

*Paper Laid*

*Friday, September 13, 1991*

**HOUSE OF REPRESENTATIVES**

*Friday, September 13, 1991*

The House met at 1.35 p.m.

**PRAYERS**

[MR. SPEAKER in *the Chair*]

**PAPER LAID**

Report of the Auditor General on the Accounts of National Maintenance Training and Security Company Limited for the year ended December 31, 1990. [*The Minister of Industry, Enterprise and Tourism (Dr. The Hon. Bhoendradatt Tewarie)*]

*To be referred to the Public Accounts (Enterprises) Committee.*

**ORAL ANSWERS TO QUESTIONS**

**Oropouche Constituency  
(Visits)**

*The following question stood on the Order Paper in the name of Mr. Trevor Sudama (Oropouche):*

- 67.** Could the Minister of Works, Infrastructure and Decentralization state:
- (a) Why he refuses to respond to my letter to him of June 3, 1991, requesting him to have on-site visits with me of certain critical highways, drainage and bridges problems in my constituency?
  - (b) What is the policy of his Government with respect to requests from duly elected representatives of the people in the House of Representatives for the addressing of problems brought to the attention of the Government?  
Why he visits the constituency of Oropouche at the instance of those who are not duly elected representatives but chooses to ignore the duly elected representative when such requests are made by the latter?

**The Minister of Industry, Enterprise and Tourism (Dr. The Hon. Bhoendradatt Tewarie):** Mr. Speaker, I seek leave of this honourable House to have a deferral at this time.

*Question, by leave, deferred.*

**Mr. Sudama:** Mr. Speaker, I merely wish to add that I do not think the Government has any intention of answering this question. I just want to make that comment. This has been so over the past five or so weeks and all I am getting is a request for deferral. There was a request last week, there is now a request this week and as you are aware, I am about to leave the country shortly, so I shall not be here for some time.

**Foreign Debt  
(Rescheduling)**

*The following question stood on the Order Paper in the name of Mr. Trevor Sudama (Oropouche):*

**68.** Could the Minister of Finance state:

- (1) When the debt rescheduling arrangements with foreign governments and commercial institutions will expire and, after that date, what will be the annual foreign debt that this country will be required to pay in the ensuing five years?
- (2) Whether his Government intends to negotiate any further rescheduling agreement with foreign governments and international commercial institutions?
- (3) Whether his Government intends to incur any additional foreign indebtedness before the expiry of its term of office?

*Question, by leave, deferred.*

**Oropouche Lagoon  
(Salt Water Intrusion)**

**69. Mr. Trevor Sudama (Oropouche)** asked the Minister of Food Production and Marine Exploitation:

Could the Minister state why his Government refuses to take action to prevent the intrusion of salt water into the Oropouche Lagoon for which representation has been made by me for a number of years now?

**The Minister of Food Production, and Marine Exploitation (Dr. The Hon. Brinsley Samaroo)** Mr. Speaker, the Government has in fact initiated action to prevent the intrusion of salt water into the Oropouche Lagoon. Funding has been secured from the Caribbean Development Bank for the design of work to be

undertaken on a drainage project for the middle catchment area. The tender has been awarded and the agreement was signed on September 2, 1991. It is estimated that the necessary data for capital investments work, will be prepared in six months.

**Mr. Sudama:** Could the Minister inform this House, or give us a little idea, when actual physical works might be started for this project?

**Dr. Samaroo:** Mr. Speaker, I have already indicated that the necessary drawings will be prepared in six months. I can give the assurance that this will be programmed for work in 1992.

### **Trade School (Construction)**

*The following question stood on the Order Paper in the name of Mr. Kenneth Valley (Diego Martin Central):*

71. Would the Minister state:

When the Government plans to start construction of the Trade School in Diego Martin which was promised in the 1991 Budget?

**Mr. Manning:** Mr. Speaker, in the absence of the Member for Diego Martin Central I should like this question held over to another sitting, please.

*Question, by leave, deferred.*

### **ADJOURNMENT MOTION**

#### **(LEAVE)**

**Mr. Raymond Palackdharrysingh (Naparima):** Mr. Speaker, I seek leave to move the adjournment of the House for the purpose of discussing a definite matter of urgent public importance.

The matter is the breakdown of the health service of Trinidad and Tobago. This is definite because medical staff is taking industrial action to protest against the abominable working conditions, lack of medical equipment, the absence of maintenance, shortage of essential drugs, staff shortages and other medical requirements. It is urgent because the citizens are deprived of their right to prompt medical attention especially in times of emergency. It is public because it involves the health services of Trinidad and Tobago.

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Mr. Speaker, I seek your leave to discuss this matter.

**Mr. Speaker:** This matter does not qualify under the Standing Orders.

**1.45 p.m.**

**LIONS CLUB OF VALSAYN (INC'N) BILL**

*Question put and agreed to, That a bill for the incorporation of the Lions club of Valsayn, be now read a second time.*

*Bill accordingly read a second time.*

*Bill committed to a committee of the whole House.*

*House in committee.*

*Clauses 1 to 9 ordered to stand part of the bill.*

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

*House resumed.*

*Bill reported, without amendment; read the third time and passed.*

**REBIRTH HOUSE (INC'N) BILL**

*Question put and agreed to, That a bill for the incorporation of Rebirth House and matters incidental thereto, be now read a second time.*

*Bill accordingly read a second time.*

*Bill referred to a special select committee of the House appointed by the Speaker as follows: Mr. Oswald Hem Lee (Chairman), Mr. Kenneth Butcher, Mr. Eden Shand, Mr. John Humphrey.*

**CHURCH OF SPIRITUAL METAPHYSICS  
(INC'N) BILL**

*Question put and agreed to, That a bill for the incorporation of the Church of Spiritual Metaphysics and for matters incidental thereto, be now read a second time.*

*Bill accordingly read a second time.*

*Bill referred to a special select committee of the House appointed by the Speaker as follows: Mr. Oswald Hem Lee (Chairman), Mr. Kenneth Butcher, Mr. Rawle Raphael, Mr. Raymond Palackdharrysingh.*

**CARICOM ENTERPRISES BILL**

[SECOND DAY]

*Order read for resuming adjourned debate on question [September 6, 1991]:*

That the bill be now read a second time.

*Question again proposed.*

**Mr. Trevor Sudama** (*Oropouche*): Mr. Speaker, I had no intention of speaking on this bill, but since I am in the House I thought I might as well make a contribution and clarify our position with respect to the principle involved in the bill. If I take my leave shortly after that, it is not because I am running away from anything, but simply because I have other arrangements to make.

So, Mr. Speaker, we have had the introduction of this bill, which, in fact, is to give legal effect to the agreement to provide a regime for Caricom enterprises. This is all being placed in the context of facilitating the integration of the regional market, the West Indian Caricom market, and for having closer collaboration between the economies of the various countries which are member states and, of course, to facilitate the freer flow of capital from one state to another. Mr. Speaker, in principle, we on this side support the bill, and the intent of the bill. But while we do so we must make mention of certain comments made by the other side, the ruling party, with respect to the suggestion that we attempt to negotiate a free trade agreement between Trinidad and Tobago and the United States of America, which, in effect, is enlarging the principle of free trade from within the Caricom area to a larger grouping.

When we made that suggestion—and the intent of that, of course, is that if there is a negotiation concluded there will be larger volumes of capital being invested in Trinidad and Tobago, a freer flow of capital. I would really like to know—since the other side are opposing the idea—whether the ruling party is opposed to an additional American investment in Trinidad and Tobago. They must make their position very plain. Because this agreement, if we go into such a negotiation, would facilitate that in-flow of capital. Are they against it? Are they against a larger volume of trade between the United States and Trinidad and Tobago?

What are they against, Mr. Speaker? They say, for example, that we are proposing a neo-colonial relationship. This Government which went cap in hand to the IMF and has had its budgets written by the IMF is now accusing us of

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proposing a neo-colonial relationship! How ironic can you get? This is a Government that has got into an agreement with the World Bank for a structural adjustment loan and the World Bank has mandated certain conditions by which we must abide in this country, and is now accusing us of proposing a neo-colonial relationship. This Government, which has gone to the IADB to negotiate a loan for the rationalizing of the energy sector in Trinidad and Tobago, and for the upgrading of the refinery, where the IADB has laid down certain conditions which must be satisfied before, it can draw down on that loan, is now accusing this side of proposing a neo-colonial relationship. I really wonder what it is. Do they think that the population of this country cannot discern their maneuvers?

So the Prime Minister goes down to one of his meetings “the Patriots Alert”—the patriots in this country are now confined to a little grouping that runs around from place to place supporting the NAR. That is the extent of patriots and patriotism in Trinidad and Tobago. So he goes to a patriots meeting somewhere, and he says that our political leader is making critical comments on the parasitic oligarchy in Trinidad and Tobago, the conglomerates, and yet he is proposing in another breath that we invite conglomerates, which are one hundred times more financially powerful, to come into Trinidad and Tobago.

At least when these conglomerates, say, of the United States, come into Trinidad and Tobago, they will be facilitating a larger degree of trade between this country and the United States of America. They will be in the process of opening up the market of the United States of America if they do come into this country. But these conglomerates which are so supportive of the ruling regime, what are their contributions, except to engage in a process of monopolizing the economy of Trinidad and Tobago. And for whose benefit? Is it for the benefit of the average person in Trinidad and Tobago, the rank and file people of this country; or is it for the benefit of the few who will get larger dividends, larger profits? God alone knows, what they do with these larger dividends and these larger profits.

Are the conglomerates in Trinidad and Tobago net receivers of foreign exchange or net users of foreign exchange in this country? Do the conglomerates of Trinidad and Tobago obtain more foreign exchange than they, in fact, expend in their operations. So that while we are proposing a *[Interruption]*

**Mr. Speaker:** I am appealing to both sides. Can we stop the cross-talk, and get on with the debate, please. Very uncomplimentary remarks, unbecoming of Members of Parliament, are being made. Let us continue with the debate, please.

**Mr. Sudama:** The question of the conglomerates in Trinidad which has been raised in the context of our proposal to negotiate a trade agreement with the United States of America for the freer flow of resources, of capital, goods, labour and so forth, has now been taken up and has been criticized on the ground that we want to invite into this country, conglomerates which are one hundred times larger than local ones, but at the same time we are critical of what the local conglomerates are doing.

Mr. Speaker, let me make our position absolutely clear. This party has never said it is against business. What this party said is that when you are in business, you ought not to so manipulate the powers that be to enjoy a monopoly situation. That is exactly what is happening in Trinidad and Tobago, especially since the NAR regime came into power; since they have expelled those of us who tried to put some kind of restraint on the freedom which they intend to give the conglomerates in this country. Every day you open the newspapers, you see an attempt by one conglomerate or another to capture another area of the economy of Trinidad and Tobago. You want to ask the question, Mr. Speaker, if they are going to do so in a Caricom context, where would be the checks and balances to protect the interests of the little people of Trinidad and Tobago?

The theory of capitalism tells you that monopoly is a bad thing; that the only way you can keep large businesses in check is if you have a system of competition and, therefore, as a result of this competition, you will have a restraint on the economic power of monopolies in any system. We were supposed to introduce monopoly legislation—it was in our election manifesto—in order to curb the tendency of the conglomerates to get bigger and bigger and to dominate the economy. They dominate the economy by the active or passive consent of the Government in power. They are facilitated in many ways by their influence over the Government and the Ministers. You have only to look at the close collaboration between the directors of the Neal and Massy Group and the present ruling regime to understand what I mean.

We are saying that regulations must be put in place to facilitate competition, and that conditions ought not to exist that will create larger and larger monopolies in this country and create a situation where economic power overwhelms political power and social power. That is what is happening in this country.

So that our position is that we would want to free up the economy, open up the economy, make the opportunities available to all those who may wish,

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legitimately, to participate and who would not be debarred by certain understandings of the people who control the financial institutions and big business in Trinidad and Tobago. Therefore, what you have is a situation of interlocking directorates, where, as a result of that, someone who wishes to enter into business or who has been in business and who is seen as a competitor, could easily be squeezed out as a result of what goes on in the back room of these financial institutions and these conglomerates.

So that we are not against business and we are not against big business, but what we are against is business that exploits and business that pauperizes the small man in this country and reduces him to the status of an economic slave. That is what is going to happen, if, by any grave misfortune, this Government is given another five years in office. What we will have in this country is a few large businesses controlling the entire economy of Trinidad and Tobago, and, as a result, everyone else will be in the palm of their hands.

As I speak right now, they are planning to sell off the state enterprises in the oil sector to their friends in the private sector. You can see what would happen where the dominant sector of the economy is slowly being put into the hands of the private sector. They already control the manufacturing sector; they already control the financial sector; they already control export, agriculture; they already control communications and services. So you see what is happening, Mr. Speaker.

I merely mention that to make our position plain because they seem not to understand; if they read, they seem to want to misinterpret to the population what they read. So that to talk today in Trinidad and Tobago, in a situation of interdependence in the world economy—and what we should be discussing is the terms of that interdependence. I am not talking about neo-colonial relationships when they, themselves, have initiated neo-colonial relationships and imposed that on the people of this country. So I want to just dismiss that as an issue. If they feel that it will be an issue in this election, I want to dismiss that out of hand.

