

Leave of Absence

Friday, April 19, 1991

HOUSE OF REPRESENTATIVES

Friday, April 19, 1991

The House met at 1:45 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Mr. Speaker, the Member for Arouca South (Hon. G. Henry) has been excused from today's sitting.

ORAL ANSWERS TO QUESTIONS

The following questions stood on the Order Paper:

**Estates
(Rehabilitation)**

17. (a) Would the Minister of Works, Infrastructure and Decentralization state how many estates were rehabilitated by his Ministry in 1990 and who are the owners of these estates?
- (b) Could the Hon. Minister also say what benefits will accrue to the state from his Ministry's efforts in rehabilitating these estates?
[Mr. G. Roopnarine]

**T&TEC
(Maintenance)**

20. (a) Would the Minister of Settlements and Public Utilities kindly state whether she is aware of the fact that the Trinidad and Tobago Electricity Commission (T&TEC) is restrained from commencing, continuing and/or completing urgently required scheduled maintenance work because of the lack of funds?
- (b) Would the Hon. Minister advise this House of the estimated cost of bringing all T&TEC plant and equipment to a state of repair acceptable to the Commission? *[Mr. K. Valley]*

**Telephone Services
(Extension)**

22. Would the Hon. Minister of Settlements and Public Utilities kindly state whether the extension of telephone services will be made available to the

residents of the villages of Borde Narve and St. John's via Ciperro Road in the constituency of Naparima in 1991? *[Mr. R. Palackdharrysingh]*

Water Supply

- 23.** Would the Hon. Minister of Settlements and Public Utilities kindly state when the residents of the following areas would be provided with an adequate supply of pipe-borne water in 1991:
- (i) Papourie Road from Lengua Presbyterian School to the Inverness Presbyterian School;
 - (ii) Realise Road to Cunjal Road;
 - (iii) Jaipaulsingh Road;
 - (iv) Inverness Road via Ciperro Road;
 - (v) Kanhai Road North;
 - (vi) Jones Village;
 - (vii) Friendship Village via Naparima Mayaro Road? *[Mr. R. Palackdharrysingh]*

Land Tenants (Regulations)

- 25.** Would the Minister of Settlements and Public Utilities state why necessary regulations expedient for carrying out the purposes of "An Act relating to the security of Tenure of Land Tenants" assented to in June 1991 were not made and which has rendered the purposes of the Act incapable of being implemented? *[Mr. R. Palackdharrysingh]*

Salaries Review Commission

- 26.** Would the Prime Minister and Minister of the Economy state:
- (a) What adjustments if any have been made within the last year to the terms and conditions of services of those persons falling under the purview of the Salaries Review Commission?
 - (b) What will be the cost on an annual basis of those adjustments? *(Mr. P. Manning)*

**Ex-Senators
(Appointments)**

27. Would the Hon. Prime Minister and Minister of the Economy state:
- (a) What public sector appointments if any have recently been made involving former Senators Clive Pantin, Ganga Singh and Horace Wilson?
 - (b) What is the effective date of each appointment?
 - (c) What are the terms and conditions attached to each appointment? [*Mr. P. Manning*]

The Minister of Industry Enterprise and Tourism (Dr. the Hon. Bhoendradatt Tewarie): Mr. Speaker, I wish to indicate for the record that the answers to the questions posed to the Prime Minister are ready and I am prepared to answer them.

NIHERST

28. Would the Minister of Planning and Mobilization state whether the University of the West Indies was consulted on the recent appointments to the National Institute of Higher Education, Research Science and Technology (NIHERST) before such appointments were made? [*Mr. P. Manning*]

Mr. Speaker: Hon. Members, because of the absence of the Minister of Settlements and Public Utilities, the Members for Siparia, Diego Martin Central, Naparima and San Fernando East, the above questions are deferred.

Questions, by leave, deferred.

BUSINESS OF THE HOUSE

The Minister of Industry, Enterprise and Tourism (Dr. The Hon. Bhoendradatt Tewarie): Mr. Speaker, I beg to move that the House continue with the debate on the Finance Bill.

Mr. Speaker: The debate on the second reading of the following bill which was in progress when the House was adjourned on Wednesday, April 17, 1991 will now be resumed.

FINANCE BILL

[SECOND DAY]

Order read for resuming adjourned debate on Question [April 17, 1991]

That the bill be now read a second time.

Question again proposed.

Mr. Raymond Palackdharrysingh (*Naparima*): Mr. Speaker, on the last day the debate had entered a phase in which there was a complete re-evaluation and reassessment of the Government's fiscal measures. Out of that debate, Mr. Speaker, it was clear that the Government was again forced into a corner to proceed along the lines handed down by what I want to consider, the IMF model. It would have seemed that their approaches, as advocated in the NAR manifesto, had been relegated to yet another election hoax.

The World Bank Country Study of 1988, Mr. Speaker, recognizes the following: that Trinidad and Tobago has a good resource base, both physical and human, and that the economy should resume growth if an adequate macro-economic framework consisting of exchange rate, fiscal and monetary policies is in place. It recognizes that the competitiveness of the economy has to improve and that the economy has to become more diversified. The short-term revival is linked to recovery in the oil sector.

In the medium and long terms, the growth of the energy-base projects, the industrial sector could emerge as the sector replacing oil. That same report recognized that earnings from tourism and services could be expanded considerably, and that agriculture has a critical role but needs to become more efficient and competitive.

To that extent, Mr. Speaker, the policies outlined for the nation to follow, among other things, indicated that there must have been restraint in consumption, public and private; reduction in the overall domestic financing gap, phasing out public sector recourse to the Central Bank credit, an increased resource availability to the private sector. The policy also indicated that there must be a revival of public investment which in turn will spark private investment. There ought to have been a rationalization of the state enterprises and a shift in emphasis from import substitution to export promotion, flexible exchange rate policy, and there must be the encouragement of domestic savings, job creation and, of course, population growth must be monitored.

Such a recovery programme would have need to be buttressed by an adequate level of external borrowings, and the figure given would have been US \$22.5 million over the next few years plus technical assistance. Mr. Speaker, after several years of following this programme, we hear in the Parliament that we have had growth, we have had stability, and that the nation is now much better off.

The *Sunday Guardian* of April 14, 1991, at page 5 "Special Investigation, Street Children." The pictures in it are quite graphic. For all the growth that we have had, for all the stability in the economy, and for the reduction of unemployment, I want to draw to the attention of the Parliament some of the concerns by Deborah Jean-Baptiste, who made the investigation. She said:

"The presence of children on our streets selling, begging and as vagrants is becoming a regular sight. Lack of money in the home is the reality, and many young lives are being sacrificed.

'How much for the bodi?' The little boy in a body that fits a six year old blurted out, '3 for \$5'. He is one of dozens of child vendors lining the highways and malls.

Recently there has been an upsurge in the number of children selling and begging on the streets. As motorists approach traffic light intersection at the Uriah Butler and Churchill Roosevelt highways, tiny arms stretch all inside the car windows to display fresh vegetables or home-packaged nuts and channa."

This they have to do for a livelihood. She has indicated that among the reasons for this is the fact that parents are not working and they have allowed their little kids to front for them because they feel the innocence of the kids would much readily lend to sympathy by the public. Those who are not on the highways have found the malls.

Again she states:

"Those who prefer not to face the highways find themselves in malls. Having lunch at the mall might not be as appetizing as hoped, if as you try to put a forkfull of Chinese cooking in your mouth and your eyes make four with a hungry child who is making his way from table to table begging.

Not all of them beg. Some move through the malls in downtown Port-of-Spain selling everything from shampoo to elastic, not to mention lottery tickets."

2.00 p.m.

Mr. Speaker, I ask: Is this economic recovery? If this is economic recovery, for whom? I do not care how often the Member for Caroni East sucks his teeth, it stares you in the eye. That is the reality. Listen to the facts and go out there and see. We have children just accosting people in the towns, begging all around for a little pittance to live. There is a nice story in the newspapers here. I would not want to read it out because the Member for Caroni East might leave the Chamber. There is another article with a little girl selling newspapers which states, "Buyers cannot resist a child's innocence."

Tell me, Mr. Speaker, a generation of our population is going down the drain and there is no active consideration whatsoever to bring a level of welfare relief to thousands of such homes in this nation so as to save the most precious resource from being destroyed. Yet we seem to think that the Government is doing the best that no other Government could have done, saving the economy from destruction. It is situations like these where people have become completely dispossessed that put psychological pressures on people who would normally like to make a contribution to the society and live decent lives and bring up their families, which force them into other options; options that are not tenable, but nevertheless options that indicate to them survival or death, at any cost. We have, in the last year in the Government's term of office, some mamaguy programmes with a Lazarus mentality in them—among them, LIDP, and more recently ECHO—so as to indicate that you must merely have a fish so that the dependency syndrome could continue, rather than creating the sort of society with employment for people to live reasonable lives.

Mr. Speaker, the Government just recently has now reverted to the International Monetary Fund for another drawdown of TT \$204 million, and it is interesting to note what economist Denis Pantin has to say about that debt repayment. "It would jump from TT \$1.4 billion to TT \$2.17 billion in 1992, an additional TT \$725 million to pay debt." Pantin declared that \$72 billion between 1991—1997 would have to be found to service debts. Is that not a colossal obligation? He has also asked, in the present position outlined by the Minister of Finance: Where would the Government get or cut \$229 million? Is it from the recurrent expenditure or capital expenditure? How would the Government finance

the rest of its shortfalls which stood at approximately, TT \$114 million? What options would the Government take? Those options must be spelt out to the nation because it is critical for their own emotional, psychological and economical security. Is it further reduction in expenditure? Or will it be more borrowings on the domestic or external market, or a combination?

The Minister said in his presentation that there were no additional conditionalities to be met. It goes without saying, the more loans we borrow, the more interest we have to pay, and the higher the portion of the GDP to service those debts, it means less on every dollar to spend on meeting our basic needs. Probably we could find the answer in the IMF approach, which indicates that Government must reduce recurrent expenditure. From where? Is it from the school programme? Is it from the hospital programme? Is it from the rural development programme? Where are they going to cut?

It also indicates that we must eliminate the domestic financing gap and phase out public sector recourse to the Central Bank. How? More incentives for VTEPP, in which we are losing perhaps some of our most experienced and productive people who are using the rest of their useful lives in the service of building other nations abroad?

We have also been called to rationalize expenditure on transfers and subsidies. I dare say that in rationalizing expenditure they have put in place a political programme called LIDP, a Lazarus-mentality programme called ECHO and the YESS Programme.

We must, as the IMF has said, reduce dependence on the petroleum sector and diversify the economy with a wide range of incentives for the manufacturing sector, and, of course, as we note in this bill before us, the EPZ. The protective trade system that we have had has been fast breaking down because it was a requirement to liberalize it. There are suggestions in some quarters that the TT dollar is still over-valued, and some people estimate it by 16 per cent and that is with respect to it being based on a basket of currency, in spite of it being pegged to the United States dollar.

2.10 p.m.

Mr. Wilson: I wonder if the Member for Naparima would be kind enough to quote his authority on what some people are saying.

Mr. Palackdharrysingh: Mr. Speaker, I think he will have time to refute what I have said.

Mr. Speaker, every amendment to the bill aims at the reduction of goods and services and in the direction of giving free rein to the market forces, where the disadvantaged would be dispossessed and the marginal would be pushed aside. The state of the economy as it stands simply means that the forces of production are not optimally utilized.

Page 76 of the *Annual Economic Survey*, the Central Bank of Trinidad and Tobago, shows how the sectors in the GDP aggregates are weighted and what has happened between 1986 and 1990. If you look at agriculture you will find that in 1987 there was negative growth of minus 0.9; 3 per cent: per cent in 1988; 11.7 per cent in 1989 and again a fall to 9.4 per cent in 1990. It is explained that it was not because the Government put any special programme for agriculture. It was because the manufacturing and mineral sectors had almost collapsed that people were forced back into the agricultural sector.

The petroleum sector—the heaviest weighted—267.8; negative growth until 1989 but for 1990, 2.4 per cent. Manufacturing: negative in 1987; negative in 1988, 2.2 per cent in 1989 and 5.8 per cent in 1990. It would seem that it is here that the greatest growth has occurred in a sector which has been weighted 66.8 out of the total of one thousand.

What is quite telling is the construction industry, weighted 111; negative growth in 1986 to the tune of 26 per cent; negative in 1987 to 11 per cent; negative in 1988 to 7.4 per cent; negative in 1989, 12.7 per cent and in 1990, negative 8 per cent.

Many economists are of the view that if you are to really gauge the progress of the economy, it is most sensitive in the construction industry. If the construction industry cannot pick up, it means to say, very little is really being done, because the construction industry has all sorts of linkages. If that cannot be rejuvenated and put into action, then all the growth which is being spoken about is to no avail. It is a strange understanding of economics to see that really where there is a deceleration of the rate of negative growth, people have interpreted that to mean a positive turn in economic growth.

Again, you would see in the other sectors, Distribution, negative all the way; Finance and Insurance, negative all the way; and in Government, of course, in 1990 there has been a negative two per cent; Other Services in 1990, negative 0.6 per cent. So tell me, is there growth in this society? Is the mere contraction of economic activities in which satisfaction is decreased, economic growth? The answer surely has to be, no. As I said before, when you look at the human

resource factor decaying and deteriorating, then what is the purpose of Government if that matter cannot be addressed?

2.20 p.m.

Mr. Speaker, I now want to look at some of the more specific matters in the bill, the suspension of the common external tariff. The purpose of a common external tariff is generally to yield revenues for Government and to act as a barrier against imports and, therefore, to protect domestic production or similar goods. What is the reason for the provision to suspend the common external tariff? Is its operations in conflict with the IMF policy on trade liberalization? The common external tariff gives member countries of an economic grouping greater bargaining power in trade negotiations with outside countries and groups of countries. With the common external tariff a group of countries can extract greater benefits in trade negotiations by giving fewer concessions in return than if each country bargained by themselves. For the group, Caricom, tariff reductions mean access to bigger markets than that provided for by an individual member country.

The question is whether or not the common external tariff is now getting in the way of trade liberalization as required by the IMF model. Has the the common external tariff not been accepted by all members of Caricom? What is the real problem? Is there a problem at arriving at satisfactory levels of tariffs among Caricom members? Are there higher tariff levels in some member countries and the CET is lower, resulting in revenue loss? Or is it the reverse, that countries with lower national tariffs are now benefiting from increased tariff? The Minister of Finance ought to address these critical issues.

