You know, we tried the 807 Programme, and the learned Minister of Finance himself was spearheading that programme. I think we fell down because, we did
not approach it properly. I feel that the 807 programme can become important to us if we are able to bypass the middle man and go directly to the stores themselves, the buyers themselves and make the contract with them. If we are able to do that—and we can do that if we use our embassies—embassies sorry to say, are not earning their keep because trade should be number one on their agenda. I am saying this so that the Minister of Finance and the Minister of Foreign Affairs—he is not here, but I know the message would get to him—could make that the number one priority, so that we can get the 807 Programme working.

I advise very strongly that the Minister of Trade should not open the market unless we put in place the necessary safeguards against under-invoicing, over-invoicing, dumping and illegal imports, and also a strengthened Standards Bureau to include representatives of sensitive industries to look after their interest.

I am reminded of Mahatma Gandhi when he said:

"Where is the beauty in foreign goods if it brings poverty and hunger to our people?"

With respect to duty free concessions, the Minister of Trade indicated that he would present that bill in Parliament on Friday and I am very pleased to hear that. I wish to remind this House that every year this is a problem. How can you seriously expect people to run businesses in this country, when every year they have to wait for this bill to go through Parliament and sometimes it takes a month and more? As a matter of fact, goods are lying right now on the docks and at the airport which cannot be cleared because the duty free concessions are not in place. What happens? You have layoffs, you have people working two weeks instead of a month; three days instead of five days. This is not the kind of atmosphere that the Government would like to have if they want to invite business to be a partner with them. I would not fault them this time around. I want to make that very clear. I know the Minister tried, but next time around, he can bet that we will be talking a little more about it. I know he will not give me the problem of having to talk about it here again because I know he wants to do it.

I want to beg for funding for the EDC—staff, system of export promotion. The EDC is not playing the role it should be playing. The EDC should be targeting special industries and working with the manufacturers, but, of course, it needs staff to do that kind of thing. I know that we have constraints but there are ways in which it can be done. I do not want to elaborate too much because I know I have so much to say and so little time in which to say it.
Why not a word about the export of steel pans? I heard a paper delivered to the Rotary Club of Port of Spain Central recently by the Secretary of Pan Trinbago and I must say I was taken by surprise. I did not know that they were ready to export pan. They said they were ready, willing and able. If that is the case, I advise the relevant Minister to get on with it because I have no doubt that it is indigenous. Nobody else does it and I think we should do it because we would have a stranglehold on the market while there is no competition.

On the question of CNG, something is wrong here and I do not know what it is but I am really trying to find out. You see, I am getting mixed signals. I want to say what I understood Sen. Kuarsingh to say. He said CNG is not a good proposition for the future. That is what he said. The Minister said it is a good proposition. He said it is not good.

6.30 p.m.

Sen. Dr. Kuarsingh: On the point of order No. 35, one should not misquote a Member. I never said that. I said it is a good proposition for the future. I seek your ruling and protection, Mr. President.

Mr. President: I do not have the Hansard record in front of me to decide exactly what the Member said or what he did not say. But I do not know whether you accept the correction by Sen. Kuarsingh that he did not say that.

Sen. Hosein: No, Mr. President.

Mr. President: You do not accept that. I am afraid the Hansard will speak for itself.

Sen. Hosein: As a matter of fact, Mr. President, the looks he was getting from the Members in front—when he said it they wanted to cut his throat. I knew he made a faux pas. He will not get away with it. He will pay for it. You know, something seemed to be wrong and it seems to me that this olive branch that the Member brought into the House might have been a stinging nettle in disguise. It seemed to have affected his brain. It seemed that way. He went on further, and I was not too sure whether he had a left foot and a right foot, so I do not know. I came to the conclusion that he must be left-footed. He must have two left feet. But with the kind of shoes I see some people wearing, he might have to have two left feet to wear that, Mr. President.
Further to the CNG, I do not know that the Minister considered the cost of foreign exchange in the conversion. I did not hear him say it. But it seems to me that 145,000 cars, if we round it off, at approximately US $700 each, will be US $102 million. While I am not rejecting the argument for CNG, I am saying the budget does not make provision for this US $102 million and I do not know if it is an oversight; maybe the Minister will tell us. Or, is he prepared, then, to raise the price of CNG to offset that loss? How is he going to do this in revenue? Is he going to raise taxes on CNG? That is very important for us to know, because his figures were wrapped on the tax on gasoline. Therefore, if you do not use gasoline and you use CNG, which is cheaper, the budget must see what is going to happen, what is the effect; it does not say.

I want to ask the Minister of National Security something. I have not heard anything in the budget about national security. But I hope he can find the money, sir; Barataria needs a police station. That police station has been promised since the PNM “A” team, then the “B” team and I hear nothing about it from the “C” team. But the people of Barataria would like to get their police station, because, you know, in that area, Barataria/San Juan, there is a lot of crime.

I have not heard a word about what this Government plans to do about the drug lords. I think the country wants to know that. There is a statement in the manifesto, and I am shocked to hear and read that the Minister of National Security does not believe that this country is a major transshipment point. So I ask the question and I really do not know. Perhaps the Minister is new to Trinidad; he probably was living somewhere else and he has just arrived.