Now, Mr. Speaker, I was on this point of talking about restraint of trade and monopoly practices. With this new Caricom enterprises regime, it was proposed by Article 30 of the Treaty, that there will be the introduction of uniform legislation for the control of restrictive practices by business enterprises. That would prevail throughout Caricom and would be applicable to those registered Caricom enterprises.

I want to ask this Government today what the position is with respect to the implementation of that article to control restrictive practices by the conglomerates,



particularly of the region. Now, we know, for example, the Neal and Massy group, have subsidiaries in very many countries of Caricom; the McEneaney/Alstons group, Geddes Grant and so forth, also have branches. So without a Caricom enterprises regime in place these conglomerates already have a footing in all the markets of the region. Now will a Caricom enterprises regime strengthen their position and promote a greater degree of monopoly within the West Indian market and the Caricom market? This is a question which they ought to answer.

While, as I say, we support the principle of enlarging the market and integration of the market and so forth, a freer flow of capital and labour and goods between [*Interruption*] You do not want me to respond, Mr. Speaker.

Article 40 deals with the harmonization of fiscal incentives. We do not have a proper harmonization of fiscal incentives throughout the region, therefore to put this Caricom enterprises regime in place we may end up with certain areas in Caricom enjoying greater fiscal benefits than other areas. Therefore, that will have an effect on the direction of the flow of capital.

Mr. Speaker, already there are instances where goods are produced in the less-developed countries, 85 per cent of the input is permitted to come from unknown areas or regions outside Caricom. That is an advantage in the amount which the less-developed countries enjoy. If, over and above that advantage, they enjoy other fiscal advantages, then what we are going to have is a flow of capital from the more-developed countries, and perhaps not a corresponding benefit coming to the more-developed countries in terms of a broadening of markets in the less-developed countries. Because we are dealing with a situation in which Trinidad and Tobago has experienced a balance of payments crisis, has experienced a situation where the outflow of capital has been way in excess of the inflow, and we are talking about the outflow by legitimate or illegitimate means. Therefore, when you put such a regime in place, the question we have to ask is what will be the practical effect of it, and how it will affect our economy, about which we ought to be primarily concerned; and how, in fact, it will affect other countries.

So that it is not a question of bringing a Caricom regime into operation; the question is how to deal with the problems which arise as a result of bringing this regime into place. On that score the Minister in introducing this bill before us, had very little to say. I took some notes about what he said, and he was mouthing all the theoretical benefits that are supposed to be derived from the implementation

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of this regime. *[Interruption]* Well, there are far more benefits there than we can derive from the introduction of this regime.

He says, for example, that “investment opportunities will be facilitated for Trinidad and Tobago nationals in the less developed countries.” What would that do with respect to the outflow of capital and the possibility for investment in Trinidad and Tobago by the very same nationals who are going to invest in the less-developed countries? He says that it will build investor confidence, the products will get duty-free treatment inter-regionally, and that is an advantage to consolidate the market.

There are problems which will emerge. One of the problems which I dealt with is the possibility of larger, more powerful monopolies being created not only in Trinidad and Tobago, but also with a Caricom base. How do you deal with the question of control or restraint of trade? How do you deal with the question of inducing greater competitiveness in a situation where such a possibility is likely to come about? It is something which has not been addressed, and I do not think it will be addressed.

**2.15 p.m.**

The Caricom Treaty—and this, of course, is in the implementation of that Treaty—proposes that priority activities will promote regional ownership and control and assist the selective movement of capital between the member states. How would you select the movement of capital between the member states? Will you give directions as to what kind of capital should move, and into what areas it should move within the Caricom enterprises regime?

By Articles 48 and 49, preference will be given to the less developed countries in the trade of certain agricultural products, which of course means a freeing up of the agricultural market in Trinidad and Tobago. There is nothing wrong with that, but once you do that, how would you deal with the adjustment of displaced people who are engaged in agriculture locally? If they will tell me that those persons who will be displaced will be taken up in an expanding economy of Trinidad and Tobago, I should like to know in which sectors do we have an expansion and where are more jobs being created in Trinidad and Tobago. We shall have problems with respect to the local agricultural economy in a situation where there will be dislocation once this regime is put in place—in fact it is partly in place already. By putting this regime in place and facilitating enterprises which are

engaged and have invested in agriculture, facilitating a freer flow, a freer movement of capital and goods, then the question of how it will affect our whole agricultural economy; has to be looked at but, maybe they are not concerned.

**Mr. Myers:** Answer that question within the US proposal.

**Mr. Sudama:** Do you understand what will be the nature of the market within the US market? What do you produce now? Like the PNM regime, you all have stifled agricultural development in this country.

**Hon. Member:** Nonsense.

**Mr. Sudama:** They are coming to ask in the dying days of their regime, what will we produce in Trinidad and Tobago in order to export. What will we produce? They have followed the previous regime [*Interruption*] They are doing all of that. I wish what they are doing was public knowledge.

Mr. Speaker, the assumption is that what is contemplated in this bill is more capital flowing from the more developed countries to the less developed countries. In a situation where there is a pooling of the foreign exchange of the Caricom area, what will this do, in the short term, to our balance of payments in Trinidad and Tobago, which is already in a precarious situation? In the longer term they will tell me; well, with the expansion of trade, the expansion of the economy, there will be a reverse flow and we will be able to tap those markets which are created in the less developed countries and, therefore get an inflow as a result of that. That may be so. But if that is so, it is the same kind of "pie in the sky" idea that they accuse us of. The same kind of "pie in the sky" idea is contemplated, that there is the possibility that with an expanded market we will be able to manufacture and produce more goods here which will be sold and, therefore, get foreign exchange in return from the less developed countries. In the interim one would like to know how will the Government handle this situation where there might be an efflux of capital from this country to the less developed countries.

Mr. Speaker, I want to inform them that the less developed countries of the Caribbean have not been doing so badly in terms of their growth rate, in terms of their increase in prices, and so forth. In fact, some of them have very healthy foreign exchange reserves, given the size of their population, as against what occurs here and in Guyana and Jamaica, for that matter.

The Caribbean Development Bank Annual Report of 1990 disclosed that the annual change in consumer prices for the listed less developed countries in 1989

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ranged from a low of .two per cent for St. Kitts and Nevis to a high of 6.2 per cent for Dominica. When you compare that to Trinidad and Tobago's consumer prices had an 11.4 per cent change in 1989. So that, in terms of the inflationary situation, we are in a far more serious position than the less developed countries, and of course, with the 15 per cent value added tax, which has been imposed by this Government, added to the rise in consumer prices, the cost of living, and production costs generally, we will have a situation where our costs in Trinidad and Tobago will be so high that even without a Caricom enterprises regime there will be the likelihood of people investing in the less developed countries.

Mr. Speaker, when we look at the performance of the Trinidad and Tobago economy over the last 10 years, we see an annual average growth rate of minus 5.5 per cent in this economy, making Trinidad and Tobago the worst performer of the 124 countries listed during the period 1980—1989; and that includes the period of the NAR regime. So that this boast and propaganda of how well the economy is doing, and expanding, and so forth, has to confront the fact that we have over the last 10 years, inclusive of the last five, been the worst performer of the 124 listed countries in world development. When you look at our situation and compare it with that of the less developed countries, we in Trinidad and Tobago are not that fortunate at all.

Mr. Speaker, do not talk about the rate at which the public debt of this country has been escalating, which will put greater and greater pressure when it comes to servicing that debt on our foreign exchange reserves. Since they have come into office, the public debt of this country has been increased by over 100 per cent, where today we are in a position where the debt has crossed the \$15 billion mark. What then will be the anticipated outflow from the servicing of such a heavy quantum of foreign indebtedness?

**2.25 p.m.**

I hate to think what would be the problems which an incoming Government would have to confront when it comes to dealing with Trinidad and Tobago's external position. *[Interruption]* One guarantee I have is that you would not be here; and you on that side would not be sitting on that side. That guarantee I have. The only way you all can win an election is to rig it. There is no other way. *[Interruption]* You have still to go on to the hustings? I thought you all were on the hustings all now.

Mr. Speaker, you will recall that earlier in this year, we had the coming into being of the common external tariff regime—and there were many difficulties

associated with that. All of the countries were not able to meet the deadline of January 1, and I believe some of them still have not implemented the common external tariff. What guarantee do we have that all those member states will implement the Caricom enterprises regime at the same time, so that some countries would not have an added advantage.

When the common external tariff was introduced, there were many uncertainties concerning that introduction—as there will in fact be many uncertainties concerning the introduction of this bill—and on that occasion the Trinidad and Tobago Manufacturers' Association commented that there were a number of problems concerning the proposed list of ineligibility, that is, goods which would not be eligible to come under the common external tariff regime. That list, they said, contained more than 130 categories of items imported from third World countries. Then, the manufacturers went on to indicate that—

"The external tariff, primarily aims at protecting regional agriculture and industrial production of finished goods, raw and intermediate materials and capital goods.

Other considerations were that it should be structured to support the development of internationally competitive production in the common market.

It should not unduly increase certain socio-economic activities, and conditions, such as provision of basic services and medical care and that consideration would have to be paid to the special revenue needs of particular countries."

Mr. Speaker, the Trinidad and Tobago Manufacturers' Association, expressed much reservation on the introduction of this common external tariff and how, in fact, it would affect their position. For example, there was this rule that where goods are produced which are in sufficient quantities regionally to meet at least 75 per cent of the regional demand, tariff would be exempt. In addition, competing would also refer to those goods for which the physical production capacity did not exist at present but which could be easily put in place to cater to any demand.

So, that what this common external tariff was dealing with was a hypothetical situation and setting down hypothetical rules, and the Trinidad and Tobago Manufacturers' Association had their reservation on the effect of these regulations that set out the terms of this external tariff.

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What I am arguing here today is that the Government has had a long period in which to plan to implement these regimes. I am not convinced that they have planned sufficiently to take care of all the serious problems which would arise as a result of implementation of these regimes. I am not at all proposing that this implementation ought to be deferred. What I am saying here today is that they have not utilized the time at their disposal in order to do their homework properly, to introduce these things in order for us to realize the theoretical and potential benefits of the strengthening of the Caricom market.

So that while we would not oppose this bill for the establishment of a Caricom enterprises regime, my own feeling is that this bill is hardly likely to bring the benefits which are expected of it; and particularly, in the short term, will have very serious consequences for Trinidad and Tobago in terms of the outflow of capital from this country when we should be desperately trying to counter that outflow with a greater inflow of capital into Trinidad and Tobago for our own developmental purposes and for the purpose of reviving this ailing economy of Trinidad and Tobago.

Mr. Speaker, with those few words, I express my support, with reservation.

**The Minister of Planning and Mobilization (Hon. Winston Dookeran):** Mr. Speaker, I should like to, first of all, respond to some of the points raised by the hon. Member for Oropouche. It is very clear that he was, himself, not convinced about the arguments that he was putting forward here today. I have no doubt that when he sits in his professional capacity, and analyses what he has said here today, he would be very disturbed for he purports to support the bill which he claims will encourage the outflow of investment from Trinidad and Tobago.

I could not understand how the Member for Oropouche would lend his support to a bill which would encourage the outflow of funds. It is contradictory and is only one of the very many contradictions. He was very careful in outlining his party's position about the new proposal, or what is conceived to be a new proposal, as a free trade arrangement, which is quite different from what the hon. acting Leader of the Opposition, the Member for St. Augustine, outlined in the last debate.

These terms are extremely important because we are dealing with very fundamental issues, and if one were to use the wrong term in exacting a relationship between ourselves and a foreign country, I cannot imagine what

happen when we have to actually deal with these matters on a negotiating table. A free trade arrangement will be quite different from what has been proposed.

I was very pleased that the debate on this particular motion had raised a number of fundamental issues. I was very pleased with the presentation of the Member for Diego Martin Central and the Member for St. Augustine, and today, the Member for Oropouche, as we were attempting to move the debate on some of the issues of national concern.

**2.35 p.m.**

The acting Leader of the Opposition, the Member for St. Augustine, in his presentation said and I quote from *Hansard*:

"Quite obviously, the destiny of small states like Trinidad and Tobago cannot be achieved on the basis of their own resources."

I remember so vividly the debate which took place during the early part of this parliamentary session when we were talking about the method by which we would develop a programme for the expansion of the economy. The Member for St. Augustine had argued strenuously against the reliance on external resources. I was very pleased that he has been persuaded by the performance of the economy over the last few years that he has now recognized this as a basic fact.

However, later on in his presentation, he argued that if we wish to improve our resources, we need to establish an entirely new relationship, a common market arrangement and suggested that that by itself will increase available resources to us. I am sure he is very much familiar with the fact that a common market arrangement by itself will not create that resource flow. He is familiar with the fact that there are really two basic problems we have in Trinidad and Tobago. One is how we deal with our pattern of expenditure and two, how we set up the processes to have resources come to bear on the economic life of the country. At the bottom line, those are the two fundamental objectives. It is in that context that one has to view the processes which have been put into place in order to achieve these two goals.