I am sure, Mr. Speaker, you would appreciate that there are a series of other fiscal measures that are necessary to adjust taxes in individual countries to the extent that if they get higher tariffs than their national tariff, by the common external tariff, adjustments would have to be made on consumption taxes and even on personal income taxes. Again, the same could be obtained for the reverse.

Now, the Minister of Finance must tell the House whether or not they could arrive at properly structuring the common external tariff. It would seem that there is no agreement in the community. The principle is to charge very low rates on the capital goods and raw materials, which the market needs for industries; then slightly higher rates for semi-manufactured articles; and higher rates for the completely manufactured commodity to encourage more and more local production process to take place within the common market. These are some of

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the typical issues that must be explained, as to the reason for the suspension of the common external tariff.

Another basic principle has been to put relatively higher rates on commodities wherever the region produces adequate quantities of the same or substitute products. It seems to me that the functioning of Caricom as an economic entity is now coming into conflict with the IMF models for the various countries and it seems that it is impossible to harmonize in Caricom, some of the measures necessary for increased trade as against what is required via trade liberalization and the opening up of the economy by the IMF model.

That gives rise to the critical aspect of what is growth and development and if the economy is growing under the IMF approach, for whom it is growing. Because you are going to see the corporate citizens are the ones who are benefiting and not the individual poor little man-in-the-street. As I said, his children and our children are now relegated to the highways and byways, the malls and the dustbins and to begging.

Mr. Speaker, the Government must tell the House, whether the common external tariff measure is enough to set the community working or whether it is beset by a number of other problems. Is it that there is the need for a common protective policy, to the extent that the common external tariff in some of the countries has not been able to prevent imports, because of inelastic demand, habit and consumer patterns that are not changing? If the common external tariff is weak in this regard, are we really finding great difficulty in making the Caricom movement work.

It is important because it would lead us to the question: Is the Caricom movement, relevant in today's financial operations of national and international community? I want to indicate that this same report has pointed out that the performance of the major Caricom countries—

"...deteriorated markedly during 1990 especially in Barbados where real output fell by 3.5 per cent and nearly all major economic sectors were affected. Tourism arrivals fell by 7.3 per cent; manufacturing contracted by 3 per cent; construction, wholesale and business services fell below their respective 1989 levels. The fiscal deficit increased sharply to Barbados \$258 million, while the country's exchange reserves declined by Barbados \$116 million."

2.30 p.m.

We look at Guyana, during 1990, its Government concluded a standby agreement and negotiated an enhanced structural adjustment facility with the IMF in support of its economic recovery programme.

In order to facilitate the ERP objectives and prevent expanded black markets for foreign exchange through the establishment of a cambio system, it devalued its currency by 26.7 per cent from Guyana \$33.00 to US \$1.00; to Guyana \$45 to US \$1.00 and now I am being told it is around \$100 Guyana to US \$1.00. What is happening, the differing rates of growth in the various countries are now posing a serious problem for the harmonization of economic measures, as to make the Caricom area work rather smoothly.

When we look at Jamaica, we see there is a real output averaging 3.5 per cent. They have had growth for the fourth consecutive year and mainly through the increases in the prices of bauxite, their trade deficit fell, but however, there was a sharp build-up of inflationary pressures and part of the ongoing programme of structural adjustment initiated a programme of deregulation of the economy, and that simply means naked market forces and the key measure under the adjustment programme, was the floating of the Jamaican currency against the US dollar.

In addition, we saw the Jamaican dollar depreciating in nominal terms from US \$1.00 to Jamaican \$6.50 and US \$1.00 to Jamaican \$8.06. Is this not raising the ominous question that in order to stay competitive in the region because we are not producing the way we ought to, the devaluation of the Trinidad dollar is a real possibility? I venture to say that if this is not being done before a general election, it is a serious option for anyone who would be assuming the reins of office afterwards.

Once there are differing levels of growth and development, a common external tariff is extremely difficult to be arrived at and hence the provision from ministerial suspension. That is the provision. Again, the IMF/World Bank model calls for trade liberalization and the substantial reduction or elimination of tariffs, which run contrary to the principles of the common external tariff. Trinidad and Tobago Caricom partners are on the horns of an economic dilemma. How are they going to resolve that?

Very soon, leaders in the Caribbean would have to take drastic measures with respect of where they must go economically because they would not be able to withstand the onslaught of the new integration process taking place in the

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Americas, Canada, the United States, Mexico and with the European community coming into being in 1992, the entire Caribbean community is going to be merely like sardines among the sharks. That is a real serious dilemma for us.

The speaking time of the hon. Member has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [Mr. T. Sudama]

The question before national governments, including our own, is the deepening process of the integration movement with respect to the harmonization of fiscal and monetary policies and with the co-ordination of fiscal measures throughout the country, and some measure of central planning. If that is not done and we continue to respond to our own economic circumstances via the IMF and the World Bank, then there will always be conflict and the whole concept of regional integration, particularly in the economic sphere, will be a waste of time. We must be able to strengthen the local economy and it is not by contraction. It has to be by expansion and that is not what is happening in the scenario of economic measures taken by the Government.

I come to the clause dealing with income tax relief in relation to activities involving export of services. Clause 53 of the bill amends section 34A of the Trinidad and Tobago Free Zones Act by inserting the following:

"An approved enterprise engaged in exporting services from a free zone to a territory other than the customs territory shall be exempt from corporation tax and withholding tax in respect of profits or gains from such activities."

Why? What are the reasons? Is it because of the poor response from international entrepreneurs, that further incentives are required, or is it a norm of the EPZs universally?

In Trinidad and Tobago, Point Lisas is close to a deep-water facility. In an industrial estate, there is in place easy transport, access, advanced infrastructure, cheap source of energy, as the basis for new industrial export. Can there be a costing on the use of these facilities? We have never attempted to do a costing on these facilities and it might be important for us to do so because if we do not put a costing on these facilities, then we do not know what we are contributing in real terms to the EPZs in the territory.

I just want to quote the gross inflows of direct foreign investment and outflows of profit from 1979—83 in Trinidad and Tobago. In 1979 we had \$94

million and outflows of profit, \$350 million; in 1980, \$185 million, outflows of profit, \$479 million; 1981, \$258 million, outflows \$421; 1982, direct investment, \$342 million, outflows in profit \$339 million; 1983, \$250 million direct investment, \$198 million outflows in profit. All these show a very high net outflow and this is from the source *Trends and Issues in Foreign Direct Investment and Related Flows*, United Nations Centre on Transnational Corporations, New York in 1985. I am not able to get more recent figures but I am sure the trend would not have been very much different. I do not think even the Government knows what is happening. They allow wool to be pulled over their eyes and then they say no corporation tax, no tax at all. More incentive for the creation of what and for the benefit of whom? I would like a response from the Minister in this respect.

With respect to foreign investments and what has been coming in as direct investment, what has been the outflow as profits and what are the stipulations there? When you look at an EPZ in Barbados, you are going to see another story again and I do not want to go through the figures. I have them here. What we do see is a high absolute dividend transfer and net transfers and we have not learnt anything at all except to give more and more incentives to people whose activities we cannot monitor, far more control. Should profits really be exempt from the taxation?

In some of the experiences, you would see multinational enterprises in the EPZs. They invest and contribute in terms of forward linkages by the user industries, backward linkages, in terms of sub-contracting and manufacturing enterprises, the support services. They do contribute wages and salaries. There is revenue generated but after all is said and done, has there been any data to quantify the real contributions of the multinational enterprises in the EPZs as to the contribution to GDP in any of the countries?

2.40 p.m.

Mr. Speaker, I think I have made the point, and it is clear for all to see that even if there is any growth, there is no real distribution of the growth and no welfare or the improvement in the quality of life of the masses of the people of this country will take place. We are now in the sphere of being again in the periphery of the metropolitan system, of the free enterprise system, for complete economic domination.

It is not only in the economic sphere, Mr. Speaker, that we say they are attacking the security of our people. They have also miscalculated again in

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respect of education, and at last Pharoah's conscience has been pricked by a blunt and rusty instrument in his exemption from value-added tax. On page 35 of the bill, clause 57 hear his great news from the mountain tops:

"Notwithstanding the Value Added Tax Act, 1989, no value added tax is chargeable—

- (a) on the entry of goods imported into Trinidad and Tobago by the University of the West Indies;
- (b) on the commercial supply to the University of the West Indies of goods or services,

if the goods and services, as the case may be, are shown to the satisfaction of the Board of Inland Revenue to be required for the purposes of the University."

Oh, what great and good news, Mr. Speaker. What good news, Mr. Scrooge—I mean, the Minister of Finance. I ask him now: What about pre-primary, primary and secondary institutions of learning where the bulk of the learning population is? We have in this country 584 schools: 123 government primary, 346 assisted primary, 17 government secondary, 28 assisted secondary, 25 junior secondary, 19 senior comprehensive, 7 composite Schools, 12 government pre-technical, 2 government teachers' training colleges, and a university funded mainly by contributions of Caribbean governments. Enrolment in government and assisted schools: Primary schools, 182,764; secondary schools, 98,884 as of 1988; total, 281,648. What about these people? Are there exemptions for them? Do they not have to face the same market to buy books, clothes and other things related to education?

What is the number of people registered at the university, St. Augustine? The 1987—1988 figures showed it was 2,711. If we take that as a percentage of our school population, we would see it is approximately one per cent. It is great news by the Minister to bring in this fact as to the graciousness of his Government with respect to giving value added concessions to the university. Oh Dives, how gracious thou art to Lazarus! Great news!

Mr. Speaker, what is the loss of revenue expected by this measure? Tell us. You are making a big concession to a great one per cent of our school population. By Heavens, be sensitive and remove VAT on all goods and services for schools and education and VAT on all books, because we are facing a crisis in education now.

I refer to an article in the *Express* of Wednesday, March 6, 1991, page 19: "Drop in registrations at UWI St. Augustine." It says:

"There has been a marked decline in student registration for application to the University of the West Indies, UWI St. Augustine.

According to the Principal's Report to Campus on February 1, the figures stand at 4,122 for the period 1988 to 1989; 3,939 for the period 1989 to 1990; and 3,830 for the period 1990 to 1991."

Quoting from the report, a St. Augustine official said:

"‘The respective faculty enrolments reveal significant declines over the period 1988—89 to 1990—91, in Agriculture (18.8 per cent), Natural Sciences (13.9 per cent), and Arts and General Studies (11.3 per cent).’

According to campus principal Professor Richards, the payment of cess is partly responsible for the decline, but he added that other concerns also contributed."

I submit that VAT on books has to be a significant concern.

It is indicated that in the article they are having trouble in attracting students to agriculture and there has been a fall in the number of students in the Faculty of Education. This is probably going to pose serious constraints for development in the future.

Medical students have to pay off fees before receiving examination results. It is pointed out that the second year medical students at Mount Hope have been told that their examination results would be withheld if they do not pay the outstanding tuition fees, and some of the outstanding tuition fees are to the tune of \$18,000 per student. The Government replied by saying that it was going to set up, a loan facility for the students, but the students said that was not working out for them.

Again there is serious concern with student enrolment because it has been pointed out that there would be the sort of manpower requirement to have an output of university students to the tune of about 50 per cent of its present membership, and you can imagine what has been happening.

It is very clear that this programme of rationalization by the Government with respect to cutting here, there and everywhere in order to satisfy IMF requirements, has not only taken its toll on university students; it has taken its toll on

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international arrangements in the Caricom region and it has taken its heavy toll on employment and you are going to see what is happening if there is no fast programme for economic recovery in this country.

Mr. Speaker, I listened the last day to the Member for San Fernando East. I take it that he was not very serious in his contribution with respect to his analysis of the Middle East situation with respect to his prediction for falling oil prices. I would say that he made a "Voop" in a game called goes-in-goes-out and got some runs at silly point and behaving as though he was an opening test player who scored a century with a number of fours and sixes to his credit. The Member for San Fernando East, I believe, could not discern what was really happening.

I recall his response that the war would be extremely short, and he sought to give the impression that it would last merely a few days. The truth is that the war lasted six long weeks and the entire world suffered and is suffering from its effects. The cost of the war, in terms of resources and human lives, is not yet quantified, and I am not sure whether it could be. I must confess that it is the most horrible scene I have witnessed in my own lifetime. I would have faulted the Government had it not made contingency plans for food security and other essentials. The Leader of the Opposition co-operated with the Prime Minister on this occasion.

The Member for San Fernando East behaved as though he was the biggest obehah man in the country for his prediction. Did he think that the Iraq and the Middle East issue was another Grenada or Panama? Let him recognize that the world was in a precarious position. He was sure that there was going to be no nuclear or chemical warfare. Was he privy to the military secrets and military plans? Is he aware that the world environment is still reeling from the recent catastrophe of the Middle East? The world's travel industry was severely affected. Major airlines were firing employees because of travel safety, and were giving free seats to encourage people to travel. It is not because of fear locally, but it was because of fear in the international arena.

Mr. Speaker, let me quote from page 52 of the, *Central Bank's Annual Economic Survey*. It says:

"The emergence in the third quarter of 1990 of the threat of war in the Persian Gulf region and the effect of this on international oil prices were key factors underlying Trinidad and Tobago's favourable export performance in 1990. Export earnings during this period amounted to \$2,080.5 million, 31.8 per cent above earnings in 1988. The normally dominant share of petroleum

in export earnings was enhanced in 1990 by a combination of higher average oil prices and higher export volumes which together generated a substantial increase (45.0 per cent) in earnings from mineral fuels and related exports."

I think that where the Government seriously erred was in capitalizing on the higher oil prices at that time, and it is because it has not put in place a tax system that is flexible enough to give it the opportunity to realize the extra earnings. It seems that none of us here in this very dynamic international environment, especially in the time of armed conflict, could really tell what is going to happen in the international arena. Therefore, not only Trinidad and Tobago, but the entire world was taking measures to bring security of the essentials to their citizens.

I want to point out that the Minister of Planning and Mobilization brought the antithesis of his contribution when he indicated that they were incapable of creating demand for the resources now in place—the efficiency of management and the speed of implementation were drawbacks. Is it because the IMF model would not permit him or his Government, or is it a critical assessment of his own ability to plan comprehensive economic strategy? He talked about stabilizing the country's economy. It is my contention that he could not distinguish among stability, stagnation, growth, development and welfare, as he previously used to do. I just want to point out that real output in the construction industry fell by eight per cent in 1990; consumer prices rose by 11.1 per cent; food retail index by 17.2 per cent—coming from the same document which he quoted—and Government's expenditure on wages declined, be that as it may, even marginally.