What about the School Feeding Programme? I do not know, I feel—the hon. Minister Draper, I know he has done a lovely job with his Ministers and his Parliamentarians and so on, orientation and re-orientation and what have you. I suggest that he take them to Laventille and give them a tour of all those places in the hills and let them meet the poor people there. And include Morvant. [Interruption] I do not mean Mr. Morris Marshall, Mr. President, and to Caroni, because I do not believe that they know the hunger that exists in these places. People are hungry. When you talk to the people in the schools, the teachers tell you that on the days when there are no meals served, the children absent themselves. It is easy to check this to give you an idea of how grave this problem is.
I had the pleasure when I was a Member of the Rotary Club of Central Port of Spain to start a Big Brother project and I want to advise this Government that it might be a way out, since we do not have enough money, to perhaps start a national Big Brother project whereby we ask people in the community who have money, who are a little bit better off, to adopt a child. You do not have to take the child home; adopt him and go through the School Feeding Programme, and see to it that that child is fed, and provided with the amenities for school. I hope that the Government will do this. Take it from us. I do not mind. You could say it is your idea; I do not mind that. It matters not to me. But this is important. If we do not feed our children, they cannot learn. If they do not learn, what kind of society are we going to have in future? I know that my time is running out, Mr. President.

Mr. President: Actually I was about to tell you that your time has expired. Seeing that you came up with such a good suggestion, I am quite willing to give you five minutes to wind up, if the Senate will approve, and also seeing that you are the last speaker for the day. Is it the wish of the Senate? Will you finish in five minutes’ time?

Sen. Hosein: So gracious, the Senate. I love this place. I love the people in this place, so sweet.

Mr. President, let me touch very briefly—it will have to be brief—on banking operations. The banking institutions in Trinidad and Tobago should be directed to give a much larger loan portfolio to businesses which have export potential and those that are labour intensive—very important. The Minister in charge should see to it that this goes through, because we need to create jobs.

I shall have to forego some of the things that I wanted to say, but I must say two words on agriculture. When I look and see that agriculture is given the stingy allocation of 3.9 percent of the total development fund, I wonder whether this Government is really interested in agriculture. I really wonder. When our food import bill is in the vicinity of $1 billion, I put forward respectfully that we in this country could come very close to feeding ourselves. We can do it. We have the land, we have the people, we have the energy.

May I remind this honourable House that Caroni Limited workers worked free of charge. In the history of this country it had never happened before. I feel the time has come to stop this ole talk. Let us not delay with further consultation and all of that. Let us implement the Caroni Directional Plan and get on with the job, and let us feed ourselves. We can do it.
I must talk a little bit about LIDP. I just want to say that the PNM seems to be caught up in a monumental bubble. They like monuments. The PNM of the 1980s, had a Works Minister who would pave a road and put a monument to himself. The “B” team proposed that they were going to build a monument for $500,000 for Jean Miles—while the rest of the country starved. This team, this PNM “C” team has just started and they found the best thing to do was to remove the sea serpent on the Red House and put a “dove-bo”. This is the only way I can describe it—a dougla, between a dove and a “cobo.” This is what the experts say. I do not wish to say the position of the bird for fear that I might be out of order. But I do say that the cost of $20,000 could have fed 4,000 school children. It is not the way to go.

I want you to understand that we here are exemplars. We cannot go around as people who believe in obeah, we must show that we believe in God. There can be no other reason for moving the sea serpent; it has to be that.

In conclusion, the PNM “B” team had the finest minds—they said. This PNM “C” team sent for the foreign-based genius magician to produce this magic budget. It reminds me that “men will go to the far corners of the world in search of gold and leave diamonds on their doorsteps unturned”. In the spirit of co-operation which the Prime Minister called for, we of the alternative UNC government can lend the PNM, free of charge, our shadow Minister of Finance, the hon. Trevor Sudama, to prepare a proper budget and scrap this one before we pauperize our country more than it already is.

Mr. President, I thank you, and I thank all Senators for their graciousness.

**ADJOURNMENT**

*Motion made and question proposed,* That the Senate do now adjourn to Wednesday, January 29, 1992 at 10.30 a.m. *[Hon. L. Saith]*

**Parliamentary Privileges and Responsibilities**

**Mr. President:** Before putting the question, once again I should like to thank Senators for another very productive day and for your co-operation.

I just want to refer briefly to the matter that I took up with Sen. Hosein during his contribution. I want you to realize that unless something is completely out of order or unparliamentary, I cannot instruct a Senator to withdraw it. Senators enjoy certain privileges and one of the most important privileges is the freedom of speech. Senators are protected by privilege inside this Senate from being sued in the courts of the country for what they say. But every privilege carries with it a
responsibility, and we expect Members of Parliament to be responsible in discharging their duties. The reason I asked him to withdraw—I did not instruct him to—was that the charges were of such a serious nature, and I do not think he had the evidence here to substantiate them. But if he does have evidence for such serious charges, there are people to whom he should make this information available for them to take whatever action is deemed fit.

Thank you very much.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 6.45 p.m.*