It is highly contradictory if we were to have Members on the opposite side identify the problems, but then base their response on some ideas which have not been worked out and which are not in context with the practical relationships between states, and in any event will not be able to achieve the goals identified in their presentation from time to time.

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It is refreshing to see the Member for St. Augustine finally coming around to the view that there needs to be a mix between the internalization or the mobilization of internal and external resources.

**Mr. Humphrey:** The Member is misleading the House. My involvement in the NAR was absolutely clear, in that my position is that my experience in the construction industry would have enabled the mobilizing of idle capacity in that sector of the economy.

In fact, I was not responsible for any other area of economic activity. The Member for Chaguanas is, in fact, responsible for all areas of activity as Minister of Planning and Mobilization. The emphasis which I have always put is to mobilize domestic capacity. I have always recognized the need as he well knows, because he attended several meetings with international investors.

He is misleading the House. He should be a little honest about what he is saying. He went to dinner with the Japanese ambassador seeking to have meaningful investment.

**Mr. Dookeran:** What is said on the public platform is quite different from what is done in terms of running a government. The country will not respond to what is said only on the public platform. They will have to respond to what actually takes place in running the country.

The Member for Diego Martin Central in his presentation made certain interpretations, one of which was that the economic situation has worsened dramatically over the last few years, and he has turned this very debate into a debate on the performance of the economy. He went on to query the integrity of the figures which are being published by one of the state bodies responsible for publication. I would like to quote one of the assertions which the Member for Diego Martin Central made with respect to the overall gross domestic product:

"What is worse is that the non-oil GDP has been declining much faster than the oil sector. One expects the Government would have had more sway over the non-oil sector of the economy."

I quote these very brief comments from the presentations which were made earlier, if only to be able to develop in my presentation the situation pertaining to these assertions, so that we can be aware of the inaccuracies or the misinterpretations which have been made in this debate with respect to the performance of the economy, and certainly in the context of the bill before us.



The Member for Caroni East and Minister of Industry, Enterprise and Tourism was very careful in presenting this bill to outline it as one of the very many measures which have been taken in order to have a viable framework for co-operation among the Caribbean countries. He spoke about the common external tariff which has now been ratified and Trinidad and Tobago being the first country to move in that direction. It has been in operation since January 1, 1991; the rules of origin agreement which ought to come into place on October 1, 1991; the Caribbean Stock Exchange which has now been operationalized, the performance of which I would like to make some brief mention today.

In this context, the possibilities for broadening the base for investment opportunities is a key concern. Resource mobilization is a key concern and hence we are addressing one of the two fundamental issues which are at the root of our economic policy.

He was also careful to point out the possibilities for the integration of production in the Caricom region. We have heard so often that there is need to have a greater thrust in integrating our production between the various countries, as there are different production possibilities in Guyana as opposed to Trinidad and Tobago, as opposed to Jamaica and elsewhere.

What in fact has been happening—and I was pleased that there will be general support for the proposal—is to now finalize the framework within which the possibilities for an integration of the production in the region and broadening the base for investment opportunities, could take place. This is the immediate response to a number of developments which have been taking place over the last few years in Caricom, but it also places Caricom in a position where it can collectively work out its new relationship with the wider world. In that context one cannot jump to easy little solutions which are not practical, but must work out positive solutions to what is clearly a changing world around us.

The Government therefore has done in the last four years, what the previous administration has been talking about for the past 15 years, by putting these very important institutions in place. They have been long in discussion and have been encouraging Caricom countries.

**Mrs. Donawa-McDavidson:** Mr. Speaker, may I ask a question? Could the hon. Member indicate whether the research, the discussions, the talks and the preparations for the last 15 years have helped him in any way to come to a conclusion?

**Mr. Dookeran:** They have certainly helped. I am just saying that we are converting what ought to have been in place a long time ago into action, during the last few years in our thrust to handle the issues, rather than to simply talk about them.

The impact of this within recent times, since the debate has moved onto the performance of the economic policies which have been put into place, is very clear. If I were to refer to the Caricom trade figures over the last few years we will see the substantial increase in Caricom trade which has been taking place and in particular on the exports of Trinidad and Tobago to the Caribbean region. The policy initiatives which were implemented along with changes which are taking place in the region have resulted in this kind of performance.

The point was raised that the economy was tottering and that things are worse than they were before. I think we need to handle that argument in this House. Exports in 1986 in Caricom, excluding petroleum and petroleum products, amounted to \$44 million.

In 1987—\$76.2 million; in 1988—\$131.4 million; in 1989—\$223.1 million; in 1990—\$198.2 million. This is a substantial increase in our exports in the Caricom region over the last two years as one of the basic tenets of the economic policies that have been forwarded in trying to encourage this new framework.

**2.45 p.m.**

**Mr. Palackdharrysingh:** I would like the Minister to indicate whether at the same time there was increased trade with the Caricom region, there was increased trade with some of the traditional partners like the United States, Canada and Europe.

**Mr. Dookeran:** All I am attempting to do is to relate the policy initiatives that we have taken to the performance, because there has been the suggestion that there has been no performance response to the policy initiatives with respect to Caricom; with respect to the steps that we have taken to the common external tariff recently; with respect to the Rules of Origin Agreement; with respect to the Caricom Enterprises Bill, which is yet to come into effect, and with respect to the general policies we have been following with respect to promoting export.

We have seen the evidence of this. Lest it be misunderstood—and the argument has been made that the economy is not progressing, which is basically the political argument that has been raised by the Member for Diego Martin

Central and other Members that we need to correct that situation—we can look at the balance of trade as opposed to the exports. Whereas in 1986 our balance of trade was negative \$14.5 million, by 1990, it was \$60 million; in 1989, it was \$82 million. These are just some of the very basic statistics to support the claim that there has been a positive response to the regime.

Let us look at the regional stock exchange. The Member for Oropouche did not mention this at all. He talked about the fact that this particular Caricom Enterprises Bill when it comes into effect will create a negative flow for Trinidad and Tobago. I really could not understand, if that was his view, how he could support a piece of legislation that could create a negative flow, unless he sees it as minor and unimportant in the context of the rest of the flows. If we are to look at the regional stock exchange, the markets were open for cross-listing from January 15, 1991 and for cross-trading on April 8, 1991. Since then, we have had the movement of investment in the Caribbean region. On April 12, 1991, \$45,000 worth of securities was purchased on the Trinidad market by Jamaican investors. On May 28, the first trade took place between Trinidad and Barbados on the Barbados Exchange for the value of Bds \$404,000. The end result of the operations over the last few months has been a definite increase in investment flows to Trinidad and Tobago. Since trading started in April, \$19 million has been invested in Trinidad and Tobago, while \$8 million has been invested by Trinidad and Tobago investors in Jamaica and Barbados Stock Exchange.

So, in terms of the flows that we spoke about, it is contrary to the evidence we have before us, and, in any event, our own investment in the Caribbean region is likely to generate further flows later on. So another major institution, the regional stock exchange, is attempting to encourage, not only greater flows, but more flows between the Caribbean region, and there are so many possibilities yet to be explored.

Simply to deny the importance of the Caricom arrangements as having value in the current situation is indeed to deny the evidence that has been taking place within recent times. This is not to suggest that this is the end-all of our economic relationships with the outside world, but clearly, it cannot be simply wished away. One cannot simply look at new arrangements that would be at this stage quite impractical. When we look at the performance of our policy with respect to Caricom, in terms of the framework that we are putting into place, we see that the objectives are being met, the direction of the flows has been established and there is no doubt, at this stage, that we are moving clearly in the right direction. There

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cannot be any argument, therefore, that the performance of the economy in this or in any general respect, is not in fact responding to these policy initiatives.

I would not go into the details of all the various other policy initiatives that have been taken, for I think that we are very much aware of the fact that at the root of what we are doing, in order to tackle our problems of unemployment, production and investment, we had to establish an appropriate framework by which we can have more resources flowing into the economy and have those resources used more productively. I will deal only with the economic side of the equation. There are large sets of initiatives that are being taken on the social side of the equation. We will deal with that in due course in terms of ensuring that there is a balance.

Since the debate has arisen on that issue, let me go to some of the recent performance indicators. I am disappointed that the Member for Diego Martin Central is not here because it was in his presentation that the points about declining economy and the non-oil sector growing at a slower rate were made. Let me read from the last *Quarterly Economic Bulletin* of the Central Bank. In its very first sentence, and I will read the full sentence:

"Although contracted in each of the first two quarters of 1991, the economy of Trinidad and Tobago nevertheless experienced an appreciably higher level of activity in the first six months of the year, when compared with the corresponding period in 1990. Quarterly real domestic product in the first half of the year averaged 2.1 per cent higher than in January/June, 1990.

The momentum of growth in construction appeared to be accelerated as indicated by an increase of 3.5 per cent in real value added compared with a growth of .4 per cent in the previous quarter.

**2.55 p.m.**

The document goes on to outline some of the basic sources of growth that have taken place in Trinidad and Tobago. Mr. Speaker, the four areas that were identified have been the manufacturing sector, the agricultural sector, the construction sector, and the petrochemical sector. Let me put on record what the document says:

"Among the non-petroleum sectors the most significant contributions came from the construction and manufacturing sectors. For the first half of 1991, the expansion in overall economic activity, when compared to the

corresponding period of 1990, was due largely to the contribution of the non-petroleum sectors. The major contributors to the overall increase were the agricultural and construction sectors. However, although the petroleum sector recorded an overall decline for the first half of the year, the petrochemical subsector performed well registering an increase in real value added of 12.2 per cent compared with a fall of 2.1 per cent in the corresponding period of the previous year.

Mr. Speaker, what is the meaning of this situation? For the first time we are beginning to see the emergence of new growth sectors outside the petroleum sector in Trinidad and Tobago and that could not come about without deliberate policy changes and programmes.

We would agree that the response is still small but that was what has been argued over the years: that we need to concentrate on the construction sector, the agricultural sector, the petrochemical sector, the manufacturing sector so that we can bring about this change. So when the Member for Diego Martin Central makes his assertions it is without the foundation of the empirical reality before us, and this is the result of a number of steps taken over the years.

Mr. Speaker, on the performance of the new policy environment, I heard the Member for Diego Martin Central, say in his presentation that he recognizes much of what has been said, but he is likely to move back to some kind of philosophy that will ensure that the State plays the dominant role. Clearly, there is a role for the state, but we have been able to handle the whole state enterprise sector as one part of our economic strategy in order to restructure it so that its dependence on the Treasury and the need for transfers will be reduced without reducing the output on the employment and the income level will be generated. So the mere adherence to some sort of idea without having the appropriate programmes to deal with it is not going to really solve our problems. But we are seeing definite evidence. I am sure, Mr. Speaker, as we walk on this economic road there will always be problems and there are problems that will always be created. The important thing is that based on our approach, as reflected in our macro-planning framework, as articulated in the fiscal statements of the Minister of Finance, and is now being evidenced and recorded in the documents before us, the most recent as, I said, the June 1991 *Quarterly Economic Bulletin* of the Central Bank.

Mr. Speaker, a very important figure that is of some significance to us in trying to analyze the performance of the Government's fiscal situation pertains to

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what has been called the "Domestic Budget Deficit". I would just like to put this on the record. The gross domestic budget deficit is the single most important indicator of the fiscal performance of the Government itself and it is only in the second quarter of 1991, according to the figures before us, we have seen a reversal in this figure. Starting from 1982, this figure has always been on the negative side creating serious problems for the management of the economy in so many different ways. While I would not at this stage want to use this one important change to suggest that this trend will continue, I am merely bringing it to the attention of the Members to indicate that there is now for the very first time, a very fundamental change where the figures have now moved from positive to negative.

**Mr. Manning:** Thank you very much, Mr. Speaker. I thank the hon. Member for giving way. Is the Minister now saying, therefore, that the turnaround that was spoken of by the hon. Minister of Finance in the budget for 1991 did not in fact come about in 1990, but we are now for the first time seeing the possibility that might be so? Is that what he is saying?

**Mr. Dookeran:** I had the opportunity to say once in this House that turning around an economy is not like turning around a motor car. That is, there are stages and steps over time. The processes of change began to reflect themselves in the 1990/1991 period but the rate in 1991 has accelerated but at this point in time we are looking very carefully at the performance of the third quarter and the quality of the changes is important.

**Mr. Shand:** Thank you for giving way to this question. Would the Minister agree that it is dangerous, politically, to talk about turning around an economy when this turnaround is not felt by the level of the masses and small people? I say this because it was my experience—

**Mr. Speaker:** You asked to give way to have a small query.

**Mr. Shand:** Yes. I was asking him a question and giving him some more information so that he could answer the question.

**Mr. Speaker:** I think the question is adequate. Let him answer it now.

**Mr. Dookeran:** Mr. Speaker, in this part of my presentation, I am merely responding to the allegation that has been made by the Member for Diego Martin Central in which he attempted to paint a picture that there has been a worsening of the economic situation in this country. I am attempting to produce the facts before him to dispel any doubts about that. There are a number of issues that have to be

addressed in terms of the immediate impact that such changes are having on the levels of living, of employment levels, income levels in the country but, I wanted to address this specific issue at this time to suggest two things: that the groundwork has been made by the transformation in the economy with respect to those particular sectors to which I have referred and as you see in the evidence of it; and there has been a marked improvement in the level of economic activity as reflected in the documents. These are prerequisites in order to handle the economic life of the country, and unless one had pursued very effective fiscal policies to put the house in this kind of order we will forever be talking about solution to the other problems.