It seems that all that has been said in this Finance Bill relates to minor corrections to be made on the basic structure. There is nothing substantial to be gained from it and for yet another year there was negative growth in the economy and the Government has failed desperately in its attempt to bring the country out of negative growth.

Thank you, Mr. Speaker.

The Minister of Industry, Enterprise and Tourism (Dr. The Hon. Bhoendradatt Tewarie): Mr. Speaker, the debate on this Finance Bill, 1991 has developed into a kind of general debate about Government's policy and economic policy. If I could take a cue from the Member for Naparima, who has just spoken, in which he said that the Finance Bill only deals with a few measures that are hardly calculated to alter anything drastically, I think he, in his turn, missed the cue from the Minister of Finance, who indicated at the beginning of his

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presentation that this was simply a bill to enact the fiscal measures announced by him in the 1991 budget. It is normal that this would be so. You cannot expect a Finance Bill to come here now and reiterate and reorganize Government's policy. The measures were clearly stated in the budget, and these are simply measures that would make possible the implementation of those things advocated in the budget presentation.

There are three matters which pertain to the Ministry of Industry, Enterprise and Tourism, which have come up in the debate. Two of them actually appear in the bill, having to do, first of all, with the CET; and secondly with the free zones. The third matter was the issue of tourism, which followed closely on the heels of criticisms of what had transpired in the free zones. I want to start my presentation by dealing with these three matters and then addressing some of the issues raised by the Members for San Fernando East, Oropouche, and Naparima.

Mr. Speaker, clause 8 of the bill before this honourable House empowers the Minister of Finance, by order, to suspend the common external tariff set out in the First Schedule in accordance with any Agreement by Member States of the Common Market, which is provided for under the arrangements within Caricom.

Clause 11 amends section 56(6) to empower the Minister to suspend the CET for goods in part (b) of the Third Schedule which are ineligible for duty exemption, having been informed by the Minister of Finance that the member states of the common market have agreed to such suspension—I think it is the Minister of International Trade, actually.

The Government of Trinidad and Tobago has long declared its commitment to the concept of regional free trade, as was exemplified by our resolve to implement the CET on the due date of January 1, 1990, and we were then the only member state in Caricom to meet that schedule. All the member states which sought to implement the CET took a relatively cautious approach and all of them, in a sense, had minor difficulties. However, we, in Trinidad and Tobago, proceeded. We, in our turn, had minor difficulties at Customs, and so on, but were able to take it in stride and deal with the problems at the time.

We were strongly criticized here during a debate some time ago because there were minor irritations that emerged with the CET at the time; with some people not being able to clear their goods as quickly as they had hoped. I, as well as the Minister of Finance, pointed out at that time that in fact these were minor irritations and nothing more, and that they would be resolved before long. Simply to indicate how well we have dealt with the matter, I want to mention here in this

honourable House that when Jamaica implemented the CET they had to close down the port for an entire period of four consecutive days so that they could resolve matters. We had to do no such thing and we succeeded in resolving the difficulties rather easily.

3.05 p.m.

Now when those problems emerged and came to our attention, we knew, as I indicated in this House before, that there will be problems, that the arrangement was that the CET would come into being and there would be the meeting in Georgetown sometime later, where a number of difficulties would be ironed out, which in fact they were. What we have succeeded in doing since then, is that we have moved to obtain the consent of the Secretary General of Caricom to invoke article 32 of the annex of the Treaty to the common market, to suspend the CET in respect of certain items.

These are basic food items which were previously free of duty in the First Schedule and these include: cheddar cheese, onions, garlic, salted beef, canned tuna, *et cetera*. The Government of Trinidad and Tobago at that time, when we moved to do this, was sensitive to the impact of the implementation of the CET if it affected these particular items on the cost of living, particularly for the more vulnerable groups in the society.

Initial suspension was granted by the Secretary General to March 31, 1991, pending consideration by the council. Following the meeting of the council in Georgetown, suspension was granted until December 31, 1991.

We also invoked appropriate articles to deal with certain inputs to industry, including many agricultural items which were previously eligible for duty exemption under the Third Schedule. These included: green pigeon peas, whole kernel corn, red kidney beans, groundnut, oil, ethyl alcohol, mould steel, steel sheets, aluminum tanks, and so on. It was a matter of concern to the Government of Trinidad and Tobago that the competitiveness, and in some cases, the viability of several manufacturing and processing operations would be seriously affected if a grace period of adjustment was not granted.

The council therefore, also granted suspension to December 31, 1991, pending further investigation as to the duty eligibility of the products identified just now.

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Mr. Speaker, the basic philosophical underpinning of the new CET in respect of both items on the First and Third Schedules on which suspension has been sought, is the actual or potential production capability in the region. The new CET represents another step towards the goal of regional integration based on the single market concept in which national and political boundaries and sovereignty do not constitute a barrier to our growth and development in the region. This was unanimously articulated at the recent Regional Economic Conference held in Port of Spain, which was multipartite in nature; a conference held here on the initiative of the hon. Prime Minister of Trinidad and Tobago and which has in some measure set the tone for the realization of this goal of a common market and a common economic region.

From a Trinidad and Tobago perspective the CET represents, first of all, the commitment of the Government of Trinidad and Tobago to the ultimate goal of regional integration, as exemplified by our willingness to implement the new regime and to do so on time. It demonstrates the fact that Trinidad and Tobago will continue to benefit from regional trade in which we are now the leading participant, a position which we are poised to maintain in view of the strength and growth pattern of our economy in Trinidad and Tobago and the fact that we in Trinidad and Tobago have—contrary to what the Opposition asserts—the most stable, efficient and developed manufacturing sector in the entire Caricom region. This is easily validated by current statistical data as well as comments by others in the Caricom region.

The international trend towards the formation of regional blocs, dictate that the survival of the countries of our region in the 21st century as a well-knit economic entity, depends on the continued movement towards some kind of regional collaboration and co-operation. The CET will also provide investment opportunities with respect to inputs into the manufacturing sector which regional entrepreneurs can now reasonably pursue, because the market has now been expanded. You are talking now about five and a half to six million people and you are talking about, with the CET, an adequate level of protection for those things in which we, in fact, invest and seek to produce in order to prevent importation from third countries.

Progress in regional economic co-operation will also set the stage for the widening of the regional market to encampass other non-Caricom Caribbean states, thereby widening the economic base which would enhance the growth opportunities for the individual participating states.

You will remember, Mr. Speaker, during the recent Caricom Regional Economic Conference here, there was indeed an offer highlighted by the hon. Prime Minister of Jamaica, from the President and the government of Venezuela. There was highlighted at that time, an offer of one-way trade with Venezuela in favour of Caricom countries. As a country close to Venezuela, Trinidad and Tobago is likely to benefit significantly from this regional expansion.

The CET also means, or represents, a commitment to the process of deepening the productive capacity within the region, therefore creating the opportunity for enhanced production, employment and international competitiveness. We are also committed through it to the international trend of increased trade liberalization; through reduced protection and fiscal subsidies to domestic production. The new regime is also consonant with the policy of trade liberalization on which the Government of Trinidad and Tobago is embarked.

We have taking place in Trinidad and Tobago, two things which compliment each other: one in the context of Caricom and one in the context of a growing trend in the world of liberalizing economies and opening up systems to trade. That is what the whole CET is about. When you liberalize trade and you open your economies, you offer protection at a certain tariff level for those things produced within the region. That is the objective and so you allow yourself time to integrate your national economies within Caricom with each other, and then your regional economies with the rest of the hemisphere and the world. The logic of it is clear; it cannot be otherwise.

Mr. Valley: Why does not the United States liberalize trade?

Dr. Tewarie: You are making a simplistic argument. We are aware of the fact that many countries say liberalization, in name, and when you get down to the brass tacks you find yourself with a market that is highly protected in certain sectors. What do you think, we are dealing with our economy and the world by guess? We are aware of that. But notwithstanding all of these things, there is a direction of flow in terms of trade policy in the world and nothing that you say against the flow is going to stop the flow. Therefore, you have got to find a means of integrating yourself with that and fighting the little battles which come up from time to time. And we have found the means. *[Interruption]* I do not know what he is talking about. When they talk on the other side, I never know what they are talking about.

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3.15 p.m.

The Government of Trinidad and Tobago is also, committed to meeting the July 1, 1991 target, which has been established at the Heads of Government Meeting for the removal of all barriers to intraregional trade, which includes licensing and quota arrangements. In other words, we are prepared as a country and as a Government to open the country, within Caricom, so that you can in fact, have a free flow of trade from one country to the other.

In a sense, it is necessary because what is happening as well, is that enjoying as we do, a favourable balance of trade with every other Caricom country, the pressures are going to be exerted on us to ensure that we are also open to export from these countries to Trinidad and Tobago. As I have said in the past, it is important that Trinidad and Tobago look at Caricom as a local market and look seriously, more and more, to the larger global markets that are available within the region, in Latin America and so on, within the hemisphere, in North America but also globally, well into Europe because in a sense, that is how we must make our way in order to develop our economy, expand our exports and earn the hard foreign exchange dollars that we need in order to develop our country.

Clause 29 of the bill seeks, under the Seventh Schedule, to give effect to the regime of import surcharges which are levied on items removed from the negative list, thereby replacing the protection provided to local producers in the form of quantitative restriction by one which is tariff based on a phased and temporary basis. The convening of the Uruguay round of trade negotiations under the GATT and the formation of regional trade blocs throughout the world, based on liberalized trading arrangements, have been significant events which have had profound influence in changing the trend in global trade in the last decade of this century.

These developments have been further reinforced by the dismantling of the centrally planned economies of Eastern Europe, the future success of which is predicated on an open economy model with unrestricted movement of trading activity and the promotion of enhanced internationally competitive production. It is within this global context, therefore, and the movement towards free trade within Caricom, that the Government of Trinidad and Tobago has instituted a policy of liberalizing its trading regime being fully cognizant of the benefits to the overall development of the economy and the structural transformation of our production base in Trinidad and Tobago.

This policy orientation has made it relatively easy for the Government of Trinidad and Tobago to collaborate with the World Bank in the context of a structural adjustment loan to establish a trade reform programme. The cornerstone of this programme was the dismantling of the restrictive trading practices under the negative list through a phased process of the reduction of product coverage. The reform of the incentive to industry to foster and encourage export production and the legal and administrative regime governing the participation of foreign investment in the economy were also incorporated as major elements of the programme.

Prior to the structural adjustment programme, the Government of Trinidad and Tobago had in 1989, agreed to remove items from the negative list to an import value of approximately US \$150 million as an initial trade liberalization measure. With effect from January 1, 1991, the first phase of the reduction of the negative list to a limit of 40 per cent of items in the non-oil manufacturing coverage was in fact instituted. With the exception of certain items which require control on the basis of commitment to international agreements, public health and national security concerns, the second and final phase of deduction will come into effect from January 1, 1992.

This exercise has been undertaken in the context of the following: The liberalization of the regime of payment for visible goods through the discontinuance of the allocation system which has been in effect from January 1, 1991. This measure would certainly provide an opportunity for the expansion of productive capacity thereby fostering employment creation and export growth in the more efficient enterprises.

In spite of what they say, Mr. Speaker, the manufacturing sector in Trinidad and Tobago during the years 1989 and 1990, because of the expansion that took place there, hired, something in the region of 2,700 people while jobs were lost in the process, principally between 1983 and 1986. When the negative list is further reduced, manufacturers would not be faced with restrictive foreign exchange policies which will hamper their capability to respond to the competitive forces from third country imports.

Another item in this context, involves anti-dumping measures which would commence with the strengthening of the existing legislation—and that is being worked on now—and the subsequent establishment of the necessary administrative framework and operational mechanisms. The main objective will be to control dumped and subsidized imports which compete with local production on an unfair basis.

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A CFTC sponsored consultant is currently engaged in a four-month assignment to address the legislative and administrative requirements. The objective is to have the necessary institutional facilities in place without undue delay. That gentleman is attached to the Ministry of Industry and Tourism and is at work on these matters. Other unfair trade practices are also being addressed simultaneously. These include, for example, the problem of inadequate labelling and substandard products. The role of the Bureau of Standards has been called into focus to deal with these matters. The bureau is currently engaged in devising institutional mechanisms for dealing with these problems.

The automation of the Customs data processing is being undertaken with the view to improving the efficiency in treating with matters involving customs and trade. This is part of a wider trade facilitation programme which is geared to co-ordinate the systems and processes of the various public sector agencies with which importers and exporters, including manufacturers, are required to interface with regard to the processing of trade documentation.

You have heard on many occasions, members of the business community complaining about the difficulties of importing items and the processes they have to go through and perhaps less but also, involving the processes involved in expediting exports. This is meant to address that problem in order to make the system simpler and more efficient.

Now, these matters involving trade documentation and processing procedures involve a number of agencies, including the Port Authority, Customs, Central Bank, the EDC and, of course, the Ministry of Industry. The Ministry of Planning and Mobilization has been the critical overseeing Ministry in this entire process. The basic underpinning of the trade reform programme has been, first of all, the eradication of the anti-export bias; secondly, the reduction of input cost to exporters; thirdly, the removal of hindrances to exporting; fourthly, the provision of strong signals to export production; fifth, the establishment of the priority of export production over that, for the domestic market.

As a strategic complement to the trade reform programme, the Government of Trinidad and Tobago proposes to undertake an industrial restructuring programme in collaboration with the World Bank, again, overseered by the Ministry of Planning and Mobilization. This programme would serve to promote the development of a local export capability to effectively compete in the national market place. It would incorporate the strengthening of supportive institutional management including financing, re-orientation of the peculiar structure of

industry and the development of new export-oriented industries; the reinforcement and strengthening of existing fundamental areas of weaknesses in production such as marketing, finance, technology and information.

I dealt with this particular matter of the CET so comprehensively, because I wanted to indicate to hon. Members in this House that the Government is really engaged in a fundamental restructuring exercise. Even when one looks at the matter of trade in a world that is evolving in a certain kind of way alone; when you look at the comprehensive programme that this Government has undertaken over the last four years or so, involving restructuring of the international debt and the entire economy, involving the restructuring of the entire strategy for development and identification of the key areas of focus; when you look at the number of other reforms which have taken place, whether it is the reform of the foreign exchange system, the reform in the trading system, whatever it is, I think what you are seeing is a Government engaged in a comprehensive exercise to re-organize, re-orient and prioritize matters in an economy.

3.25 p.m.

To hear people from the other side come and talk so glibly about what little we have achieved and to hear, in the case of the Members from the People's National Movement, talk about how much we have achieved in relation to what they had achieved in 1986, it really forces one to question the reason for this. It is a comprehensive exercise in which we are engaged and a failure to understand that is a failure to understand fundamentals. I do not believe that Members do not understand that, therefore I have to conclude that Members are simply using cheap political manoeuvres, merely attempting to deal politically with matters that have to do with the fundamental restructuring of the economy of Trinidad and Tobago, and the implication for the development process.

Members criticized the free zones. The criticism of the free zone concept is that it will never work; it has not worked and that no jobs have been created in the free zones. I want to say something about this reform exercise that has been taking place. Various things that we have done in this country focus on investment as a key element in the strategy. In the investment strategy, the free zone was one aspect of that, the other one was the introduction of the Foreign Investment Act which created a new regime for foreign investment; yet another involved—I believe, I do not recall—Act 20 of 1988 which made special provisions for investments either in specific projects or areas in Trinidad and Tobago for local investment, and in addition to that, various incentives that have

been given over the four-year period to special sectors in the economy, principally the manufacturing sector, in the attempt to boost and expand production and, therefore, to give the competitive edge to people who were gearing their industry toward the export thrust on which we are embarking.

Because of the various incentives that have been given and because the climate for investment is really so favourable many investments have taken place in this country that really never required a free zone in order to invest. More than that, a number of investments which have gone to the free zone but first initiated discussion with the free zone started up as investments that sought free zone status, but for various reasons wanted free zone status not in that particular location, because of the nature of the industry. One of those, for instance, involves a computer manufacturing operation. Another one involves refrigeration with a deeper processing manufacturing operation, both of which are geared towards exports. They are waiting to see both entities collapse.

As I was saying, the regime for investment is so favourable in the country that many investments have taken place here. On the other hand, when we established the free zone as a location there were a number of things that perhaps were not as well thought through as they needed to be. For instance, a recent ILO report indicates that 40 per cent of the investment in the free zone really comes from the local entrepreneurs in the society. One of the stipulations for the free zone is that you had to invest in it in foreign exchange and if you were going to put that kind of restriction, it was almost an imposition on the local investors who wish to be involved in joint venture partnership with foreign investors.

Another problem that we encountered was that people who wanted to invest in the free zone did not want to come there and build a building. Some of them wished to do that but most of them wanted a plant already in place. As a result, the Free Zones Company is now engaged in the construction of six buildings for which it has prospective investors. The six buildings are creating jobs and they are now being constructed with clients in mind, that is to say, people who have indicated that they are going to take up the rental or leasing of these particular entities. I do not want to give too many details because I do not like to announce things unless they happen, but one of them involves freight consolidation and forwarding brokerage; another involves import and export of manufactured products. One of them is a significant investment that is going to be 100 per cent export, but out of 100 per cent indigenous material to Trinidad and Tobago. It is an excellent investment. Another involves the manufacture of garments. We had

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some difficulty with what was to be the first investment in the area of the manufacture of plastic lenses but that is back on trail and we hope to see that come on stream. The other one involves the manufacture of data acquisition terminals.

3.35 p.m.

Mr. Speaker, the point I am making is that in order to accommodate the needs of prospective investors, the infrastructure that is required is being put in and negotiations and discussions are continuing and being conducted with other prospective investors who may have other needs.

In the case of the one particular industry, a tile manufacturing plant, the industry wishes to be located outside of the free zone area but requires free zone status, and that requires some discussion and negotiation, and so on. It is 100 per cent export, as I mentioned. Therefore, the most that you can say about the free zone, is that it has not brought development and investment at the pace that was anticipated, but you cannot say that it has been a failure or that it did not do what it was required to do.

You need also to make an assessment of what has happened in investment generally in Trinidad and Tobago: whether you look at the petroleum sector or the energy sector or whether you look at the manufacturing sector where investment has in fact taken place and where the figures are available for 1989 and 1990 and where it is very likely that projections for 1991 will be met.

Investment has been taking place and the free zone is one aspect only of a multi-pronged investment strategy which involves local investment outside of the free zone, which involves foreign investment and joint partner investment inside the free zone and which also involves local investment in specific areas as well as foreign and foreign venture partner investments under the Foreign Investment Bill.

In addition to that, Point Lisas is not meant to be the only free zone. The IDC itself is looking at the possibility of free zone development, and more than that, as you know, at Piarco. Piarco has, in fact, been targeted as another area for free zone development. All of these free zones, I have no doubt, will pay their way and make a difference impactfully on the economy of Trinidad and Tobago.

More than that, the investment strategy employed by the Government while, as I said, it has not yielded the results as quickly as we would have liked, it is very, very clear that investments are coming in; that people are interested. At the present time, there are a number of things that are very much on the verge of

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initiation, at the point of implementation, and many of the investments that in fact were made in 1987, 1988 and 1989, are going to come on stream and to fruition—that is to say, plants to be opened up and so on—in the year 1991, some of them in May, some in July, and so on. That is what it takes. It takes patience, it takes work, and it takes the right climate to allow people to invest.

Mr. Valley: Mr. Speaker, I wonder whether the Minister would agree that the failure to meet objectives means failure. If you agree that these investments did not meet the objective, would you agree that they failed?

Dr. Tewarie: I did not say what you are saying; that is your interpretation. I am telling you that we met the investment targets for foreign investment in 1989. In fact, we went way above it. We had investments of \$632 million. We met the investment targets for 1990, and we will meet them again in 1991. So where is the failure? The local investment for 1990 in this country in the manufacturing sector alone was \$90 million and for 1989 it was \$150 million. So where is the failure? And the investments are coming in this year, so what are you complaining about?

Mr. Speaker, these people understand it very well, I do not know why they insist on doing this. When you have growth in the economy, everything does not grow at once and at the same pace. You do not have consistent growth in agriculture, manufacturing, petro-chemicals, petroleum, and so on. It does not happen that way. You can have significant growth in one sector and decline in another. All they are concerned with is propaganda. They have no facts. They take the documents and wave them and never use any information from them, and when they use information, it is simply to misrepresent. Then they start believing their own misrepresentations and they go and confuse people all over the place.

I mentioned that there was some criticism of the tourism sector, and again it is all propaganda and assertions. I want to give you the facts. Tourist arrivals in Trinidad and Tobago, that is to say all arrivals, grew an average 3.4 per cent between 1985 and 1990. Even more significant was the rate of growth of hotel holiday visitors over the period. This group increased from 18,100 or 9.7 per cent of the total number of arrivals in 1985 to 30,986 or 16.1 per cent of total arrivals in 1990 at an average annual growth rate of 11.4 per cent.

I want to read the annual statistics for hotel holiday visitors, contrary to what they assert without any facts or figures:

Year	No.
1987	23,115
1988	26,770
1989	29,632
1990	30,986

The estimated expenditure by tourists, according to figures from the Central Statistical Office, is as follows:

Year	\$M
1987	337.2
1988	338.6
1989	359.3
1990	401.5

Cruise ship arrivals: They ask, "Where are the cruise ships?" Cruise ship arrivals grew on average of 42.2 per cent between 1985 and 1990. In 1985, 46 cruise ships called at our ports; in 1990 there were 118 cruise ship calls, 73 in Trinidad and 45 in Tobago. Although 1991, because of various events that have taken place this year, is not going to be the best year, we expect that this will increase and grow. We have a whole harbour to open for the in-flow of tourists in this country. In 1987, there were 77 cruise ship calls in Trinidad and Tobago, and the number of passengers was 21,883. In 1988, 48 calls; 1989, 86 calls; 1990, 118 cruise ship calls. It is forecasted that for 1991 we are going to have 60 to 68, and it is very clear why this has happened.

We have used the minimum figures for spending by cruise ship tourists. I have indicated here before that cruise ship is part of a strategy of tourism, that we do not put too much significant long-term store by that, and that really the cruise ship industry is meant first of all to bring income, and secondly to advertise Trinidad and Tobago as a destination. We anticipate that the average that is brought into this country by a tourist on a cruise ship is about US \$30 per day while he/she is here. Although that is a small sum, it is really quite significant. *[Interruption]* They also buy food here, they use things here. *[Interruption]* The Minister in the Ministry of Tourism is very active these days.

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The point I am making is that in the two matters raised here in the Finance Bill itself—that is to say, the matter of the CET and the free zones—the criticisms have not been justified. What we are doing here in implementing our strateies in these two areas is well in keeping with our overall investment and trade policies and strategies, and will in fact have the effect that we are seeking.

Thirdly, the information that they gave on the tourism industry has in fact not been accurate, and I wanted to correct it for the record.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Hon. W. Dookeran*]

Question put and agreed to.

Dr. Tewarie: The other thing I want to refute is their assertion that the amount of debt which has been undertaken by this regime exceeds 100 per cent of what it was before. The facts and the figures will not bear that out. You all come here and you say things hoping that they will be carried in the press, knowing that once they are carried, whether true or not, the ideas are present in the imagination.

Mr. Sudama: Mr. Speaker, may I rise on a point of order to correct that? What I said is that it almost reached 100 per cent of what it was at the end of December 1986. What the position was at the end of 1990 was almost 100 per cent. The debt has increased by almost that figure in four years under the administration of the NAR.

Dr. Tewarie: He is wrong. Whether he says "almost" or he says "more than", it is not near 100 per cent. What they do is juggle and manipulate the figures and come here and accuse the Government of doing that. They take the US dollar debt and convert it at different rates at different times and then have a comparison, and then they get an inflated comparison. That is what they do.

Mr. Sudama: This is what is in this document.

Dr. Tewarie: They juggle the figures. They take the US debt from a year when the rate was \$3.25, or whatever it was, and then they take the rate from another year when it was \$4.25, and then they compare.

Mr. Sudama: When you have to repay, do you repay at the old rate or the new rate?

Dr. Tewarie: Mr. Speaker, the net external debt of Trinidad and Tobago—these are Central Bank figures, Mr. Speaker—rose from TT \$7.455 billion in 1986 to TT \$10.540 billion in 1990. That means to say that it rose by a total of \$3.085 billion or 41.3 per cent, which is far below 50 per cent.

During that period, what reason did the Government borrow? To support essential imports for the country. Do you know why that was so? Because when the Government came into office it did not have money to buy imports to feed people in this country and to run the manufacturing sector. What was it for again? You had borrowings from the World Bank, the Japanese Exim Bank, private placement in the Japanese market, and the sale and lease-back arrangements of BWIA aircraft. You can lump these under balance of payments debt, Mr. Speaker. So the first thing we borrowed for was for balance of payments.

The second area was for infrastructure development, and what does that involve? Primary school buildings, health services, including the Mount Hope Medical Sciences Complex, highways, air transport, sea transport, electricity, communications from private and bilateral creditors, and import of intermediate and investment goods. The amount for balance of payments was TT \$2.305 billion; and for total infrastructure it was TT \$516 million—directly productive activity.

After the Minister of Planning and Mobilization's contribution, they should have really hid their faces because he made the point that what we are borrowing for is critical. We have borrowed for agriculture. Do you know what that means? When the money goes into agriculture and creates production, it creates wealth and jobs, and then you can deal with all these welfare measures that they talk about all the time. The Minister of Food Production will tell you how much production has increased in almost every area of agriculture.

Mr. Valley: We can see the production—the economy is still declining.

Dr. Tewarie: I do not know what you are talking about. I do not have the figures here, but he does.

Mr. Sudama: Do you want to cross-check that?

Dr. Tewarie: Petroleum exploration, Mr. Speaker. When you take loans for petroleum exploration, what do you get? If your investments prove to be right, your calculations and so on, what you are going to get is more oil and that is earnings for the country. Again, you have a direct benefit; loans that can pay for

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themselves in terms of earnings in the country. Petrochemicals. Why? Because that is a critical area. We are now going to expand the petrochemical sector; we are moving downstream in that area; we have new investors and new collaborative mechanisms within the petrochemical sector. While they are just talking about the same things which they talked about 20 years ago, we are moving forward. We borrowed because we have a problem with the Arawak plant which is owned jointly between the governments of Barbados and Trinidad and Tobago; and of course, for steel and technical services. The total for what you might call the more productive sectors, was TT \$1.430 billion. Then you had multi-purpose financing from the IADB, multilaterals and private creditors, totalling \$379 million.

The point I am making is that the portfolio of the loan is clear. Secondly, the extent of increase of debt is nowhere near what they suggested; and thirdly, the bulk of the debt was for things that we needed, either to deal with the problems that we inherited or to create new infrastructure to focus the country in more directly productive undertakings which in turn will yield benefits for the society, as a whole.

Mr. Speaker, the contributions of the Members for Oropouche and San Fernando East were virtually the same in terms of intention. That is to say, the Member for Oropouche indicated that our whole economic strategy was based on speculation of the price of oil. He also said that our export thrust was based on *ad hocism* and that the Government has no clear-cut strategy. The Member for San Fernando East talked about the fact that no clear policy emerged in 1987, and the Government has no clear policy, and, therefore, was just floundering over the last four years.

Mr. Speaker, the Government has very clear policies and strategies which are well-documented, first of all, in the manifesto; secondly, in the *Macro Economic Framework*—the seven year plan—thirdly, in the *Medium Term Framework*, and a series of budgets dating from 1987 to the present time.

More than that, it is unfair to try to compare this Government's strategy and policy on the ground of the strategies and policies that existed prior to 1987. The policies of this government are a fundamental departure from the policies of any Government or party which governed this country prior to 1986. That is the absolute first thing to understand. Because you are dealing with a situation in Trinidad and Tobago in which, as the world itself looks at the state of world

economies and national economies with it, people are saying, and the conventional wisdom of the time—every era has its wisdom and it is based on experience, mistakes; all kinds of things—

Mr. Valley: Herd instincts.

Dr. Tewarie: What you were doing—statism was herd instincts too, so what are you talking about? You imprisoned half of the population through the state and failed to liberate any enterprise in this country for productive purposes. That is why we have the debt and no production. The first thing you have to do in any economy is to produce. The problem is not productivity, the problem is production. You have or create something that you can offer for sale, either at home or abroad; and in our case where we cannot produce everything that we need, we have to buy from outside. And the only way we can do this is if we sell to the outside in order to earn for those things that we wish to buy. So the first thing was to deal with the whole production system in the country.