This we recognize was a prerequisite and there was need for those fundamental changes. There were many departures from previous policy in respect of what has happened over the past four years, and it is very significant to see the points of departure that have taken place.

**3.05 p.m.**

We would also begin to see, Mr. Speaker, a situation that will lead to more investment, because in the final analysis we need to find ways and means to have more investment in order to handle the critical unemployment problem which—and I am sure we all agree—remains a critical problem in our country, notwithstanding our attempts to move it. But what was happening before was a rate of decline that had to be arrested and brought back, and this is where we are today as reflected by the Central Bank reports.

I would not want to go over the ground as to what the situation was in 1986, but the evidence is there on all these fronts on what they were and the grim picture that was facing us at that time—a sustained period of contraction. It was in 1983, when I was a member of the Opposition, that we led the attack for fundamental changes in policy in this country in order to arrest what we saw was a furtherance of the contraction process. It was not until 1987, that we had the opportunity to begin those changes, and those three years were critical. Anyone reading the situation would have seen what was happening way before 1987. There is always a lag between a new set of initiatives, policies, programmes and impact. What I am saying here today is that we are seeing some evidence of it, although I am not claiming that all the necessary responses have been adequate. It is an old economic environment, a whole new set of policy arrangements in which changes have taken place in the taxation system; changes have taken place in the Government revenue

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system; changes have taken place in the context of the monetary system; changes have taken place in the state energy sector; changes have taken place in the trade and investment arrangements, and it is these basic policy changes that have created a new environment within which the economy is performing.

I said earlier on that there were two fundamental objectives. One was to change the expenditure pattern in the country, and the other was to generate a system to bring about more flows, whether it is local or foreign. At the heart of these changes, there were the results that led to the situation in which we are today.

Let me talk a little about the future. There are a few issues that were raised. One is with respect to the investment flows. Much has been said about the fact that we have been able to mobilize so much resources externally but this is now posing, as has been pointed out, a severe threat to the capacity of the economy to meet these commitments. What is really significant is that before 1986, this country had lost its capacity to mobilize any external resource whatsoever. It is since 1987, that we have been able to mobilize substantial external resources. But we are very careful in trying to ensure that the external resources that have been mobilized will be directed into productive, self-financing mechanisms and wherever there are obligations, they will be met by adequate provisions; through more prudent management of the external resources. I will not go into the details.

I think the country knows what happened with respect to the external resources that have been mobilized. We are yet to begin to see the real disbursement of these resources. For while we have been able to establish a large number of commitments for the future, the disbursement has only now begun. In that context, the argument which is being raised that because we have these various loan arrangements we are going to place the country into a very difficult situation to honour them really has no foundation.

There are the private-sector investment flows, and the public-sector investment flows. We have not been able to have as many investment flows as we would have liked, but clearly we have set the foundation for a substantial increase in investment flows in the next two years.

Let me look at the investments that will come purely from public-sector investment flows during the next three years. Because we need to also have a capital component to our programme, we could not sit here with revenue which we have had, which had fallen from \$9 billion to less than \$6 billion. We had to find ways to get additional resources. In 1991, we had only \$253 million in public



investment flows out of the substantial arrangements that we had put into place. But in 1992, we expect to have a disbursement, based on all these projects for public-sector investment, of \$869 million, and I will give you the details. In education, it is expected, based on known commitments that have been agreed to and finalized, \$73 million; highways, \$23 million; agriculture, \$38 million. The Member for Oropouche makes these empty statements about agriculture that cannot be supported by the evidence of the Government's commitment to supporting the agriculture sector, directly and indirectly. Settlements, \$63 million; energy—we have heard much about that—\$576 million; and a number of other smaller amounts pertaining to the St. Patrick County Council water system; the water supply in Tobago: the Oropouche Lagoon; the health sector; the YTEP Programme, \$17 million; the structural adjustment programme with the World Bank, \$170 million.

So what we have in store for us for 1992 in terms of known arrangements that have been put into place, is an expenditure pattern of \$869.8 million. In 1993, it will be \$497.7 million; in 1994, \$315.8 million. This excludes any arrangements that are in the pipeline. I am talking only in the context of all these arrangements. This must be seen against the background of not being able to mobilize any external resource prior to 1986. It is by dint of fundamental policy changes, and by being able to develop projects that we have now put ourselves into a reasonable public-sector investment programme. *[Interruption]* The Member for Diego Martin Central, unfortunately, missed part of the presentation, when we were talking about the overall economy. He talks about the domestic economy. National savings increased from 10.4 per cent of GDP in 1986. In the period of plenty, national savings—the domestic resources he spoke about—were at the level of 10.4 per cent, and by 1990, it had increased to 18.8 per cent.

So we have been adopting the approach of mobilizing the domestic resources as far as possible in a falling income situation, and supplementing them with external resources that will now be productively focused on. How could the national savings have been reduced to 10.4 per cent of the GDP by 1986? I will leave that for the Member for Diego Martin Central to answer.

We recognize, Mr. Speaker, that we need to do more. We have identified in our macro-planning framework that we would like to see a national savings of 25 per cent, and that we will be moving in that direction. Unless these things are put into place, we will forever be talking about the basic needs of the population.

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Debt service ratio, Mr. Speaker, was getting out of control. By 1991, this figure had been reduced to 25 per cent. It is expected that it will maintain a higher level than we would like for 1992 and 1993. But based on the investments that I have spoken about, and based on the long-term or medium-term projections, it ought to be reduced over time. It still remains a problem. But clearly what is happening now is that it was getting out of control. By 1986, if specific steps had not taken place, our debt service ratio would have increased phenomenally, because income and export earnings were falling. Now we have been able to bring it under control, but it still requires a dramatic export thrust, and falling oil prices and falling production in oil, which took place in the first or the second quarter of this year, have not helped the situation. For some time it will be required but at the same time we have the other sectors that are now moving. What is required now is for the total national economy to make a fundamental, quantum leap into export earnings and the policy framework has been set for that.

**Mr. Speaker:** The speaking time of the hon. Member 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. Dookeran:** I thank hon. Members for the extension.

Mr. Speaker, let me deal with some of the specific issues that were also raised, if not today, on the last occasion. We talked about the new trade reform measures. The very Opposition Members who tell us that we must not open up the system when we talk about removal of the negative list, when we talk about tariff reforms pertaining to trade facilitation—very worried about that. We were very careful in working out that process to encourage enough sequencing and timing, rationalization of the entire trade reform measures. The removal of the negative list has been one issue. Now we are hearing that we did not have to worry about all these things. "You can stop worrying about all these domestic policy initiatives. All you can do is establish a common market with the United States and all problems will be solved; there will be no need for government in Trinidad and Tobago again."

We were able to talk with the manufacturing sector in order to arrange a system that will increase our protection, removing the quantitative restrictions and putting into place tariff at levels that will protect them in a period, and eventually such levels will come and be equated with the common external tariff of Caricom over a four-year period starting in 1991 to 1994. In addition to that, to look at the

entire issue of dumping legislation and subsidies, and work has commenced on this particular issue. So that there can be protection of the manufacturing sector in this particular period. Anti-dumping and allied practices are now being reviewed and will shortly come to Parliament, and the administrative machinery for its implementation is being dealt with. New resources through one of our programmes will be channeled towards changes in the manufacturing sector to give it the technological capacity to handle some of the problems of competing in the external market.

You need to have these things in place or else you just simply open up a thing and you might as well abandon the process of government. These are some of the things that have been put into place: elimination of export licensing requirements—which has already been put into place; trade facilitation reform—there is a whole programme of activities, in order to equip the country with the capacity to exploit the external market more effectively at the level of resource, technology and trading arrangements.

Mr. Speaker, on the question of the Monopolies Commission, it has been suggested that the Government was encouraging the development of monopolies. Some time ago I had the opportunity to indicate the steps that we had taken in order to deal with the regulation of business activity. In the first instance, the companies laws and ordinances have been under review for some time. That work is now almost completed and an entirely new regime is being proposed. Very shortly we hope to have even more public comment on that particular issue. But technical consultations have been taking place in order to handle the new regulatory system of which the Member speaks so often.

In addition to that, Mr. Speaker, the question of restrictive business practices was addressed by the Government earlier on, and it was agreed that pending the finalization of firm proposals, the appropriate mechanism should be established immediately under the Prices Commission. That will be the legal instrument that will now be utilized in order to effect that control.

Cabinet agreed that a Monopolies and Restrictive Business Practices Commission should be established; that pending the preparation and enactment of the necessary legislation the Commission be established initially as a committee of the Prices Commission under section 4D of the Trade (Amdt.) Act of 1968; that the terms of reference of the committee be identified very specifically. The particular terms of reference are a bit long, but basically constitute it is an interim

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mechanism that has been established under the current legal process to handle these problems while we continue to develop in the context of our overall company legislation, a firm institution in this regard; and that we were to seek the necessary support from the technical secretariat of UNCTAD to assist us in this regard. But in the meantime, there will be a mechanism in place.

So, for the Member for Oropouche to simply dismiss this as an idea that has never been implemented, is again contrary to the facts. Steps have been taken—in fact, this decision was taken on February 19, 1988. An interim mechanism has been in place to handle these issues to the extent that they do arise, while we look at the longer term changes that must take place in the context of company legislation that would free up the system and encourage a greater sense of accountability on the part of the business sector.

All these things, Mr. Speaker, may sound in a parliament to be very technical, but I thought I needed to raise these matters to let the hon. Members understand that the process of governing is a tedious one and hard work; it is not only a process of rhetoric. We have to handle these things on many fronts, handle them systematically for we cannot move to our vision by simply wanting to; we have to chart the road to get to that vision and in so doing deal with the day-to-day problems.

What are the implications of all this, Mr. speaker, in terms of our country's economic situation? There is no doubt that the economic climate has improved; a sense of confidence has been introduced. The flows that we talked about are now in place, but we will have to see a radical change in our export competitiveness. We will have to see far more activity in creating greater exports. As we see the evolution of the transformation of the petroleum sector by the \$1 billion loan—the rewards of which will not be manifested until a few years from now—but we have finally arrived at that, because banks will not commit themselves and risk their capital unless they are sure that the country in which they are doing so, has good economic prospects for the future. Our attempts, therefore, were to radically reorganize the petroleum sector, as the source to fuel the expansion of the economy, and base it now on developments in agriculture, construction, petroleum and manufacturing.

We have been able in the agricultural sector to look at diversification in Caroni Limited, and have already embarked on two major projects, one of which is the aquaculture project which is showing very promising signs; the other is with

respect to an expanded rice project with new technology. There are a number of other proposals that are now being considered in order to establish the diversification thrust of the economy.

It is unfortunate that in the process of that change we have had to face some resistance, but that resistance will be overcome. So the timing has been delayed, but the direction has been clear and the investments have been put into place. In one of our specific proposals we have authorized Caroni Limited to borrow \$40 million from the CDB in order to expand its livestock and dairy farming production. We have been able, therefore, to provide the resources, because the policies alone will not work. It is necessary to put the resources into place that will support the policy initiatives.

It is, therefore, against that kind of background that I believe that this debate, which has led into a debate on the performance of the economy and, therefore, the performance of the Government's economic strategy, needs to be examined. No one has questioned the need for the Caricom Enterprises Bill, but in debating it they have questioned whether the economic situation has improved.

So, Mr. Speaker, I do not think there are any more points that were raised. What we have heard from the Opposition were many unfounded statements that cannot be supported by the facts. I have made reference to what the Member for Diego Martin Central said earlier on. I was pleased to hear the Member for St. Augustine agreeing on a new approach, at least at this stage.

I wish to reiterate that the debate about the CSO and the Central Bank figures really is a non-issue; there are two different methodologies that are employed; it has nothing to do with ministerial cover. We all know that. These are independent bodies that submit their report based on professional analysis and judgment. In the particular case of the CSO and the Central Bank figures, I am advised that it is really a simple question of different methods of measurement that have been applied; that has nothing to do with ministerial interference. I think the country knows that, but for the record let us put that back in order, because the Member for Diego Martin Central is trying to charge that we are trying to interfere with the figures.

In the early days the Member for St. Augustine raised the issue of monetary reform. He was looking at a way by which we can find financing to finance the construction sector. He suggested that we may need to increase the limits of borrowing that the Central Bank will be allowed to make for the Government

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from the present ratio to a higher level. Essentially, that was only half of the recommendation; however it came out. It was felt in terms of financial prudence that was not possible. a particular committee was established by the National Planning Commission. I do not know whether the report was laid in Parliament.

**Mr. Humphrey:** But the two key members were fired, the Governor of the Central Bank—

**Mr. Dookeran:** The report said that we should not do that. In fact, we have been trying to handle that situation—I believe the Minister of Finance, some time ago—

**Mr. Humphrey:** It was the so-called committee of experts that said that some time ago.

**Mr. Dookeran:** That is right. The committee of experts looked at the feasibility of utilizing that method, and suggested in the context of the overall financial position and the balance of payments effect of that proposal, that it should not be recommended. What we have been able to do is to take the longer road, because we could not take such an easy road of creating money in the interest of financing this, because it was looked at—

**Mr. Humphrey:** In the interest of mobilizing idle capacity, which is the same thing.

**Mr. Dookeran:** Well, I know that is a pet subject of the Member for St. Augustine. I have discussed this with him many times. We have discussed that the specific mechanism is where the problems have arisen, so we went the other way. The important thing is to find a way to finance construction, and financing of construction will depend on the demand for the buildings that will be constructed, not on the source of financing alone. We are beginning to see this, because one of the very positive signs of the Central Bank report is that the construction sector—I believe it is said for the fifth consecutive quarter—has shown positive growth.

**Mr. Humphrey:** Yes, building toilets and community showers.

**Mr. Dookeran:** Mr. Speaker, I thought that we were trying to satisfy the basic needs of the people and if those are some of the basic needs that were left unattended, it was our responsibility to do that. I have no doubt that the Government is proud of the fact that it can provide basic facilities like toilets to the people of Trinidad and Tobago.

It is unfortunate, Mr. Speaker, that we have to deal with some of these very basic things at this stage but that is the reality and that is our responsibility. When we have to provide water through self-help projects throughout the country—after all this expenditure, it is unfortunate, and sometimes you really wonder. But there is no apology to be made if we were to provide these basic facilities and necessities and utilize our construction capacity to do that. Of course, we need even more than that; I have no doubt about that. But that is why I was referring to the large investment. When we mobilize from abroad they say we must use domestic; when we use domestic and bring it together, they say we must invest in big things; when we invest it in small things, they say we should deal with the big things; when we invest it in big things, they say we should deal with the small things; so we keep going around in circles all the time.

**3.35 p.m.**

The important thing is that we are charged with the responsibility to put into place a policy framework. The road ahead will still be difficult, but we have come through that tunnel and we are now in a position to move beyond the difficulties. It will require a massive response, not only on the part of Government but also from the implementing capability of the public sector which has to be improved dramatically in order to effect and benefit from some of these changes. So then we will begin to see results, hopefully within a short space of time.

We are dealing with the issue of social security and I recognize that the lower income groups in the country have been having difficult times. A number of programmes have been put into place in order to try to create support for the youth sector, but there is need for perhaps even more. We have introduced a number of measures for the unemployed youth in order to handle the problem of youth training, and the Minister responsible for Youth Affairs has outlined on numerous occasions what has been happening.

What we are also dealing with is the immediate problem that the Minister of Social Security and Family Services outlined on the last day with respect to some of the immediate concerns of those who have not come to that condition overnight, but which have been the result of the workings of a system for some time. We are putting the necessary responses in place, and the impact of that is being developed.

In addition to that we have been talking about a comprehensive social security system. Recently, there has been a debate about the National Health Insurance

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programme, as part of that social security system. There has also been a debate about widening the social security system in the future. These are the institutions that ought to have been put into place during the 1970s and 1980s when there was a natural source of funding. When the situation became difficult we would have then used that resource to handle the situation. But the Government of the past did not put these very important things into place.

We have to find programmes that will create and deliver the goods for the immediate need and we also have to find institutions that will solve the problem in the medium term. We have to do both things at the same time and, in a declining revenue situation which the Minister of Finance has always described as not working. In the process we also have to deal with so many issues that are not in the economic field, which have to be handled in terms of attitudes, educational thrust, and so forth, but it is important to have put the house in order in the first place.

Mr. Speaker, this is not to deny the importance of those programmes and the need to encourage even greater investment, greater employment, and in so doing finally tackle those problems. The whole question of land changes is also part of that process. What is significant is that over the last four and a half years we have been able to change fundamentally, the directions that were informing public policies in this country; implement many of these policies; handle some of these problems—the National Investment Company which the Minister of Finance has proposed as a solution to that problem—and to every single area we have been attempting to apply an appropriate solution.

What one must debate, therefore, is whether there are alternative solutions to these problems—there will always be problems in the society—whether there is an alternative to dealing with the arrears of the public sector workers, and the Caroni workers to what we have proposed and to what extent that alternative, that they may propose is superior, viable, practical, could be financiable, and so forth. That is where the debate needs to take place—whether our response to the problems, say, in education is the appropriate response. But to say here in this Parliament that nothing is happening, that things are falling apart, against the evidence that is before us, is really to do a little dishonour to the Parliament of this country.

Mr. Speaker, I hope that I have been able to respond to some of the points raised by Members of the Opposition. I thought that the debate attempted to get



at a level which we must continue to encourage, so that the electorate will be able to have the benefit of an informed choice in terms of what is before them when the moment of final accountability comes to them.

Thank you.

**The Minister of Finance (Hon. Selby Wilson):** Mr. Speaker, there is very little I can add to the substance of the debate which has been put forward by the Member for Chaguanas. Nevertheless, I should like to take this opportunity to make my contribution to this particular debate.

Our economic policies are clearly well documented in the *Medium Term Macro Planning Framework 1989—1995*, which was laid in this Parliament for the benefit of all parliamentarians. In this document we have given an overview of the state of the economy as it existed in 1986 when we assumed office. We identified in that overview the trend which the economics of the country was taking. That was not a remarkable new discovery by the National Alliance for Reconstruction. In 1981 or thereabouts, the report called "*The Imperatives of Adjustment*" which was prepared by our distinguished economist, Mr. William Demas and his team, clearly indicated to the then regime that there was need to address the economy, because even at that time the technicians serving the Government of the day could see where the economy was heading and that there was need to apply corrective measures. If those measures had been applied at that time, there would have been a great similarity between the recommended measures in that report and those which we took over the last four and a half years. For some reason—and only those who were in power at the time can explain why they did not adhere to the very competent advice that was given to them through that report, "*The Imperatives of Adjustment.*"

I say this because "adjustment" is not a new concept; it is not a concept established by the IMF. The team headed by Mr. Demas and other technicians in the Ministry of Finance and Planning at the time had nothing to do with the IMF and they were talking about adjustment, and they were talking about it at a very relevant time, in that the country then had sufficient resources still available to cushion the effects of the adjustment process. Therefore, when they left that legacy to us, the National Alliance for Reconstruction, to address the economy and did not leave the requisite resources to cushion that effect, it was inevitable that the adjustment process taking place in a period of short resources would have made it more difficult for the country.

**Mr. Valley:** Mr. Speaker, I wonder whether the hon. Minister would give way to a question.

**Mr. Wilson:** That is the essence of the problem.

**Mr. Valley:** Would you give way, my friend?

**Mr. Wilson:** A rather simple debate was developed into a full-scale economic debate, designed to mislead the Parliament, and the population by extension, into believing that the economy has been badly managed in the last four and a half years. Since it appears to me that there is a general consensus that the bill should be enacted into law—

**Mr. Valley:** I wonder whether the Minister will give way for me to ask a simple question. You know I always give way, Mr. Speaker.

**Mr. Wilson:** —I intend to direct my attention to correcting the deliberately mischievous, misleading, and indeed irresponsible statements made by the hon. Members on the Opposition benches and in particular by the Members of the People's National Movement. I get the impression that the official Opposition, headed by the distinguished Member for St. Augustine as acting Deputy Political Leader and Leader of the Opposition, those members of the United National Congress, were themselves not persuaded by their own arguments.

Mr. Speaker, I know that the Member for Laventille would be irritated by any reference to the People's National Movement in a derogatory manner, and I do not propose to do that this afternoon. I do not wish to irritate the Member for Laventille. I would have no such qualms in respect of the Member for Port of Spain East, nor for that matter the Member for Diego Martin Central but I prefer to satisfy the Member for Laventille.

I am quite prepared to acknowledge in this Chamber that Dr. Eric Williams gave yeoman service to Trinidad and Tobago. I am quite prepared to admit that in 1956 the politics of Dr. Eric Williams was relevant to our situation. I am quite prepared to admit that he took us out of colonialism, into independence, and into a republican state, and I have absolutely no difficulty in acknowledging the works of that gentleman. Where I do have a difficulty, is that in the year 1991 we have the Member for San Fernando East publicly stating, and I quote from the text of a speech he gave on August, 08:

"Our review determined that these fundamental principles were as appropriate in 1987 as they were in 1956 and will likely continue to be so for a long time to come."

This is the statement of a man who is bankrupt of all ideas.

**Mr. Valley:** Mr. Speaker, on a point of order. The Member is misrepresenting the facts. He is quoting part of a statement. Mr. Manning in that speech—if he reads the whole paragraph—was referring to fundamental principles, fundamental policy issues.

**Mr. Wilson:** Mr. Speaker, I thought I read what is written here.

**Mr. Valley:** Can you read?

**Mr. Wilson:** I shall read the preceding paragraph:

"As a consequence, we embarked on a review of the fundamental beliefs and values which had guided the party until then, in order to determine their relevance to our present situation."

He went on to say:

"Our review determined that these fundamental principles were as appropriate in 1987, as they were in 1956, and will likely continue to be so for a long time to come."

The statement of a man who is aspiring to leadership, who is totally bankrupt of any idea, in a world that is changing almost daily, in a world that we see changing dramatically from our living rooms, from our bedrooms, everything as it happens all over the world, and here we have a man aspiring to leadership in Trinidad and Tobago espousing policies that were relevant in 1956, as still being relevant in 1991.

Mr. Speaker, we have a situation in which the Member for San Fernando East aspires to this leadership position in the country, bankrupt of ideas, and prostituting the memory of Dr. Eric Williams. This is what he is doing, and it is a reflection of the vision, or the lack of vision, that he has for the country moving towards the 21st century.

I had on some other occasion to make a statement to the effect that the People's National Movement is an organized hypocrisy. We have had the fortunate experience of seeing both sides of the coin of this organized hypocrisy. We have seen it in Government for almost 30 years. When that organized hypocrisy

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governed we saw that instead of moving the population to the development of independent initiative, to self-reliance and self-esteem, they entrenched a state of dependency in which the population was made to believe that everything should be provided by the Government. That was a very effective strategy if one wished to put the population under a benevolent subrogation. That was the policy. It was through that policy that the People's National Movement was able to perpetuate itself in power for 30 years until the day of reckoning came on December 16, 1986 and removed them from office. One would have thought that they have learnt from that experience and would have adjusted their posture, but this was not to be so.

**3.55 p.m.**

Other instances of this—and I think it is relevant that the population recognizes this. It is not to say that the National Alliance for Reconstruction does not have the responsibility to correct the deficiencies in the society. We acknowledge and we accept that responsibility, but having accepted that responsibility, it must be put into its correct context. When we look at the health service, the health centres and the hospitals in Trinidad and Tobago did not degenerate over the last four years. They are examples of neglect for many years. So the accumulation of this neglect and with the liberation of the people from 1986 to now, they have brought these problems more forcefully by their actions to the attention of the public and the Government, but the legacy is one inherited.

It is the same in education. The primary schools—and that is not to say that the PNM did not continue free education in the primary schools and introduce it in the colleges. I am not about that, but having done that, they failed so badly to maintain the plant for the education of the children of the nation, that the manifestation of that neglect has been more pronounced over the last four years.

It is the same with the security services; conditions under which the security services are required to work. It is the same with the public utilities. The Telephone Company in respect of my services to which the Member for Diego Martin Central likes to refer to me as being incompetent, I want to tell him that at the tender age of 27 years, I manfully shouldered the responsibility of running a telephone company that was in a dilapidated condition.

**Mr. Valley:** Because your father was Black Prince.

**Mr. Wilson:** I am proud of that. He is a man of great dignity. Mr. Speaker, the Member for Diego Martin Central could not even stand in the presence of my father.

What we saw in the last four years in the health services, is a combination of massive neglect, a neglect at a time when this country went through two periods of boom; at a time when this country could have put all the basic facilities in place. Can you imagine a community just off the main road of Point Fortin—and those of you who have not been to Point Fortin, the main road is like Frederick Street in Port of Spain—you have a community with no water for over 30 years, and water being provided only under the representation of this Government in the latter part of last year.

When we look at the constituency of the Member for Port of Spain East, and we think of the St. Paul's Street Gymnasium; a facility that was identified by Dr. Williams in 1956 as something desirable to improve the quality of life of the poor people whose cause he championed in Port of Spain East, well, that was never built until the National Alliance for Reconstruction came to power in 1986. That is the hard fact.

Now I know that they do not like us to hark back, but they cannot have their cake and eat it, they cannot hark back and talk about the things which were properly done by the People's National Movement under the leadership of Dr. Williams—and I want to make the point—that party is a different party now because they have nobody of his calibre. If Dr. Williams were alive he would have changed gears long time. What do we have? We have Manning prostituting the memory of Dr. Williams. *[Interruption]*

After the next election *[Interruption]* Do you know the good thing about the PNM? There is only one saving grace of the People's National Movement and that is everybody knows that there is total dissatisfaction with the leadership of the Member for San Fernando East but the party is such a hypocrisy that none of them would say that. They do not say that in public; and that is the saving grace of the People's National Movement.