If your main thrust of production in the country is in the state sector and that sector is weary and overburdened by debt and requires subsidies, which are essentially coming from the pockets of the taxpayer, that cannot be the sector that you focus on to increase production in the society. That does not mean that you do not spend any time and energy on it. Last night I went to the methanol company, one of the finest state enterprises in Trinidad and Tobago. It has just succeeded in liquidating \$184 million worth of losses, and it is now in the black. I could tell from the corporate culture within that state enterprise that it was one of the more progressive entities in Trinidad and Tobago, including elements in the private sector.

Our preference is not private sector/state sector, and so on. Our preference is: How do you organize a society in order to unleash production in the society and create the conditions for widespread participation in the production process? That is the first thing that you have to understand. Our policies are the very antithesis of yours. Your policy was how to give a fellow a fish; our policy is how to make everybody in the society, as far as is possible, "fishers of men"—allow them to fish, and it is happening bit by bit; and it is a fundamental departure from anything we have had in this country before. If we are embarking on this strategy and policy, it is only reasonable that the emphasis would be on what is widely regarded or referred to as the private sector. The private sector does not mean, in Trinidad and Tobago, traditional private sector. The traditional private sector has played its role it has its role; and it will continue to play a role. Because private

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enterprises have so much expertise and significant capital, it is possible for those traditional companies in the private sector to make a significant contribution to the international economy because they can expand and grow, have joint ventures, and so on, in order to engage the international market place; they are important. But our problem is, how do we expand the sector below that? You have foreign investment; you have your local investment at the highest level which can even move in the direction of becoming conglomerates, but how do you expand below? How do you bring more and more people into the productive process and link them with what you have already built, so to speak, at the top? That is where our difference is.

4.00 p.m.

Your answer was that you get the state in the process as a means of bringing the people into ownership, but no ownership was transferred. I want to say to you, that the people in the cement company today who bought their shares for 75 cents, looking at what it is worth on the stock market now, are laughing in coming into private ownership from what was once a state enterprise. He understands nothing. *[Interruption]*

The Minister of Finance has a plan to address that problem and we want to see you oppose it when the time comes, as you have opposed everything else. You said you want tax reform, when we brought VAT you all were against it. You want trade reform when we brought that, you said something else. Everything you say you are for and when we bring the issues you are against them. You do not know where you stand on any issue.

I have a document from you all on the unemployment problem in this country and how you are going to solve it. I tell you, if you circulate that in the country, it will make mass in the place with the intellectual drivel which is in there. I was here and I heard the Member for San Fernando East accuse the Minister of Finance, who has played such a vital role in this Government, this economy and this country, and called him incompetent.

I saw something in the newspapers today about the Member for Sen Fernando East—I am sorry he is not here, I am not saying it behind his back, because if he were here I would have said it—saying that he spent 20 years in politics. In 20 years in politics, I cannot remember one single action or statement which he made, neither in the Ministry of Finance, the Ministry of Information nor the Ministry of Energy. Not one! He had absolutely nothing to contribute then and probably nothing to contribute ever in the future. Twenty years in politics and not

a single thing to show or remember and you see the pattern here when he picks up all these newspaper articles and does not read past the headlines. That is the level of intellectual curiosity at the leadership of that party. They can lead nothing. To come here and chastise the Government for its policies and to say that their policy now, after 30 years—we will give them credit for what they have been able to achieve and they did achieve some—and after a significant period of achieving very little in this country and failed policies which took this country to the depths of destruction, on the brink of financial and economic collapse, saved only by this Government. After taking this country there he comes here and gives us the new wonder that the strategies of that party are going to be a mix of the old policies and mix of the policies of the NAR. Where are you going to get that together in the same bed? It is just not possible. Their era has past and we are the new movement in this country and as the weeks and the months pass, the country will become very, very clear about that.

The reason is very simple, we are a fundamental departure in economic and political philosophy and policy from the last regime. We believe in an open, democratic, free and participatory system. We do not tell people in our party that we will deal with them brutally. More than that, economically, we are for opening the system and broadening the participatory basis for all our citizens in the economic and financial system and we are committed to that. We want to bring everybody into ownership, whether it is land, house or shares. In order to do that you have got to create the climate. All these things like YTEPP, YESS and so on, are part of that thrust to change people's mental attitude and their thinking, so that they begin to think of themselves as individuals capable of personal intervention in the economy and the economic life of this country.

All the problems which we have, some of them have been addressed and some of them will be addressed more fully, they will be solved in this country. More than that, we remain committed to Caricom and the Caribbean region; we remain committed to expansion of the integration movement in this hemisphere and more than that, we remain committed to marking the trends so that we can be in the flow with the future in this country, in order to secure generations to come. You cannot live in the past and prepare for the future. You have got to live with the times and all this time you have a mutation which deals with the future.

I feel that we have brought this country a long way and the statistics—the evidence—are very, very clear. They show that this country will remain dependent on petroleum and energy. It is true, but it is only four years since 1986.

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We remain dependent but the diversification process has already begun and all the statistical data show that. While there is not expansion and growth in every sector, generally in the key and significant areas, there is growth and expansion and that tells you something—it is an indicator—about the future.

More than that, today, even though only a little more so, because of that diversification thrust and the strengthening of certain other key areas, besides petroleum and petrochemicals, the country is on the road to a structurally sounder path as far as the economy is concerned. That is something which they did not achieve in nearly 30 years of existence. In four years we are pointing the direction.

Mr. Speaker, I think it is wrong and unfair for the Opposition, in whatever guise, to come here and on the basis of simple bold assertions which are merely meant to catch the headlines, make statements which have nothing to do with the economic realities of Trinidad and Tobago.

In closing, let me say that this Government has not been insensitive to the vulnerable elements in this society which we have identified as such, in the *Medium Term Macro Planning Framework* and indeed, in the manifesto. If you look at the statistics you will see small, but nevertheless, increases between 1986 and 1990 for social support and you will see an expansion of programmes for social support. When you look at that you will see that we are trying to do two things. The money is not there and you cannot put much, but you will see the tendency to increase social support in these areas for the more vulnerable elements.

Secondly, you will see a difference in the character of the programme, not dead end social support, but social support that hopefully, again—can make a difference in the lives, in possibly channelling into productive areas in the economy—of individuals who have been dependent. Qualitatively and psychologically, this country is far, far better off than it was in 1986. Perhaps I should say 1985, because by 1986 psychologically, we had already begun the process of liberation.

I believe that the contributions of the Members on the other side, especially the contributions of the Members for San Fernando East and Oropouche have been hollow and, more than that, they have been unfair, because they have not made an objective assessment of this Government's policies. If you simply use political propaganda to criticize the measures and the policies of the Government, then it is not fair to the population who must make a judgement about what these policies mean to them. Thank you.

4.10 p.m.

The Minister of Finance (Hon. Selby Wilson): Mr. Speaker, what was intended to be a debate on the legislation to give effect to the budgetary measures announced on December 7, 1990, has indeed turned out to be a debate on the economic performance of the Government of Trinidad and Tobago.

Members of the Opposition thought it fit to indulge in their sadistic fantasies to give the impression to the population at large that there has been poor economic management and, therefore, the country is no better off. Indeed, as said by the Member for Oropouche, "the country is now worse off than it was in 1986 when the National Alliance for Reconstruction assumed office". The Member for San Fernando East went out of his way to state that the presence of the public servants from the Ministry of Finance was indeed an indication of my own incompetence. But Mr. Speaker, that happens to be a minority view. If my performance is recognized, it is merely a reflection of the competence of those who surround and advise me, and I acknowledge the public servants. I am grateful to these dedicated public servants to whom the Member for San Fernando East imputes all kinds of irregularities. He accuses them of rigging the statistics. He even has accused the Special Branch of being involved in the politics of the NAR. This is the man who aspires to lead this country. This is the measure of the man who is aspiring to lead this country.

Mr. Speaker, as fate will have it, I read in today's newspaper, where the Member for San Fernando East was celebrating his 20th year in public life. Indeed, the Member for San Fernando East has served for 20 years in this distinguished Chamber, in a most undistinguished manner. When I look at his record, there is nothing about which to commend him. He entered Parliament on May 27, 1971. He was appointed as Parliamentary Secretary in the Ministry of the Prime Minister in February, 1973, presumably to carry the Prime Minister's bag. On October 24, 1974, he was again appointed Parliamentary Secretary in the Ministry of Industry and Enterprise. In September, 1976, he was appointed Parliamentary Secretary in the Ministry of Works, Transport and Communication.

The only accomplishment we can point to in that period is the derelict building of C.A.T. which is a monument to his incompetence. Then in the period 1978 to 1981, he served as Minister in the Ministry of Finance.

Today he would like us to believe that he has some new tax reform measures which have been devised by his party. In that period, Mr. Speaker, when he served in the Ministry of Finance, there were no fewer than three reports on tax

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reform on which the Member for San Fernando East could not influence any action. That is the record of performance of the man who is aspiring to lead this country. That is the record of the man who wishes to refer to us on this side as being incompetent. His only association of any level of competence is the resurrection of the spirit of Dr. Eric Williams, the father of this nation.

Mr. Speaker, the Member for San Fernando East is incapable of having any vision of where this country should be positioned in a changing world. Because of that, I submit that he disqualifies himself from even aspiring to be Prime Minister of this country.

Mr. Marshall: That is for the people to decide, not you. Thank God!

Mr. Wilson: I know I would have provoked a comment from you eventually. You might be more competent to lead. At least you have commitment, he does not.

Mr. Speaker, if we are to measure our performance, it is imperative for us to look back from where we have come. I know that we have been accused of looking back too often, but I want to place on the records a quotation from *Meaning of My Life* by Mr. Mikhail Gorbachev. It reads:

"Let us be objective and stick to principle. In matters of high politics, we cannot succumb to petty passions. That is why it is impossible to agree with those who say that the past has been blamed enough and attribute all problems to perestroika. Yes, it is our job to set things right. But it is wrong to assert that all these are the consequences of perestroika. By blundering in our assessments, we might also blunder in our actions, in our work."

Mr. Speaker, it is against the background of that quotation and against the turn which this debate took, that it is incumbent on me to refer to the past so as to indicate the measure of success that we have had in managing an economy that was on the brink of disaster in 1986.

4.20 p.m.

Before I do that, Mr. Speaker, I would like to read into the records, the commentaries of people who are not in the Government. One is from a senior officer in the Central Bank who gave a speech on October 3, 1990:

"Other equally important aspects of our macro-economic performance are also suggesting that we might be getting to internal and external equilibrium. The inflation rate is quite definitely moderating. After the VAT effect which

amounted to four per cent, accurately predicted by the bank's research department, inflation has been running at 0.5 per cent per month or an annual rate of six per cent. The year-on-year inflation rate to August was 11.1 per cent which incorporates a jump in price levels in December, 1989 as well as the VAT effect. The year-on-year inflation rate in December, 1990 is likely to be about 9—10 per cent and the average rate for the year will be about 10.5 per cent. With appropriate restraint, a theme I will harp on later, the inflation rate will fall further in 1991."

Mr. Speaker, the inflation rate year-on-year to the end of February, 1991 stood at six per cent.

"On the external account the performance has been gratifying. The current account deficit on the balance of payments has fallen steadily from 5.2 per cent GDP in 1987 to 1.6 per cent in 1989 comparable to the 1.5 per cent of GDP achieved in 1985 before oil prices plunged."

This is not a commentary by any Government Minister. This is a commentary by a senior officer in the Central Bank. A further commentary reads as follows:

"In addition to reviewing development under the programme thus far, the mission discussed with the authorities, policy adaptations needed to preserve the substantial portion of the recent increase in petroleum export earnings, in accordance with the symmetry provisions of the external contingency mechanisms. In this connection, the authorities indicated that Trinidad and Tobago might not make the remaining purchases under the stand-by arrangement.

This was in October 1990 when we indicated to the fund that we might not make the purchases under the stand-by arrangements. I want to make it absolutely clear that the choice was entirely that of the Government and it was not any situation in which we could not draw for the reasons the Member for San Fernando East would like us to believe.

"The declining trend in economic activity over the last seven years has been arrested. The real GDP in the first half of 1990 was 0.8 per cent higher than in the same period of 1989. On this basis it would appear that the programme objective for real GDP growth for this year, as a whole, can be attained. The fastest growing activities have been agriculture, petroleum and some manufacturing sub-sectors."

In respect of the external sector, the report goes on to say:

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"During the first half of 1990 the balance of payments improved markedly with the stock of net international reserves of the Central Bank reaching US \$74 million at the end of June, compared with a programme flaw of US \$22 million. This improvement was attributable entirely to a surplus in the trade account reflecting the strong performance of exports and significantly lower than projected imports.

In addition to increases in exports of petroleum and chemicals, non-traditional exports during the first half of 1990 were 25 per cent higher than in the same period of 1989. Imports not related to energy products were nearly 100 per cent lower than projected, perhaps offsetting speculated behaviour during the last quarter of 1989 when imports reached at normally high levels."

I need not say anything more to convince those on the opposite side that the economy has indeed been improving; that the economy from 1986 to the present time has shown more stability, strength, durability and far greater prospects for sustained economic growth.

Let me now turn to the past, because it is only by a proper understanding of the situation inherited in 1986 would we be able to appreciate the significant strides made by this Government in trying to turn this economy around. It is instructive to note that in 1981 our foreign reserves balance stood at \$7.6 billion or equivalent to 19.5 months of imports.

At the beginning of 1985 our foreign exchange balance stood at \$3.5 billion or 11.5 months of import coverage. If this economy had been prudently managed in the period of obviously declining oil prices, in the period when the technicians were indicating to the Government that a brake should be put on the accelerated increases in the expenditure, this country would not have been faced with the difficulties that face us today; this country would not have been faced with street children as identified by the Member for Naparima. It is imperative that we refer to the past if only to appreciate what has been accomplished and why we are where we are today.

What was the fiscal position of the Government in that period, the period 1982—86? We were showing overall deficits in 1982 of minus \$2.7 billion; 1983, minus \$2.4 billion; 1984, minus \$2.2 billion; 1985 it fell to minus \$1.3 billion and in 1986, \$1.3 billion. On our balance of payments in 1986 our current account deficit was minus \$2.2 billion, an indication that our demand for imported goods and services far exceeded our exported goods earnings on the current account of our balance of payments.

Since much has been said about the IMF; since there is still much speculation on the IMF, I would like once more to read into the records of this Parliament that it was not past one week in office, when the Prime Minister and the then Minister of Finance was informed by the Governor of the Central Bank that our foreign reserves position was unhealthy. Almost in panic, the message was repeated again on January 23, 1987, merely one month and seven days after assuming office.

I read into the records:

"In the course of 1986, the country's stock of foreign exchange reserves fell considerably. The total decline was \$2.5 billion or approximately two-thirds of the reserves held at the beginning of 1986. Among the factors which largely explain the decline in the reserves, were the collapse in oil prices, the net outflow in the servicing of our public debt in the amount of US \$200 million and the operation of the dual exchange rate which accounted for \$683 million."

4.30 p.m.

A sign of the confidence in the economy: the persistent speculation against the exchange rate with the effect that traders did not fully re-establish short-term credit lines with overseas suppliers. That action is a direct reaction to the lack of confidence in the economy and the government then.

Continuing with the statement from the Governor of the Central Bank at that time:

"On the basis of recent experience and the normal seasonal pattern of demand for foreign exchange, the Bank estimates total sales of approximately US \$26 million per week to commercial banks on behalf of their customers in the weeks immediately ahead. Since the free assets (that is, excluding the reserve tranche) amount to only US \$52 million, the first week of February [1987] will clearly be a very critical period and while the Central Bank has indicated that it will continue to explore further access to credit lines and other short term financing, these are merely bridging facilities and do not address the fundamental problem of excess demand for foreign exchange. The longer that condition persists, the less likely the possibility of the Bank arranging adequate bridging facilities."

Then the advice comes.

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"In order of priority:

The Central Bank may seek to access short-term credit facilities from correspondents to the maximum value of US \$25 million;"

This is January 1987, Mr. Speaker. You have heard the Member for San Fernando East talk about his \$1.2 billion in foreign reserves when they left, but that did not last as long as a snowball in hell. Second, recommendation:

"Decision may be taken to draw on part of the country's reserve tranche of US \$92 million at the IMF."

Perhaps if we abide by the theory, go sooner than later as announced by the Member for San Fernando East, they would have done that in 1986, but 1986 was an election year so they could not run the risk. They did not have the guts to run the risk of doing what was correct for the country. Maybe earlier than 1985, if I go back into the reports from the International Monetary Fund and the policy positions taken in the Ministry of Finance by the then administration, there might have been justification to go to the Fund much earlier, sooner than later. Then finally he says here:

"Use the country's reserve tranche at the IMF and request for stand-by facilities with the IMF."

So you understand who brought this country to its heels, who impoverished this country. The blame must rest squarely with the administration that left office in 1986. They do not like us to go back to the past because they would like the population at large to believe that we were the inflictors of all the hardships on this country when, indeed, what we were trying to do was to rescue the country and put it on a path of sustainable growth.

Mr. Speaker: This meeting is suspended for a half hour.

4.35 p.m.: *Sitting suspended.*

5.18 p.m.: *Sitting resumed.*

[MR. DEPUTY SPEAKER *in the Chair*]

Mr. Wilson: Mr. Deputy Speaker, when we broke I had completed an overview of the state of the country's foreign exchange reserves in January of 1987, and I indicated to the honourable House that the Governor of the Central Bank was firm in his view that the country will have difficulty in meeting its foreign commitment in February because we only had two weeks' supply of

reserves. He was adamant in his view that the country will have to borrow some US \$98 million; that the Central Bank will have to enter into a line of credit with its correspondent foreign bank in the sum of US \$25 million; and that the country should approach the IMF to enter into a stand-by arrangement. That was seven weeks after this Government assumed office.

Mr. Valley: Mr. Deputy Speaker, if the hon. Minister would give way, could he inform the House whether the Governor of the Central Bank also advised his Government to go to the IMF for compensatory financing at that time?

Mr. Wilson: Mr. Deputy Speaker, I do not want to misrepresent the Governor of the Central Bank, who was then Mr. Bobb.

Mr. Valley: Dr. Bobb.

Mr. Wilson: Dr. Bobb. It does not matter; he is a man of integrity. Labels never do anything. If you are crooked, you are crooked.

Mr. Valley: Are you saying that Dr. Bobb is crooked?

Mr. Wilson: No, I did not say that. A label might enhance your position, but it certainly does not enhance Mr. Bobb's position; he is a man of integrity.

Mr. Valley: Mr. Deputy Speaker, I would like to ask the Minister exactly what he means by that statement.*[Interruption]* No, no, I have problems with that statement.

Mr. Wilson: You can put whatever interpretation you wish to it. If it offends you, then the cap fits correctly.

I quote from Dr. Bobb's memorandum, dated January 23, 1987:

"In view of the circumstances described above, urgent consideration must be given to alternative means of curtailing the demand for foreign exchange, while at the same time seeking to augment the supply including, but not limited to, the introduction of a more flexible system of setting the exchange rates:

Borrowing on external markets; the use of the country's reserve tranche at the IMF and requests for standby facilities with the IMF."

That was what Dr. Bobb said at the time.

Mr. Valley: Read the whole thing.

Mr. Wilson: I know you were quoting him. Continue to quote him; he will substantiate that; it is his writing.

I also want now to move to the question of the borrowings. Much was said by the Members for San Fernando East, Diego Martin Central and Oropouche on the question of the country's external debt and also the rate at which the internal debt has grown in a period when this country had very little access to external sources of funding. I quote from a little saying from an anonymous author, which says:

"The most mischievous liars are those who keep sliding on the verge of truth."

I should like to suggest that the Members on the Opposition benches are forever sliding on the verge of truth.

It is true to an extent that we did borrow, and we had no alternative but to borrow on the domestic market, to fund our inherited deficits while we put our expenditure under control, for which we have been chastised. We are also being chastised now for having borrowed on the local market to keep the country going, and to permit the Government to engage in development works and to keep its operations in order.

The mischief in that statement relates to the fact that the Member for San Fernando East would like this honourable House to believe that their Government survived and managed without recourse to borrowing on the domestic market. Indeed, the records would show that the only way the then administration—to which the Member for San Fernando East belongs, and who was in the Cabinet at the time—could have survived in keeping the country operating under the false impression that we were earning the standard of living that we had grown accustomed to, was by drawing extensively, taking out of the bank, moneys which were saved by this country as a result of the boom years. So that in the period 1983—1986, they drew savings—the people's savings—from the bank amounting to \$4.1 billion.

In fact, they drew more than the savings. In 1986 alone they incurred an overdraft with the bank of \$943 million. So they were not only content in drawing the hard-earned savings of the people of Trinidad and Tobago, but they entered into an overdraft facility with the Central Bank at the time. Yet they would have us believe that they did no borrowing on the local market. Surely, they did not borrow. What they did, in fact, was to squander the savings that should have been there, and prudently managed, to ensure the welfare and well-being of the people of Trinidad and Tobago.

That was not all, Mr. Deputy Speaker. During that same 1983 period, having drawn the savings of \$4.1 billion; having drawn on overdraft from the Central Bank of \$943 million, they proceeded to borrow from the local domestic financial system, \$792 million. So you understand the dynamics of what they were doing. You understand why I say that the most mischievous liars are those who keep sliding on the verge of truth; and there is none who does it better than the Member for San Fernando East.

Mr. Deputy Speaker, just to give you the pattern. In 1983, accumulated savings at the Central Bank were reduced by \$1.4 billion; in 1984, accumulated savings at the Central Bank were further reduced by \$1.1 billion; and in 1985 by \$351 million; and by the end of 1986 the Central Bank was in overdraft to the tune of \$1.2 billion. That was the legacy that the PNM administration left to this Government, and today they would like to place all the ills of the country on the shoulders of this Government that has indeed rescued the economy, arrested the decline, has seen positive growth in 1990 and is now putting the economy on a sustained path.

5.30 p.m.

Mr. Valley: Would the Minister inform us whether we had positive growth in 1990?

Mr. Wilson: Mr. Deputy Speaker, I will deal with that in due course. I am not going to put up with any buffoonery this afternoon. I am not going to be tempted to indulge in such behaviour this afternoon.

Mr. Deputy Speaker, on the external side, in the period 1983 the external debt was increased by \$413 million; in 1984 it was increased by a further \$354 million, by 1985 the debt was \$2.9 billion and by 1986, a further increase in the external debt of \$961 million. As a result of those activities, by the end of 1986 the public sector external debt rose from \$2.8 billion at the end of 1982 to \$7.4 billion at the end of 1986, a rise of \$4.6 billion in that period.

I like to be straightforward. Part of that dollar increase in TT terms is as a result of the devaluation which took place in 1985. That is something you will never hear a Member of the Opposition saying, they will never do that. They pull the figures and then make believe that the debt has increased by over 100 per cent, but my colleague—the Member for Chaguanas—dealt adequately with that and I will not dwell on it any further.

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The combined funds available and utilized by the PNM administration in the period 1983 to 1986 was increase by \$9.4 billion. Today, the country is in dire need, a country which had accumulated savings, which had foreign exchange balances equivalent to 19.5 months of import coverage in 1981 and has been brought to its knees by the last administration by 1986. If you want to be objective, that is the picture you must see and the status in 1986, to make an educated and prudent judgement as to the performance of this Government.

That is not all—unemployment. We have been saddled and labelled as the Government that has caused the high unemployment in Trinidad and Tobago. One only has to go back into the records, into the statistics prepared, or whatever sort, by the Central Bank, included in our macro-economic development plan of 1985—1993, to see the rate at which unemployment was growing in the period 1983—1985. Indeed, in two years alone, 1983 and 1985, over 12,000 persons were retrenched under the administration of the PNM Government. They had no divestment programme and they had no IMF programme, what they had at their disposal was money in abundance. Despite that, the unemployment in 1984, percentage change was 19.8 per cent. By 1986 the unemployment rate had soared to 17.2 per cent and growing rapidly. Winning an election in December 1986 does not stop unemployment. You cannot turn it back just like that. It is like an avalanche coming down the side of a hill, it must reach rock bottom before it bottoms out; before it comes to rest it must get to the bottom. It got to the bottom in 1989 at 22 per cent and by 1990, we started that long and difficult climb out of it. So by 1990, as I said in my budget speech, the rate of unemployment was contained at 20 per cent.

While I am on that point, the Member for San Fernando East gave the impression to this House that the most recent figures from the Central Statistical Office indicated that unemployment was in excess of 22 per cent. I have taken pains to put my hand on that information and I advise that the most recent information at the end of March, 1991, produced by the Central Statistical Office shows the unemployment figure at 20.6 per cent. The report which was laid in Parliament by the Central Bank, the *Annual Economics Survey Report*, shows that the average rate of unemployment in 1990 was 20.4 per cent. That is the mischief with which the Member for San Fernando East is associated, glib talk, sliding on the verge of truth with the most mischievous accusations being made, not only in the Parliament, but out on the streets, in the homes of people and they call themselves, honourable men, deliberately distorting and misleading the little

people, the poor people, the people of Laventille, the people of Beetham Estate. Those are the people whom they are misleading.

Mr. Deputy Speaker, in 1988 and 1989 the number of people retrenched under this Government engaged in a stand-by programme amounted to 3,000. This is the record and that is what the statistics of the country are saying.

Mr. Deputy Speaker: The speaking time of the hon. Minister has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Hon. B. Tewarie*]

Question put and agreed to.

Mr. Wilson: When they go up and down the country, preaching and telling people that we have inflicted, by way of our policies, severe hardship on unemployment on the people of Trinidad and Tobago, they must be unmasked for what they are. They must remember—this afternoon I am in a quotation mood—that when a man points a finger at someone else, three of his fingers are pointing at himself. He must remember that. When they start to point fingers at the NAR Government, they must remember that three of their own fingers are pointing at themselves.

Mr. Deputy Speaker, the Member for Diego Martin Central has a hang-up on market forces and market economy; he is steeped in the ways of the old world. I think it is important that people in Trinidad and Tobago recognize what is happening in other parts of the world: what is happening in Eastern Europe; what is happening in the Cameroons in Africa; what is happening in Egypt and what is happening in Russia. If they want to compare where they stand, if they compare what kind of position Trinidad and Tobago is in, they must have a perspective of what is happening in other parts of the world.

5.40 p.m.

[MR. SPEAKER *in the Chair*]

Let me quote again from this Nobel prize winner, Mr. Mikhail Gorbachev:

"Another decisive aspect of economic reform, the creation of a full blooded-socialist market, is inextricably connected with this approach to the property issue. The market, of course, is not omnipotent. But mankind has not been able to devise any other, more effective and democratic mechanism of

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economic management. A socialist planned economy cannot do without it. We should recognize this fact."

Gorbachev, from Russia, a Nobel Prize winner. Do you know what he won the Nobel Prize for?

"The key figures in the economy should be enterprises, concerns, joint stock companies and co-operatives. In order to deal with common problems and co-ordinate efforts, they will, evidently, take the part of forming voluntary associations and amalgamations which will take over the managerial functions currently performed by ministries."

Mr. Speaker, it is not often I quote from newspapers but these are not local newspapers. The front page of *The Herald Tribune* of May 23, 1990, again you must put Trinidad in the context of what is happening in the world. In order to evaluate where this country is going; in order to determine whether we are being guided and positioned correctly in the new economic arrangement in the world, you must understand what is happening in other parts of the world.

"East's Next Enterprise: Sell-Off of State Firms

The nations of Eastern Europe are about to undertake one of the biggest and most difficult deals the world has ever seen: the sale of hundreds of state-owned enterprises to private investors.

The plans and the timetables vary country by country. Hungary intends to sell off 100 to 150 companies over the next 20 months, while Poland wants to privatize 100 enterprises in a year. Czechoslovakia and East Germany are moving more slowly at first.

But Eastern Europe's sell-off spree is also intended to transform social attitudes and values."

You see, there is something in having the people under subjugation and that is where the PNM administration strives, on keeping the people in subjugation. They are not for freedom! They only mouth it. They are not for freedom and independence of the individual. The PNM is not for dignity of the small man because it feels that they can be manipulated as long as they are dependent on its whims and fancies.

What is happening in Egypt? Hear what Mubarak is saying about Nasser. Great leader he was. This is from the *International Herald Tribune* of May 24, 1990:

"The goal is to shake off the remaining fetters of the late Gamal Abdel Nasser government's nationalization program of the 1960s."