**Mr. Valley:** You are talking about dissatisfaction of leaders!

**Mr. Wilson:** That is the saving grace of that party. That is part of the hypocrisy. Marshall is waiting like a cobra. I am sorry. The Member for Port of Spain East is waiting to really demonstrate who is the real leader of the People's National Movement.

Can you imagine the Member for—

**Mr. Speaker:** I am getting the impression that you are confusing your platforms. *[Laughter]*

**Mr. Wilson:** Mr. Speaker, I thought it was relevant to the economic debate, but I will take your guidance. I will try to control myself. It is only a reflection of the kind of emotion I feel this afternoon.

Mr. Speaker, what has been their performance in opposition? That is the flip side of the coin of hypocrisy. When in January 1987 the Member for San Fernando East made the statement in Parliament that the People's National Movement saw itself not as an opposition but as a government in exile, it was a very philosophical statement. What that really meant was that they intended to subvert the operations of this Government for their own political short-term gains, and they set about a programme of subversion of this Government from the very first day they walked into this Parliament in 1987. One of the essential elements of that programme of subversion was one of hate for the Member for Tobago East, to develop a strategy and a programme of hate against him.

That is what they did. It seems to me that in the economic sphere there was also a measure of hypocrisy. As I said earlier on, the tools were given to the Government, through the instrument of that report prepared under the guidance of Mr. Demas, "The Imperatives of Adjustment", which clearly indicated the direction which the government of the day should have taken to save this country from economic ruin.

**4.05 p.m.**

I want to be very graphic in saying that the economic management of this country in that period under the then administration can be likened to a roller-coaster. We all know that if you put a roller-coaster on a downward slope, it is not easy to stop.

**Mr. Valley:** I want to ask the Minister one question. I am asking him kindly to give way because he is misrepresenting the facts. He is talking about the economy being on a roller-coaster.

I simply ask him: how come in 1986 the economy declined by 1.6 per cent? This is his Review of the Economy in 1989, and how come in 1987 it declined by 6.7; in 1988 by 4.3; in 1988—89 by 3.7? How come they met an economy that declined in 1986 by merely 1.6 per cent?

**Mr. Wilson:** This aspiring Minister of Finance really does not even understand the fundamental principle of a roller-coaster. You cannot stop a roller-coaster. If a

roller-coaster is on a slope going downhill, you cannot expect to stop it on December 16, 1986.

**Mr. Valley:** The fact is that in 1983, the economy declined by a much higher rate. In 1984, the decline was about 3 per cent, which means that the rate of decline reduced in 1986. Therefore, the roller-coaster had to be going downhill. That is what was happening in 1986.

**Mr. Wilson:** It was. You said it. The roller-coaster was indeed going downhill in 1986. You confuse yourself. The roller-coaster was in fact going downhill in 1986 and we could not stop that roller-coaster movement on December 16, 1986.

I want to illustrate that to you. Let us look at *[Interruption]* What I have are purely copies of the same document, which I have copied in a form *[Interruption]* I will deal with your accusation against the statisticians in CSO. For example, in 1983 the number of persons retrenched in Trinidad and Tobago was 7,158; in 1985, 4,180. We did not have the IMF. The People's National Movement Government were the IMF. They were retrenching people "free-sheet" on their own volition. That is the roller-coaster. In 1988, in order to put things in balance 2,149 persons were retrenched; in 1989, 1,836.

Let us look at another indicator. In 1985, the unemployment rate was 15.6 per cent; in 1986 when we assumed office the unemployment rate was rising rapidly and it had gone up to 17.2 per cent. Again, likening it to this roller-coaster vehicle, we were unable to stop the rate of unemployment in the year 1987. So indeed it went up to 22.2 per cent. A remarkable achievement that for the next succeeding two years, 1988 and 1989 the rate was stabilized at 22.2 per cent. In 1988, that roller coaster vehicle though still moving downward, was gradually being slowed up. By 1990, the rate had dropped to 20 per cent.

In one of the more recent publications of the Central Statistical Office, they indicated that in the last quarter of 1991, the unemployment figure was 19.1 per cent. They came to the conclusion that the rate of unemployment had indeed slowed up. I do not just want to deal with the rate because the Member for Diego Martin Central deliberately misled the House. I want to quote from his statement in which he said that between 1986 and 1991, some 30,000 people had been put on the breadline under this Government, the National Alliance for Reconstruction. Let us look at the roller-coaster effect. In 1985, the number of persons employed was 399.6—this is thousands—1986, 390.5 and the roller-coaster effect continued. In 1987 it dropped further to 372,000; in 1988 it was stabilized at around 371,000; then we were back up to 374.1 thousand persons employed. As at the end

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of March 1991, we have the latest information from the CSO which states that 384.6 thousand persons were employed.

If one looks at the 1986 figure of 390.5 to give them the benefit of our generous humility, 390,000 and we take the March figure, there is a difference of about 6,000 persons compared with the 1986 figure. Remember we were coming down with the roller-coaster. I want everybody to visualize a roller-coaster. It is a very fast ride. It comes down very quickly and you cannot stop it at an instance by just having good intentions.

As the Member for Chaguanas explained, we had to put building blocks in place to correct these imbalances; to put a brake on this roller-coaster in order to bring it to a stable state. Beyond any doubt the economy today is in a stable state.

It is the same thing with the foreign reserves. They boast of the fact that they left \$1.2 billion in foreign reserves, but we also know that by January 1987, the Governor of the Central Bank indicated in writing to the Prime Minister that the country had only two weeks' supply of liquid reserves and recommended that we had to draw down on the IMF.

That was the recommendation five weeks after being in office. It illustrates most graphically the concept of the roller-coaster going down a slope. We could not arrest it. We had to take certain measures to gradually bring the situation under control, which we did.

#### **4.15 p.m.**

When we look at the public finances of this country over the period 1982—1987 we see that it was also a passenger on this roller-coaster going downslope. The overall deficits were in excess of \$1 billion. In 1984 it was \$2.2 billion and, if you took that as a percentage of GDP—the total value of the goods and services produced in the country—you will find that it was negative starting at 11, 13 per cent; minus 13 per cent, minus 11 per cent, came down to minus 8 per cent in 1986; in 1987, it was minus 7 per cent and at the end of 1990, we have been able to upgrade the public finances with an overall deficit of \$300 million, or minus 3 per cent of the total value of the goods and services produced in the country.

Every now and then we have statements made by the Member for San Fernando East, and his most recent statement—a gross deception—is that the borrowings of the Government did not permit the private sector access to moneys



in the banking system to engage in investment activity. I have here that the credit to the private sector in 1989 was \$276 million and in 1990, it was \$226 million. It is not just a question of having credit made available to the public sector or to the private sector. One has to look to see what is the impact of giving credit to either of the sectors on the economic performance of the country, and this question of giving credit has a very close correlation with our foreign reserves balances and we have stated on previous occasions that the foreign reserves balances of this country in the year 1986 were depleted by 66  $\frac{2}{3}$  per cent. To put that in absolute numbers, it moved from approximately \$4 billion in reserves to \$1 billion at the end of 1986, a depletion of some \$3 billion of our reserves in a 12-month period.

One has to question the credit policy that was being pursued by the then administration. It is true that in 1982 the credit to the private sector was \$800 million, but the loss in reserves was \$687 million; it is true that in 1983 the private sector credit was \$798 billion, but our foreign reserves were depleted by \$2.4 billion. That was the change and that was the pattern established and that is why we query the prudence of the last administration in managing the finances of this country. That is why I likened their actions to the roller coaster on a downward slope which we could not stop in 1987 and because of which we had to build new policies, and new approaches in order to bring the economy to where it is today. It is undeniable both nationally and internationally that the economy of Trinidad and Tobago has indeed been stabilized and is now on a path of growth.

You see, it appears to me to be almost a sadistic desire of Members of the Opposition to deny complimenting the population who made sacrifices to ensure that this economy is put back on a path of sanity; almost a sadistic desire to convince people that nothing has happened in the economy. It is so ridiculous that the Member for Diego Martin Central goes further than that and says that the state today is worse off than it was in 1986 and that is why this snapshot that he wants to put at the end of December—a still photograph he wants to present to the nation at the end of December—to say this is the still picture but you know, Mr. Speaker, that in communications the days of putting still pictures before people are gone. We talk about movies, we talk about a sliding position, we see different scenes and that is why I likened this position to a roller-coaster and I want Members of Parliament to understand that.

Another indicator—I thought the Member for Chaguanas dealt with it, but I should like to indicate some figures because these figures of direct foreign investment would illustrate that the country under the National Alliance for

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Reconstruction has been able to re-establish confidence both nationally and internationally in the public affairs of this country. So you see, foreign direct investment in 1986—sorry I do not have the figure for 1985—was US \$19.9 million; in 1987, it was US \$33.1 million; in 1988, US \$63 million; in 1989, US \$148.9 million and in 1990, US \$109.4 million. That is an indication of how confidence that has been restored in this country under the National Alliance for Reconstruction.

**Mr. Speaker:** The speaking time of the hon. Member has expired.

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

*Question put and agreed to.*

**4.27 p.m.:** *Sitting suspended.*

**5.10 p.m.:** *Sitting resumed.*

[*Mr. Deputy Speaker in the Chair*]

**Mr. Wilson:** Mr. Deputy Speaker, when we took the tea break I believe I was at the point of illustrating and acknowledging that at the end of 1986 there was a reserves position of US \$1.1 billion, but what I wanted to indicate is that at the beginning of January, 1986, we had over \$4 billion in reserves. By any stretch of our imagination, \$4 billion of foreign reserves is a lot of reserves for a country the size of Trinidad and Tobago. But the Government of the day showed absolutely no concern, did not adhere or take notice of very important recommendations from Mr. William Demas's team which prepared the imperatives for adjustment to arrest the situation, but instead proceeded to deplete the foreign reserves of the country by \$3 billion; to the extent that on January 23, 1987, the then governor of the Central Bank advised the Prime Minister that the liquid reserves of the country were two weeks' supply and that we should draw down on the reserve tranche of the IMF. That was the recommendation made to the Prime Minister on January 23, 1987.

**Mr. Valley:** Would the hon. Minister give way?

**Mr. Wilson:** No, not for buffoonish behaviour. If I thought you were going to ask something of substance I would give way.

**Mr. Valley:** But how do you know?

**Mr. Wilson:** You have not said anything of substance for many years. His only rival, Mr. Deputy Speaker, in that department is the Rip Van Winkle of politics in Trinidad and Tobago, the Member for San Fernando East, who only woke up the other day, dreaming that he is going to be Prime Minister of this country. That is his only rival.

So, Mr. Deputy Speaker, we must not be deceived when the Member for Diego Martin Central, puts a still picture in front of the nation and says this is the picture. We cannot operate with still frames. The technology has gone beyond still frames. We are talking about movies and it is deceptive and propaganda to look at a still position in 1986 and not examine the trend and all the symptoms of an economy headed for ruin. That is what we had to deal with and what we dealt with effectively, and that is why today we can stand here and say that this economy has been saved under the NAR Government.

It is important in the consideration of this bill to recognize that Trinidad and Tobago has a very important and central role to play in the development of the Caricom region. You see, if Trinidad and Tobago fails in its efforts to establish a strong economic base, the entire Caribbean will feel the impact of any disastrous economic policies pursued here. That is why we have brought to the House this piece of legislation; that is why we took the initiative to ensure that Trinidad and Tobago took the lead in the implementation of the CET provisions on January 1, 1990; that is why we concur with the provisions of this bill to be one of the countries—and others have already done it—to move forward with this legislation.

That is only one of the initiatives that we have taken in Caricom. Another significant initiative taken by this Government under the visionary leadership of the Member for Tobago East is the establishment of the West Indian Commission; a commission that has been given a mandate by the Caricom Heads of Government to traverse the entire Caribbean and talk to the people in the Caribbean region to promote and consolidate the integration process in the Caricom region, not only at the economic level but also at the people level. I am amazed—I ought not to be amazed because I fully recognize that the Member for San Fernando East is a follower, he is not a leader, so when he said in his address to the Chamber that one of the things he would advocate and promote is the free movement of people and capital in the Caricom region, he is purely jumping on a band wagon firmly constructed by this Government.

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In St. Kitts, the West Indian Commission put forward its interim recommendations to the Caricom Heads and those recommendations indicated that one of the things we should move towards at the present time is the free movement of people.

**Mr. Valley:** Mr. Deputy Speaker, on a point of order. The Member is misleading the House. Since 1988, PNM in its policy said that it is moving for the free movement of capital services, skilled labour in Caricom; since 1988, we are not following anybody.

**Mr. Wilson:** Since 1972, the PNM administration said they would privatize the National Flour Mills. They said they will divest of the shares in National Flour Mills; since 1972 they said they would embark on an education programme for the people of Trinidad and Tobago to teach them the benefits of equity investment and they come in 1991 with a policy statement that they will divest and they will embark on an education programme for the people to undertake so we cannot believe that is part.

**Mr. Valley:** I simply want to ask the hon. Minister to point out the document in 1972 where the PNM outlined those things.

**5.20 p.m.**

**Mr. Wilson:** If he was living in Canada in 1972, that is his business, but I am telling him that in 1972 [*Interruption*] It is in *Hansard*. I read from that document in *Hansard* in this Parliament before on the same point.