You see how the Member for San Fernando East is buried in the past. Up to now he has not raised from sitting at the feet of the father of this nation. He is still wallowing on the ground, incapable of rising himself up and seeing the higher vision of how Trinidad and Tobago should be positioned. I am not being critical of the father of the nation. I am saying that Manning, or the Member for San Fernando East, is still sitting on the ground at the feet of his master, not knowing how to pull himself up to straighten his back and walk in this world and face the challenges. So he must wallow in the past.

"Since 1975, the private sector has grown from one-quarter to nearly one-third of the Egyptian economy, but the government is shooting for much more rapid private growth in the 1990s."

It goes on:

"Egypt hopes that its move toward free markets can ease the country's 20 per cent annual inflation rate..."

5.50 p.m.

I already said that at the end of February the inflation rate of this country stood at six per cent. These are the people who are saying that there is no progress in the country. In the boom days inflation was running at 11—14 per cent; 20 per cent unemployment; low standards of living; earnings estimated at less than \$600 and a massive foreign debt of \$50 billion.

I put these little things in the record only to give an appreciation as to what is happening in the world, what is the direction, so that the people of Trinidad and Tobago can judge for themselves whether our policies are the correct policies for the time.

The policies of the PNM are no longer relevant. We can have no future under the policies being espoused by the Member for San Fernando East. We know where their policies led us. They led us into crisis in 1986 and we have need to take the country out of this crisis.

I now turn to the area of divestment because the Member for San Fernando East indicated to this honourable House that their policy on divestment is quite clear. All he has done is to repeat the policy established and published in 1972 in

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a White Paper. I would just like to read this, but before I do that, let me tell you what was the decision of Cabinet in respect of this White Paper. It was:

"Arrangements would be made to divest shares in the National Gas Transmission Company."

The White Paper also said:

"Government has made it clear that workers must be given the earliest opportunity to hold shares in the National Flour Mills Company."

These twin policies would be pursued increasingly in the future, due regard being had to the need to allow ample room on the incipient securities market for new issues of shares by local public companies."

Nothing happened. Can you really trust that the policies espoused by the Member for San Fernando East would ever be implemented? He was part of the administration in 1972 when they made a promise to the country that the shares of the National Flour Mills would be divested to the workers in the National Flour Mills Company.

"The Committee noted the past statements of policy by the then government."

This is 1979, seven years after—

"The Government now wishes to proceed with the divestment of shares in another company that is showing good prospects for profitable growth. Early in 1979 a percentage of the shares of the National Gas Company, now held by the Corporation Sole, would be offered to the general public."

Does that party have any credibility? Can we really trust the policy positions being espoused as new policies by the Member for San Fernando East? I think the record speaks for itself. If they have good intentions, then they do not know how to translate them into action. *[Interruption]* You would have done anything to have served with such distinction as I have. I am not going to take him on. He is under a leader who has never accomplished anything in his life. Nothing! Twenty years of parliamentary life and when you look through the records perhaps the only tangible thing he has done is to read a statement in defence of McDonnell Douglas. I do not want to get into that.

Apart from the period 1976—81, every other six months he was being moved from one Ministry to another. The record shows that apart from his stint in the

Ministry of Finance, not under the master but under the successor to the master he was changing portfolios every six months. What is his record in the Ministry of Energy? He can show nothing. Rocks, maybe sediments yes, but nothing more, nothing tangible. The Member for Port-of-Spain East cannot be proud of such a leader. You should hold your head in shame.

I now turn to the Tax Reform Programme. Much has been said by the Member for Diego Martin Central. One of the things which he said—and you must put this in the context that the Member for Diego Martin Central is a man who likes the small man; a man who believes that the small man should be given a break, but yet he came here and said that the Government dismantled all the incentives for savings and he made reference to the capital deductible cost of bonds. When we did the analysis in our tax reform, we found that there were approximately 6,500 people who utilized that particular tax preference—people who were buying bonds. When we looked at the analysis even further, we found that over 75 per cent of that 6,500 people were people earning in excess of \$80,000. Is that a small man? Does that affect the small man in any way?

In other words, when you talk about regressivity in a tax system, you must not only look on the surface at the rates, but you must look at what are the tax preferences and who benefits from them. By just that distortion in the tax mechanism, it was quite clear to me that the tax system of the day was slanted to the big man, not the small man; not the man who was earning \$1,000 monthly. Do you know what we did for that man earning \$1,000 monthly? In 1987, in the first year, in our first budget, we exempted the small man from any form of income tax, and in 1987 we did not have the value added tax. We further calculated that even if you earned more than \$1,000 you could have been earning \$1,000—\$2,000 monthly and depending on your own personal circumstances, like the number of children you may have and the amount of savings you may put in the credit union or in the unit trust, you can end up paying no tax. That is what this Government did for the small wage-earner. But he came here and, advocated a course of action for people earning over \$80,000 per year. How hypocritical can we get!

That is what we did, as a result of which, over 55,000 people in this country have no tax liability. Over 176,000 taxpayers under the tax reform now have reduced tax liabilities. If I had time I would read the information extracted from the payroll of significant companies in Trinidad and Tobago which shows that across the board there has been a reduction in income tax of low income, middle

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income and some people in the higher income bracket. Only 36,000 more people would pay higher tax liabilities under our tax reform programme, and most of them are in the higher income bracket.

Mr. Speaker, I do not need more than two minutes to deal with the CET. I cannot help quoting from this book, because when I read this book I thought there were so many things common to Trinidad and Tobago coming out from a socialist country. It is not economic theory. We have had much talk about the CET and whether Trinidad and Tobago stands to benefit; that we should always do something to benefit out of it, when in fact the CET represents a significant step in the whole area of co-operation with our Caricom colleagues. Trinidad and Tobago can no longer be isolated from what is happening in the world. Trinidad and Tobago has to take a leadership position in the Caricom community to ensure that we move together as a region to deal with the challenges of the world.

This is what Gorbachev had to say about the changing patterns in the world and it is prefaced by advanced communications, mass media, *et cetera*. I quote:

"Today the preservation of any kind of closed society is hardly possible. This calls for a radical review of approaches to all issues of international co-operation as a major element of universal security.

The world economy is becoming a single organism and no state, whatever its system or economic status, can develop normally outside of it"

6.00 p.m.

Need I say any more of our association and our initiatives in the Caricom community? We cannot afford to think, as Members on the opposite benches would like the population to believe, that because we are in a leadership position in the community; because we embrace our Caricom neighbours jointly, holding hands with them to forge a future for the region, that Trinidad and Tobago must stand to benefit absolutely on every single thing that we do in the region. There could be nothing more ridiculous than that. We have to share in the benefits and the losses and that is what we are doing. We have to do that.

Mr. Speaker, in conclusion, since there has been much mischief about the statement I read in this House, I remind the House that in my winding up on the 1990 budget, I indicated that there were three factors of risk. The first factor was that we had budgeted on a price for oil of \$22 a barrel. The second factor was that I had increased expenditure in an effort to narrow the differences between the public sector unions and the Government by an extra \$90 million. That became a

risk factor because if the price of oil fell, that would be one other lump of expenditure that we would have to meet from the lower revenues from oil. The third risk was our ability to finance the budget.

What is required of us now, in view of the new international outlook on oil prices—which is still uncertain in many quarters as to where the price will settle—is that we have to engage in a management exercise in how we manage the budget that was presented to this House on December 7, 1990. When I indicated that expenditures might have to be contained by \$229 million, it is this indicative figure that we must attempt to manage in the event that prices fell below our budgeted target.

The price is so uncertain. If I may add, I use a little technology in my office in order to keep abreast of what is happening in the commodities market throughout the world, and as of yesterday—it was in the *Guardian*, I believe—the price of Brent crude, which is one of the crudes which determine the price of Trinidad oil, was \$19.90 per barrel. Then the other crude which also influences the price of the Trinidad crude is the Nigeria Bonney Light crude and that was trading at \$17.90.

I emphasize that what we are about is managing the budget in such a manner that if the price does not hold, we will have to adjust in certain areas. We have identified certain areas where we might be able to postpone expenditures. One such area is the filling of vacant posts. There is an allocation for vacant posts, and if the fall in the price of oil materializes then it would be incumbent on us not to proceed at the same rate to fill those vacant posts and, therefore, postpone those expenditures.

We have also looked at the international outlook on interest rates, and there it is suggesting that interest rates are likely to decline. In fact, they have declined somewhat. If that holds, there are likely to be savings in our interest costs of some \$58 million. That is what we are about, managing the budget, knowing where we stand, and knowing how to react and to trim our sails in the event that our revenues are not materialized.

I close by simply saying that there are those in our midst who seem to want to deliberately provoke a negative attitude to the face of obvious success and efficient management of the economy that was in a state of collapse in 1986. I am sure that those of us who have objective eyes and those of us who wish to see and wish to hear will recognize and will acknowledge that this Government has, indeed, not only managed properly but we have done all in our power to take care

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of the less privileged in our society by our various programmes of which the Opposition has been so critical. Our programmes being a package of social programmes catering principally to the youth, catering principally to the needy, and making provision for the elderly. Yet the Member for Diego Martin Central came here and said we only gave old aged people \$15, failing to recognize that in 1990 we also increased the pensions payable to the elderly. We have put in place a number of programmes to encourage business enterprise among our young people—the YTEPP programme, AIM. All these are programmes designed to build morale, to bring dignity to our youth and self-esteem to our people. I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole House.

House in committee.

Mr. Chairman: We have a list of amendments circulated and then a supplemental list; two sets of amendments have now been circulated.

Clauses 1 to 6 ordered to stand part of the bill.

Mr. Wilson: Mr. Speaker, I beg to move that the following new part be inserted after clause 6 as follows:

“Part III—CORPORATION TAX”

I also move that PARTS III to XVI be renumbered as parts IV to XVII respectively.

Question put and agreed to.

New Clause 7.

Mr. Wilson: Mr. Chairman, I propose a new clause 7 which reads as follows:

Chap. 75:02 7. The Corporation Tax Act is amended in the Table to Section 19 by inserting after the item relating to Section 16 the following item:—

“Section 21 (Donations to Charity, *etc.*)”

New clause 7 read the first time.

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Question proposed, That the new clause be read a second time.

Question put and agreed to.

Question proposed, That the new clause be added to the bill.

Question put and agreed to.

New clause 7 added to the bill.

Question put and agreed to.

Clause 7 ordered to stand part of the bill.

Clauses 8 to 12 renumbered as clauses 9 to 14, ordered to stand part of the bill.

Clause 14.

Question proposed, That clause 14 be renumbered clause 15 stand part of the bill.

Mr. Wilson: After clause 14, insert the subclause designation "(i)". At the end of the clause before the table, insert the following subclause (2):

"The Provisional Collection of Taxes Order, 1990 is deemed to have had effect as if the modification made in the Table to this section, other than the insertion of the provisions relating to the Flat Rate Duty, had been made to the First and Third Schedules to the Act as set out in the Order."

In the table to the clause, in the item modifying paragraph 1 of the First Schedule, delete the word "ex" after the words "Tariff heading No."

Question put and agreed to.

Clause 14, renumbered clause 15, as amended, ordered to stand part of the bill.

Clauses 15 to 18 renumbered as clauses 16 to 19 ordered to stand part of the bill.

Clause 19.

Question proposed, That clause 19 stand part of the bill.

Mr. Wilson: Mr. Chairman, in clause 19, in the proposed section 8A(1) (c), insert after the word "loan" the words "and when application was made for the account to be opened, the person applying to hold the account—

- (i) did not hold any other SAF-T account;

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- (ii) had not made an application to hold any other SAF-T account, which application was still capable of resulting in the opening of any other SAF-T account; and.
- (iii) had furnished, with the application, a written declaration made by him to the effect of subparagraphs (i) and (ii).

Question put and agreed to.

Clause 19, renumbered as clause 20, as amended, ordered to stand part of the bill.

New Clause 21.

Mr. Wilson: Mr. Chairman, I propose a new clause 21 which reads as follows:

After section 20 of the Act, the following section is inserted:

Donations to charity, <i>etc</i>	21. An individual to whom section 17 applies, who in a year of income, donates any money to a charitable body, a non-proprietary sporting club or association, or a public institution, or a trustee for any of them pursuant to a covenant made in that year of income under which he is to make a payment which, or a number of payments each of which, is payable during that year of income, shall be entitled to a deduction equal to the amount of the donation.
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New clause 21 read the first time.

Question proposed, That the new clause be read a second time.

Question put and agreed to.

Question proposed, That the new clause be added to the bill.

Question put and agreed to.

New clause 21 added to the bill.

Mr. Wilson: Mr. Chairman, I beg to move that clauses 20 be renumbered as clause 22.

Question put and agreed to.

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Clause 20, renumbered as clause 22, ordered to stand part of the bill.

Clause 21.

Question proposed, That clause 21 renumbered as clause 23 stand part of the bill.

Mr. Wilson: Mr. Chairman, I beg to move that clause 21 renumbered as clause 23 be amended as follows:

Insert between the words “enterprise” and “under” appearing in line 5, the words “in connection with an approved activity carried on in a free zone.”

Question put and agreed to.

Clause 21 renumbered as clause 23, as amended, ordered to stand part of the bill.

Clause 22.

Question proposed, That clause 22 stand part of the bill.

Mr. Wilson: Mr. Chairman, I beg to move that clause 22 renumbered as clause 24 be deleted and substituted by the following:

Section 71 of the Act is amended in subsection (2) by deleting the words “one year” and substituting the words “two years”.

6.15 p.m.

Dr. Hosein: Mr. Chairman, if you look at page 2 of the supplemental list of amendments, there is a suggestion here of a new clause 21.

Mr. Chairman: We will take the new clause at the end.

Dr. Hosein: Okay, thank you.

Clause 22, renumbered clause 24, as amended, ordered to stand part of the bill.

Clauses 23 to 25, renumbered clauses 26 to 27, ordered to stand part of the bill.

Clause 26.

Question proposed, That clause 26 stand part of the bill.

Mr. Valley: Mr. Chairman, I suggest that we change this and have the application as from the time of the Provisional Collection Order. I find it unconsonable that because of the vagueness of the language, we are asking

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persons to pay penalty. Actually, what happened here is that certain persons would have paid the tax when they were not really entitled to pay it. We are making the correction but we are saying, "Let the loss lie where it fell," and obviously it was owing to the vagueness of the language. I think that we need to change it.

Mr. Wilson: While the Member's argument might sound reasonable, I suggest effective from May 1. Those persons who paid between January and May, I take it that they would have reflected those duties in their prices and, therefore, we would have no way of collecting it back from the final customer or purchaser of those goods. Therefore, I could see no justification in recommending a rebate of those duties in respect of those purchases. In addition, we are changing the entire basis on which the tax is being collected.

Mr. Valley: The assumption there is that all goods imported during that period, which were subjected to that tax, incorrectly, were for resale, and that is not necessarily a correct assumption.

Mr. Wilson: I do not think it will pose a hardship to anybody who paid the duty between January and May.

Mr. Valley: This is just a lack of caring on the part of the Government.

Clause 26 ordered to stand part of the bill.

Clause 27 ordered to stand part of the bill.

Clause 28.

Question proposed, That clause 28 stand part of the bill.

Mr. Wilson: Mr. Chairman, in clause 28(c), after the words, "Customs Act", at the end of the proposed subsection (3), insert the words, "but where the expression '(Ex)' appears in the first column, the designation or designations that follow it are to be taken to be a reference only to the goods of that designation that are described in the second column."

Clause 28, as amended, ordered to stand part of the bill.

Clause 29.

Question proposed, That clause 29 stand part of the bill.

Mr. Wilson: Mr. Chairman, I propose that we delete the proposed Seventh Schedule and we substitute the following schedule as reflected on pages 3, 4, 5, and 6 of the list of amendments, as circulated.

Seventh Schedule

Customs H. S. Tariff

<u>Heading Number</u>	<u>Description of Items</u>	<u>Import Surcharge</u>
Ex 1902	Macaroni, spaghetti and other Pasta Products excluding vermicelli. Dried, uncooked, not stuffed or otherwise prepared.	35 %
Ex 1905	Cakes	35%
1905.001	Unsweetened Biscuits	35%
Ex 1905.003	Ice Cream Cones except sleeved rolled sugar coated cones	35%
2201.102	Aerated waters	35%
Ex 2201.90	Other waters and beverages containing or not containing alcohol, flavoured, not flavoured including spa-waters (but excluding Wines, Vermouths, Cider, Perry, Mead, Aromatic bitters, Rum, Fruit Juices/ Milk-based natural drinks or vegetable juices)	35%
2202.101	Aerated beverages	35%
Ex 2202.109	Artificially flavoured fruit beverages/ drinks reconstituted or in concentrate form	35%
Ex 2203	Beer, stout and malt beverages	35%
2208.902	Cordials and Liqueurs	35%
Ex 23.09	Dog and Puppy Feed—Dry	35%
2309.902	Poultry feed	50%
2309.903	Cattle feed	50%
2309.904	Pig Feed	50%

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Ex 2309. 905	Other animal feeds except milk replacers and milk-based diets for pre-weaned animals	50%
Ex 2523.209	Dried cement mixes, grouting mixes except red, green and white portland cement	50%
Ex 3208	Varnishes	50%
Ex 3208	Lacquers and distempers	50%
Ex 3209	Lacquers and distempers	50%
Ex 3209	Paints except artists' colours, aerosol paints, and acrylic paints other than for use in the motor-vehicle industry; prepared water pigments of kind used for finishing leather	50%
Ex 3210	Varnishes	50%
Ex 3210	Lacquers and distempers	50%
Ex 3210	Paints except artists' colours, aerosol paints and acrylic paints other than for use in the motor-vehicle industry; prepared water pigments of a kind used for finishing leather	50%
Ex 3211.00	Paint Driers	50%
Ex 3214	Mastic paints	50%
EX 3214.904	Plaster fillers	50%
3303.009	Perfumes and toiler waters	35%
Ex 33.04	Other skin care products	35%
Ex 3304.30	Manicure preparations	35%
Ex 3304.90	Face and body powders	35%
Ex 33.05	Hair cream and hair oils	35%
Ex 33.05	Other hair care products	35%
3305.10	Shampoos	35%
Ex 3305.90	Hair dyes	35%

Ex 33.07	Other perfumery cosmetics and toilet preparations	35%
Ex 3307.10	Shaving creams	35%
3307.20	Personal deodorants and anti-perspirants	35%
Ex 38.14	Thinners and reducers for paints	50%
6810.11	Bricks, blocks of concrete or of clay, all shapes, sizes and however constructed	50%
68.10	Sewerage pipes of concrete	50%
Ex 72.077	Blooms, billets, slabs and sheet-bars and roughly forged pieces of iron or steel	35%
7210.41	Corrugated galvanized iron or steel sheets	50%
Ex 72.13	Steel bars or rods, smooth, deformed, (indented), chamfered and of nominal diameter 6 mm (1/4") to 35 mm (1 3/8")	50%
Ex 72.13	Wire rod of iron or steel, 5.5mm to 16mm in diameter, however described	50%
Ex 72.13	Steel squares of nominal sizes 9 mm <i>i.e.</i> approximately (3/8") to 16 mm <i>i.e.</i> approx. (5/8") inclusive	50%
Ex 72.14	Wire rod of iron or steel, 5.5 mm to 16 mm in diameter, however described	50%
72.15	Wire rod of iron or steel, 5.5 mm to 16 mm in diameter, however described	50%
Ex 72.16	Steel Flats—sizes from 20 mm x 4 mm-10mm (3/4" x 3/16" - 7/16") to 100 mm x 5 mm-12 mm (4" x 3/16" - 1/2") provided it is not clad-plated or coated	50%
Ex 72.16	Steel Channels of sizes, 75 mm x 35 mm to 100 mm x 50 mm <i>i.e.</i> 3" and 4" channels	50%
Ex 72.16	Steel Angles inclusive of sizes from 25 mm x 25 mm x 3 mm (<i>i.e.</i> approximately 1" x 1" x 1/8") to 70 mm x 70 mm x 9 mm (<i>i.e.</i> approx. 2 3/4" x 2 3/4" x 3/8")	50%

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Ex 72.28	Slotted or perforated metal angles	50%
7303.00	Sewerage pipes of iron or steel	35%
Ex 73.06	Open seam tubes and pipes less than 150mm and other steel pipes and tubes less than 150mm	35%
Ex 73.06	Welded tubes and pipes less than 150 mm	50%
Ex 73.08	Finished structural parts of non-ferrous based metals	50%
Ex 73.08	Pre-fabricated cold storage rooms	50%
Ex 73.08	Industrial panels for the construction of cold storage rooms	50%
Ex 7308.30	Doors, windows and their frames and thresholds for doors except Rolling Shutter Doors and Grilles of Galvanized Steel	50%
Ex 7308.90	Finished structural parts of buildings including beams, purlins, sections, channels, girders, angles and rafters of iron or steel	50%
Ex 7308.90	Sheet metal shelving and panelling of various sizes and types with accessories such as dividers and drawers except Boltless Pallet Racking Systems of Steel, Louvre Panels of steel, Support Beams and Uprights for Boltless Shelving Systems	50%
7312.101	Stranded wire of iron or steel	50%
Ex 7313.009	Chain Link wire fencing whether coated or not	50%
Ex 73.14	Only welded wire mesh of iron or steel	50%
Ex 7317.002	Wire nails	50%
7317.004	Staples of iron or steel	35%
Ex 73.18	Bolts, screws, threaded studs and similar threaded fasteners, including with zinc or cadmium coating; not of stainless steel	35%

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Ex 7323.102	Pot scourers of steel wool	35%
Ex 73.26	Manhole covers and frames except gratings	50%
Ex 7326.90	Outlet boxes of iron or steel (square round, octagonal or utility) including covers and other parts for electrical wiring installations	50%
Ex 76.06	Aluminium Sheets for roofing or cladding	50%
Ex 76.10	Pre-fabricated cold storage rooms	50%
Ex 76.10	Industrial Panels for the Construction of Cold Storage Rooms	50%
Ex 76.10	Finished structural parts of aluminium	50%
Ex 7610.10	Doors, windows and their frames and thresholds for doors except Rolling Shutter Grilles of Aluminium	50%
8305.901	Paper Clips	50%
Ex 94.06	Pre-fabricated buildings of metal and their panels assembled and parts	50%
Ex 9406.002	Pre-fabricated cold storage warehouses and insulated roof panels	50%
Ex 9406.003	Pre-fabricated cold storage warehouses and insulated roof panels	50%
Ex 9406.009	Pre-fabricated buildings of concrete and their panels assembled and parts	50%

Clause 29, as amended, ordered to stand part of the bill.

Clauses 30 to 43 ordered to stand part of the bill.

Clause 44.

Question proposed, That clause 44 stand part of the bill.

Mr. Valley: Mr. Chairman, I have a problem with clause 44(b)(ii), where we are giving the President the authority to exempt certain goods without gazetting the notice, and the argument used was administrative convenience. Given the time lapse between placing an order to import and importing, I cannot buy that

Finance Bill
[MR. VALLEY]

Friday, April 19, 1991

argument. In fact, gazetting is really giving the public notice—and one would want to ensure that the public obtains a notice— that an item is now exempted from stamp duty. I ask that the subclause be reworded to require gazetting of the order.

Mr. Wilson: Mr. Chairman, I should like to ease the concerns of the Member for Diego Martin Central by letting him know that the practice in respect of customs duties exemptions, for example, does not require the gazetting of the exemptions from customs duties. What we are seeking to do is merely to bring the stamp duty in line with the provisions which have applied over the years in respect of customs duties. I do not think his concerns are justified. If you had to deal with this matter, Mr. Chairman, you would know that it involves a fair amount of work, cost and expenditure simply to publish in the *Gazette*. It involves the time of a number of people, including the Attorney General's Department and the people at Customs, if we are to publish an order simply stating that these things have been exempted.

Mr. Valley: How does one know whether a good is subject to stamp duty or not?

Mr. Wilson: Mr. Chairman, all goods are subject to stamp duty. The decision to exempt is considered on a case by case basis, it is not that the goods are not subject to duty. The Government has the authority to either approve, or not to approve a request for exemption. It does not follow that if it is approved in one case it will be approved in every other case. The item does not become exempt, you know, it is an *ad hoc* consideration.

Mr. Valley: I understand what you are saying but that brings in another question. I will rest my case, Mr. Chairman.

6.25 p.m.

In the clause 44(c)(ii), delete the words "exceeds \$300,000 but does not exceed \$350,000—2 per cent; exceeds \$350,000—5 per cent". Substitute the words "exceeds \$300,000 duty on the excess at the rate of 5 per cent".

What we are doing here is saying that the first \$300,000 of any residential property would be exempt from the duty and the duty is paid on the excess over \$300,000 at the rate of 5 per cent.

In the proposed subsection (2), delete the words, "Where a dwelling-house has been erected on the property" and substitute the words, "Where the property is or includes a dwelling-house".

Question, on amendment, put and agreed to.

Mr. Wilson: Substitute the following exemption in subclause (f):

"Mortgage deeds in respect of property—

- (a) is or includes a dwelling-house; and
- (b) as used wholly or mainly for residential purposes, where the sum secured by the mortgage does not exceed \$270,000, but this exemption only applies if application for it has been made to the Board in the form approved by the Board and evidence has been provided to the Board sufficient to satisfy it that the sum secured was required for the purchase of property satisfying the requirements of paragraphs (a) and (b)".

Question on amendment put and agreed to.

Clause 44, as amended, ordered to stand part of the bill.

Clauses 45 to 59 ordered to stand part of the bill.

Clause 60.

Question proposed, That clause 60 stand part of the bill.

Mr. Wilson: In the proposed section 12, delete the words: "the increase in the value of goods attributable to the process, shall, for the purposes of calculating tax, if any, on the entry of the goods when they are re-imported, be regarded as the whole value thereof", and substitute the words "the value of the goods for the purposes of calculating tax, if any, on the entry of the goods, when they are re-imported, is the amount of the increase in their value that is attributable to the process."

Clause 60, as amended, ordered to stand part of the bill.

Clauses 61 to 65 ordered to stand part of the bill.

Clause 66.

Question proposed, That clause 66 stand part of the bill.

Mr. Wilson: Mr. Chairman, in the proposed section 59A (1), delete the words "twenty-one days" and substitute the words "three months".

Clause 66, as amended, ordered to stand part of the bill.

Clause 67.

Question proposed, That clause 67 stand part of the bill.

Mr. Wilson: Mr. Chairman, in the proposed section 11, insert after the words "Free Zones Act", the words "for the carrying on of an approved activity in a free zone."

Clause 67, as amended, ordered to stand part of the bill.

Clauses 68 to 70 ordered to stand part of the bill.

New Clause 20.

Mr. Wilson: After clause 19, insert the following clause—

"20. After section 20 of the Act, the following section is inserted:

Donations to charity, <i>etc</i>	An individual to whom section 17 applies, who in a year of income, donates any money to a charitable body, a non-proprietary sporting club or association, a public institution, or a trustee for any of them pursuant to a covenant made in that year of income under which he is to make a payment which, or a number of payments each of which, is payable during that year of income shall be entitled to a deduction equal to the amount of the donation."
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New Clause 20, read the first time.

Question proposed, That the new clause be read a second time.

Question put and agreed to.

Question proposed, That the new clause be added to the bill.

Question put and agreed to.

New Clause 20 added to the bill.

Question proposed, That a new clause 20 stand part of the bill

Question put and agreed to.

New Clause 23.

Mr. Wilson: After clause 22, insert a clause as follows: "Section 119 of the Act is amended in subsection (1)(a), by deleting the words "filed as required by four" and substituting the word "made".

New Clause 23 read the first time.

Question proposed, That the new clause be read a second time.

Question put and agreed to.

Question proposed, That the new clause be added to the bill.

Question put and agreed to.

New Clause 23 added to the bill.

Question proposed, That the new clause 23 stand part of the bill

Question put and agreed to.

Mr. Wilson: Mr. Chairman, item 6 (b), in column 2 in the proposed amendment to regulation 3(3), delete the figure, "445" and substitute the figure "455".

In the item 6 (c) in column 2, delete the words, "two gallons of proof spirit per cent" and substitute "5.2 litres of alcohol."

Question put and agreed to.

Provision, as amended ordered to stand part of the bill.

Question put and agreed to, That the bill, as amended, be reported to the House.

House resumed.

Bill reported, with amendment, read the third time and passed.

Motion made and Question proposed, That the House do now adjourn to Friday, April 26, 1990 at 1.30 p.m.. [*Hon. B. Tewarie*]

Question put and agreed to

House adjourned accordingly

Adjourned at 6.36 p.m.