So, Mr. Deputy Speaker, the point is, part of the hypocrisy of that organization is that they say many things and never deliver on the things they say. That is part of the psyche. It has become endemic in the young Turks in the new PNM. St. Paul Street is another example—they cared—and now when we provide the water and facilities to the people in Laventille, they say that they do not want that, they want houses.

Mr. Deputy Speaker, in my own constituency, a constituency which traditionally was served by the PNM, in a village called Techier, I had a meeting, and I was being picketed because the people in Techier had no water; a part of the country that has always been served by the PNM. Miraculously, we were able to give the people water.

I now want to turn to the very serious allegation made by the Member for Diego Martin Central in respect of the integrity of the statisticians at the Central Statistical Office.

**Mr. Valley:** Mr. Deputy Speaker, on a point of order. Let him say what I said. I am questioning his integrity as the Minister of Finance, because I know he is the one who has final say with respect to those figures.

**Mr. Wilson:** Mr. Deputy Speaker, the Member has also in his own presentation admitted that he was a public servant, and he knows how public servants could be manipulated. If you were manipulated as a public servant—

**Mr. Valley:** Mr. Deputy Speaker, he is misrepresenting the facts, he is misrepresenting what I said. I said that all public servants report to a Minister, and the Minister has got to explain in this House why the figures are different. He has got to come and explain in the House why the figures were different in 1990 from 1989. I accuse him of gerrymandering. He must either explain or stand with the charge of gerrymandering the figures.

**Mr. Wilson:** Mr. Deputy Speaker, if he was manipulated by the administration under which he served, I want to assure him that the integrity of this Government is such that we do not manipulate public servants.

Mr. Deputy Speaker, I want to deal with it. I dealt with this matter in the budget presentation of 1991, because the Member for San Fernando East made the same accusation that the figures were gerrymandered. I want to read from a report dated December 13, 1990, from the Central Statistical Office. The statisticians who felt constrained to document their feelings in respect of those allegations said:

"The Central Statistical Office has been continually developing and improving the quality of the statistics on gross domestic product over the years with a view to providing the most reliable data possible. This has been the general practice. The estimates provided in a review of the economy for the years prior to 1985, which showed a continuous revision of previous estimates..."

and I read from those estimates in the 1990 debates:

"During the period 1985 to 1990, revisions of the data continued for the following reasons:

1. an improved register of establishments updated from the 1980 housing census, and continuous sample surveys of the population. This updated register provided a more complete frame, and thus enabled the selection of a more representative sample and better coverage;

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2. through development and improvement in the collection of certain areas of statistical data by the CSO, and the availability of new data sources, more current and relevant data become available;
3. in light of the above, methodologies were improved and the estimates were made more reliable."

Mr. Deputy Speaker, I assure this House that although we do not think that the difference in the projections made by the Central Bank and the CSO are indeed significant I want to tell you that we took a decision that we will invite independent persons to review the manner in which the information and the statistics are compiled both the Central Bank and the Central Statistical Office.

I also want to make the point, that the Central Bank uses a substantial amount of its data in its own projections from the Central Statistical Office.

Mr. Deputy Speaker, I just want to read some observations. In fact, it is acknowledged that in both departments, the Central Bank and the CSO, there is competence at the technical level, and that in the circumstances they are doing a reasonably good job in the compilation of the national statistics. Despite that, there are some deficiencies. I want to read this:

"The main shortcomings of the annual national accounts compiled by the CSO relate to the following areas and, as specified below, in some cases lead to an understating of growth rates:

1. transactions taking place in the informal economy, including most of street vendors, musicians, small restaurants. . . "

**Mr. Valley:** On a point of order, Mr. Deputy Speaker. I wonder whether the hon. Minister would state the source of the document and, secondly, whether he would make that document available to Members; in other words, whether he would lay the document on the Table.

**Mr. Wilson:** Mr. Deputy Speaker, this is a report which is addressed to the Ministry of Finance, prepared by a team of statisticians from the International Monetary Fund, whose services we had requested to examine the basis on which our national accounts are being prepared, in order to try to clarify, or to try to standardize the methodologies used by both the Central Bank and the Central Statistical Office so as to eliminate, to the extent possible, the wild accusations for which the Members of the Opposition have become notorious.

**Mr. Valley:** Mr. Deputy Speaker, I ask for your ruling, please, to have the paper laid. If he is quoting from the document, I am asking that it be laid on the Table, Sir.

**Mr. Wilson:** Mr. Deputy Speaker, I will abide by your ruling if it is so, but I do not propose to lay this document in the Parliament today. I do intend to quote from it, if you would permit me.

**Mr. Valley:** If he is quoting from it today, I am asking that it be laid.

**Mr. Deputy Speaker:** ...you insist on getting the authority from which he quotes, but not that it be laid today.

**Mr. Valley:** I am asking for your ruling.

**Mr. Deputy Speaker:** I thought I did rule that he has quoted from his authority.

**Mr. Wilson:** Mr. Deputy Speaker, I continue:

1. Transactions taking place in the informal economy, including most of the street vendors, musicians, small restaurants and unlicensed taxis are not fully captured in the statistics. This sector seems to have contributed strongly to growth in recent years, however, it presents special difficulties for statistical measurements and often can only be measured indirectly. It needs research and possibly extra surveys to quantify this, but the increase in the coverage of this sector in the national accounts statistics would almost certainly increase growth rates in the recent past. If this sector were properly examined, the chances are that it will increase the growth rates in the recent past—

the statistics would show differently;

2. The use of the retail price index for converting current price data to constant prices introduces a downward bias in the growth rates for some of the services sector. In recent years, service prices have risen less than other components of the retail price index, therefore, the use of the retail price index, all items, would tend to overstate price increases in the services sector and, therefore, understate the increase in this sector in the gross domestic product. Other changes are recommended in statistically difficult areas of measuring prices and output of services including distribution, Government and personal services, these may have positive or negative effects on the growth rate;

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This observation is very significant, Mr. Deputy Speaker,

3. "Some of the major data sources need to be updated and further developed. Given the premise that national accounts are only as good as their sources, there is an urgent need to rebase the retail price index and the index of domestic production, which are based on patterns from 1975, 1976, and 1977, respectfully."

Mr. Deputy Speaker, the effect of using the bases of 1975 and 1977, is that these bases do not now take into consideration the changing pattern in the productive sector of the economy and, therefore, it could lead to a biased result which, indeed, would show less growth than there actually is. This is information from technical people doing this evaluation for us.

I find that these observations are indeed consistent with what the Central Statistical Office in their report of December 13, 1990, have said: That they are trying year after year to improve the data on which these statistics are compiled, and as they improve the collection of these data, they then revise the figures to reflect more accurately the statistics. *[Interruption]* You see, when you have a twisted mind you cannot think in any other terms only twisted views. *[Interruption]* Mr. Deputy Speaker, when you have a twisted mind it is impossible to think any other way, and that is what I meant the other day when I said that the qualities of hate and animosity distort the human personality beyond recognition. With the entry of the Member for Diego Martin Central into politics his personality has become distorted.

I hope that I have cleared up some of the misconceptions, some of the mischief, some of the misinformation and some of the wild accusations against our hard-working, dedicated public servants. It has now become a norm for members of the PNM to make these allegations out both sides of their mouth. We had the Member for San Fernando East making similar allegations about the police force being used for campaigning for the National Alliance for Reconstruction, and then at the same time saying he has the highest respect for the police officers. That is what they do; speak out of both sides of their mouth and make all kinds of wild accusations. We have the Member for Diego Martin Central in this debate, questioning the professional integrity of the statisticians of the Central Statistical Office.

**Mr. Valley:** Mr. Deputy Speaker, I am asking for your ruling. In the last week when I spoke I made it quite clear that I was not questioning the professional



integrity of the public service. I am on a point of order. I am questioning the Minister who has the final say in respect to those figures. I am asking for your ruling, Mr. Deputy Speaker.

**Mr. Deputy Speaker:** The record will reflect what your opinion is as well as his. I do not propose to rule.

**Mr. Valley:** I made it quite clear that I was not questioning the professional integrity of the public servants.

**Mr. Deputy Speaker:** The record will say what is recorded.

**Mr. Wilson:** Mr. Deputy Speaker, the integrity of this Government is such that we have no final say in the official statistics prepared and presented by the Central Statistical Office, just as we have no say in the statistics that are produced by the Central Bank. They are charged with that responsibility [*Interruption*] They put in the statistics.

**Mr. Valley:** True or not true: did you go down to the Auditor General trying to twist her hand after the newspaper report?

**Mr. Wilson:** Mr. Deputy Speaker, when a man has a twisted mind, his view of everything is twisted.

**Mr. Valley:** I am asking you a question, is it a truth or is it not a truth?

**Mr. Wilson:** You know, I am tempted to quote from a biography I read recently of Dennis Haley. Dennis Haley in the biography was commenting on the different characters he had met in his political career, and one of the observations he made of one of these characters was to this effect: that if that particular gentleman swallowed nails, he would pass a corkscrew.

**Mr. Valley:** Given all of that, Mr. Deputy Speaker, I want to ask a simple question: Did he and his Permanent Secretary go down to the Auditor General's Department or did he not go to the Auditor General's Department?

**Mr. Deputy Speaker:** The Chair wants you to know that you have two minutes to wind up.

**Mr. Wilson:** The Member for Diego Martin Central is a corkscrew expert.

I hope I have clarified some of the issues, and in summing up I should like to say that the economy has, in fact, performed reasonably well.

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I should like to signal that despite this reasonable performance we are not out of the woods, that we must continue to exercise the fiscal discipline and the good management if we are to keep on track. That is why, Mr. Deputy Speaker, this Government remains committed to serving the people in their best interests, despite the allegations being made by our detractors, and we will continue on that track, because we are not yet out of the woods. It is important that the economy perform well so as to continue this initiative that Trinidad and Tobago must take in the Caricom region. That is our historic mission in Trinidad and Tobago, and for the Caricom region. I thank you.

**Mr. Raymond Palackdharrysingh** (*Naparima*): Mr. Deputy Speaker, I hesitated, because I noticed that the Government does not have the necessary numbers in case a quorum is needed, and I am wondering if others leave me on my feet, whether there is going to be a quorum. But before I start, Mr. Deputy Speaker, this is a serious bill, and the kind of courtesy shown to the House by the absence of so many Members is quite contemptuous of the work of the Parliament.

**Hon. Member:** Where is your leader?

**Mr. Palackdharrysingh:** Let me remind them, Mr. Deputy Speaker  
*[Interruption]*

**Mr. Deputy Speaker:** Order, please.

**Mr. Palackdharrysingh:** Let me remind them, Mr. Deputy Speaker  
*[Interruption]*

**Mr. Deputy Speaker:** Can we have some order, please!

**Mr. Palackdharrysingh:** Let me remind them, Mr. Deputy Speaker, that I am simply welcoming the Member for Couva South, because with him here, there is more fire power for those in front and those behind. So with that kind of reinforcement *[Interruption]*

**Mr. Deputy Speaker:** Can we have some order, please. Hon. Members, could you allow the hon. Member to make his contribution to the debate, please.

**Mr. Palackdharrysingh:** Mr. Deputy Speaker, I just want to make the observation, that it has been a ploy of this House to keep me as the night watchman, because they know I am capable of dealing with all of them collectively; every single one of them.

**Mr. Richardson:** Who is your leader?

**Mr. Palackdharrysingh:** Mr. Deputy Speaker, we have listened to the contributions made on a bill concerning the Caricom matter. When you listen to the contribution of the Member for Point Fortin, all of a sudden he had advocated a new economic theory: "roller-coaster." That is roller-coaster economics. Therefore, he does not understand what a roller-coaster is, because what goes up in the roller-coaster has to come down. *[Interruption]* If it were not for the UNC you would not see the light of day. So do not worry with the UNC.

Mr. Deputy Speaker, again, as I listened to the Member for Point Fortin, there was hardly any mention of this bill whatsoever. He chose the opportunity to attempt to give an account of his Ministry and to some extent the measure of his stewardship. But be that as it may, that sort of rhetoric will not help.

The Member for Chaguanas started to defend the economic policies of the Government and, strangely enough, the only person to have made a significant contribution in terms of an orientation concerning this bill, was the Member for Caroni East. But, Mr. Deputy Speaker, in his contribution, he tried to simplify the matter before the House by indicating—and I want to quote his words:

"The Caricom Enterprises Bill seeks to give legal effect to the provisions of the agreement to establish a regime for Caricom enterprises."

It is being said simply, and you get the impression this was a piece of legislation, brought to the House here, you put it down and after people look at the bill, the eyes were going to have it and that is how we would pass the bill. Mr. Deputy Speaker, he also said it was one of the instruments among a package of measures. Have we addressed, really, the issue of the integration movement of Caricom and some of the real problems encountered by putting that movement together from 1972 onwards? It is so strange to hear the Member for Point Fortin indicate that the freedom of movement of capital and labour has been taken up by his Government, when lo and behold, in the annex of the Caricom regime, there is provision for the movement of labour and capital. So he should not take credit for that.

[MR. SPEAKER in the *Chair*]

**Mr. Wilson:** Mr. Speaker, on a point of order. What I indicated is that the West Indian Commission, in its interim report to the Caricom Heads of Government, indicated that we should move to promote the freedom of movement of labour in Caricom. That is what I said. It is a statement in the West Indian Commission Report.

**Mr. Palackdharrysingh:** Mr. Speaker, I simply want to point out that that is part of the treaty provisions.

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Mr. Speaker, the question of a single market and a single economy—and it is indicated here—is to come into effect in 1994. I begin to note the complexity of the movement of Caricom, and of course the recognition of the Government of some of the complexities, except there is no outward recognition of such complexities by the Government. There is need to strengthen the regional bloc. It is not being said how, and also in Article 46, the Government has recognized that there must be the provision for the promotion of industrial development through the greater utilization of regional raw materials.

Mr. Speaker, I merely want to point out, according to the bill's objective, that the bill is essentially to give legal effect to the provisions of the agreement for the establishment of a regime for Caricom enterprises.

**5.50 p.m.**

It is important to look again at Article IV of the Treaty because I believe that in this article is the focus of whatever is to be done in the promotion of the integration movement of Caricom. I just want to quote from Article IV of the Treaty:

"The community shall have as its objectives—

- (a) The economic integration of the member states by the establishment of a common market regime, hereinafter referred to as 'the common market' in accordance with the provisions of the annex to this treaty with the following aims—
  - (i) The strengthening, coordination and regulation of the economic and trade relations among member States in order to promote the accelerated harmonious and balanced development;
  - (ii) The sustained expansion and continuing integration of economic activities; the benefits of which shall be equitably shared, taking into account the need to provide special opportunities for the less developed countries;
  - (iii) the achievement of a greater measure of economic independence and effectiveness of its member States in dealing with States, groups of States and entities of whatever description.
- (b) The coordination of the foreign policies of member States;
- (c) Functional co-operation including—

- (i) the efficient operation of certain common services and activities for the benefit of its people;
- (ii) the promotion of greater understanding among its people and the advancement of their social, cultural and technological development;
- (iii) activities in the fields specified in the schedule and referred to in the Article of this Treaty."

You understand from these objectives that any of the measures that are going to follow, be it the Caricom Enterprises Regime; the CET; the harmonization of fiscal policies; whatever, must be in conformity with the stated objectives of the community.

We must briefly look back at the sort of development of Caricom in order to know where we are at this point in time. There was a time in the economic relationships among our countries, and with our dealings with Europe and some of the larger countries, that states sought preferential treatment for some of their basic commodities like sugar, citrus and bananas. Therefore, after independence, all the single entities used to go to these larger metropolitan centres to, more or less, obtain preferential treatment.

They recognized some time later that that merely put pressure on them to compete among themselves for preferential markets, and therefore it was felt that after independence of some of the countries, there was the need for some measure of co-operation; and then we had the free trade area called Carifta. Carifta brought into being some sort of economic relationship among the Carifta countries in that certain customs duties on commodities produced and traded were dropped.

Again they recognized that this free trade area was very limited in whatever the objectives were with respect to economic sustenance. From the free trade area there was the movement towards a customs union. In the customs union again it was decided that there was going to be a common approach with respect to customs from third countries outside the region. So in the process of deepening the relationship in Caricom, we reached the stage where we are at the point of being a common market which, in addition to all the previous benefits mentioned, included the movement of capital and labour among the West Indian islands.

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At that point we found much rivalry taking place with that development and for some reason the kinds of development sought were not forthcoming. The integration movement had its lag—and again we see in this period some effort is being made again to work towards the realization of some of its goals.

In the context of the overall broad objectives, whatever mechanisms would be put, again would have their limitation, and as the Member for Caroni East rightly pointed out, there were so many international mega-configurations occurring, that we were lagging behind. Especially when one thinks about Europe moving to full economic integration which involves some measure of harmonization of fiscal and monetary policies and to some extent, central planning, then we would see again, there might be need to further work towards the deepening of the relationship in Caricom. Because the fragmentation or partial movement into some form of integration has not effectively dealt with some of the several flaws in the movement; very little could be achieved.

A press release from the Information Division of the Prime Minister dated March 11, 1991, cited the main objective of the regime as set out in the bill:

"...develop an inter-Caribbean type of multi-national corporation, which would regulate the regional activities of externally-based corporations as well as to develop the resources of the region to facilitate West Indian participation in economic activities.

Establishment of the Caricom Enterprises regime will facilitate the combining of the limited capital resources of the region, promote regional ownership and control priority activities and assist the selective movement of capital between the member states."

here the focus is on selective capital movement between member states.

**6.00 p.m.**

Obviously there is need for careful scrutiny of this declaration. The heart of the bill really embodies on page 6, "Schedule—Agreement For The Establishment Of A Regime For Caricom Enterprises:

- (a) Article 3 on the 'Objectives' of the Common Market;
- (b) Article 35 on 'Establishment' and Article 37 on 'Movement of Capital';
- (c) Article 42 on the 'Harmonization of Laws', with respect to Company Law;

- (d) Article 44 on 'Ownership and Control of Regional Resources';
- (e) Article 45 on the 'Co-ordination of National Development Planning; Article 46 on 'Common Market Industrial Programming'; Article 47 on 'Joint Development of Natural Resources'; and Article 49 on 'Rationalization of Agricultural Production'; and
- (f) Article 59 on 'Financial Assistance from the More Developed Countries' to Less Developed Countries;"

At once when you look at those clauses in the Treaty which also inform the bill before this honourable House today, you would appreciate that we have to deal with very serious matters relating to the integration movement. That is why it was so disastrous when Members of the Government side spoke, and hardly addressed the concerns that were of substance in the bill, but went on to "*ramajay*" about other things which were less pertinent to the concerns of the bill.

For example, when the Member for Point Fortin started to talk about the health services he opened up the whole health problem in this debate. If I had time it might have given me the opportunity to discuss something I really wanted to discuss, but I would not deviate as he did.

The bill then goes on to use the Treaty jargon as follows:

"Cognizant of the urgent need to develop economic activities in the Common Market on the basis of joint enterprises between national investors (as hereinafter defined as Article 1);

Conscious of the continuing need to develop and give further scope for national and regional entrepreneurship, management and technological capacity in the production of goods and services on a regional basis for both the regional and extraregional markets;

Mindful of the need to pool human, financial and natural resources of the Region for the implementation of high priority regional projects designed to benefit the people of the Region;

Emphasizing the need for the creation of machinery whereby the movement of investment capital between Member States, particularly from the More Developed Countries to the Less Developed Countries may be expeditiously effected in the interests of the development of the Region;

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Aware of the crucial role which the private sector, on its own or in partnership with the Region's public sector or suitable foreign investors, can play in the economic development of the Region;

Agree to the Establishment of their Following Regime...:

'*Caricom Enterprise*' means, subject to this Agreement, a regionally-owned and controlled company which—

- (a) Within such areas specified in Articles 46, 47, 48, 49 and 50 of the Treaty;"

Article 35 (1) states:

"Each Member State recognizes that restrictions on the establishment and operation of economic enterprises therein, by nationals of other Member States should not be applied, though accord to such persons of treatment which is less favorable than that accorded in such matters to nationals of that Member State, in such a way as to frustrate the benefits expected from such removal, or in absence of duties and quantitative restrictions as is required by the Annex."

This would obviously lead to the fuller use of economic potential which is underutilized in terms of human and technological resources, but because all our Caricom members are relatively and absolutely small, there would be the problem of attaining critical mass in economic and technological activities.

Critical mass, which is economies of scale really, can be realized through a combination of countries of their markets, natural and human resources enabling the achievement of economies of large scale production and of specialization.

Our country would be faced with the need for external market outlets for the changing categories of changing goods if we are to produce more in the context of that sort of structural change in the world economy market. Apart from satisfying our Caricom neighbours I am indicating that with 5.7 million people in the Caricom region, the market would still be relatively small and therefore the region as a whole, more particularly Trinidad which is quite industrialized would have to look for markets North and probably South. That is why it is important that we begin to see from now on, that there would be serious limitations within the market capabilities of the Caricom member states and, therefore, it is now important for the movement to start looking for some sort of economic relationship with some of the larger mega blocs.



The Minister has argued that the regime promotes the complementarity of the human, natural and financial resource to our benefit, but I wish that rationale were as simple and as straightforward as he claims. Therefore, I ask: how long will the community wait to realize the benefits of the regime? Are there no short or medium term gains? For many people and mainly in the smaller territories, they may not be able to wait as long, especially for the full realization of bringing this package into being.

In the meantime, as we have seen with the common external tariff, Antigua is griping about it; St. Lucia has been making comments about it, because what has been happening in the effort to move towards a common external tariff, some of the countries, particularly the smaller countries, are being forced more or less to adopt a lower external tariff on goods. Therefore, some of their revenue, customs duties, are being reduced and it would seem that there was no concerted effort by the more developed countries of the Caricom movement, to provide a safety net for them to cushion the negative impact of this sort of arrangement in the short term.

While we are at the point of passing legislation incorporating it into our municipal law, I want to believe that there are serious problems among some of the Members. It would seem that Caricom has not moved to the extent where it is prepared to sit down and arrive at positions which would be beneficial both in the short and long term to all the members of the less developed countries.

**6.10 p.m.**

In this scenario there might be many factors coming into play. The ideal situation, of course, is for some measure of central planning and co-ordination to take place. But you see, I believe that today we have to deal with the question of how many territories are prepared to concede of their, what we call sovereign powers, in order to realize a more harmonious approach to the development of the integration of the Caricom movement.

Some people have been talking about political sovereignty, state sovereignty, that is becoming an obstacle in the way to effective sovereignty, because they are beginning to realize that if territories cannot produce for the economic well-being of their countries, then all sorts of pressures would be developed in particular countries, like inflation, balance of payments difficulties, migration and a host of other social problems. We see in the Caricom movement today, balance of payment problems and strange enough the balance of payments problems in the

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Caricom region today are among the more developed countries and not the less developed countries. If I am able to get the figures some time, I would indicate to what extent we have that problem. If we are going to put forward a measure, I think we have reached the point where we assess whether the definition for more developed countries as pertains to Jamaica, the Bahamas, Barbados and Trinidad and Tobago, against the smaller countries who seem to have a better balance of payments account, needs reviewing. Because when we look at the situation in Guyana today, I think we can understand when one US \$1 in Guyana would fetch something of the order of Guy. \$126, then something has to be seriously wrong with the Guyanese economy, and whether or not with a sort of performance like that, whether Guyana could be considered at this point in time, to be one of the more developed countries in the Caricom Movement.

Not long ago, maybe two days ago, there were some figures quoted in one of the newspapers. I am not saying they are absolutely reliable because it was a traveller who quoted them, but I am saying that they give an indication. He stated that while one pack of nuts costs \$1.00 in Trinidad, it costs \$20.00 in Guyana; a bottle of beer in Guyana is \$40.00 as against \$2.50 in Trinidad; one loaf of bread is between \$40 and \$60 in Guyana, as against \$2.50 in Trinidad; a box of chicken and chips is \$85 in Guyana, as against \$11 in Trinidad; one packet of cigarettes is \$190 in Guyana as against \$6.50 in Trinidad; a gallon of kerosene is \$225 in Guyana as against \$5 in Trinidad; one pair of shoes is \$2,000 in Guyana as opposed to \$150 in Trinidad and a pair of jeans is \$2,500 in Guyana as against \$160 in Trinidad.

So the point I want to make here is whether or not we are prepared still to classify Guyana as a more developed country with the sort of expectation that the less developed countries would be having some sort of contribution from countries like Guyana in the Caricom movement. Therefore, with an economy like that, something is wrong with our definitions in the Caricom region today. So before going full speed into the integration movement there is need for the examination of some of these issues, because at the end there would be distortions.

If you look at Barbados today, they are faced with a situation in which they either have to devalue their currency—and I think it is approximately Bds. \$2 to TT \$1 at the moment; their currency is higher than ours, maybe twice as high—or they are going to have to go down the IMF road as we have gone; as the Government has taken us down—and contrary to what they want us to believe that it was good planning, I tell you, if you look at the documents in 1988  
*[Interruption]*

What good results are you talking about?

Mr. Speaker, I want the Member from Ortoire/Mayaro to keep quiet because you cannot look at the health services today and talk about good results—vermin, rats, all types of things, ants eating up newborn children and that is what he is calling good results. As a matter of fact, he should hold his head in shame. The last Minister was doing a better job. Why was he not left there?

**Mr. Richardson:** That is being addressed.

**Mr. Palackdharrysingh:** What is being addressed? Nurses and doctors, everybody on the run these days.

The point I am making is that under the classification of, “more or less developed countries” within the Caricom region, we have a state of economy which is very bad and that needs looking at before we can talk about a regime in Caricom. All the same this Government will have to say whether or not, because of the difficult situation we are in at the moment, our own currency is not over-valued and whether or not after the elections they would have to go down to devaluation.

I indicated that there are different levels of development and we do not seem, really, as a Caricom region, to provide the sort of development in which the less developed countries, at least, would feel satisfied, but at the same time there has been severe pressure on all the more developed countries as I shall show later—Jamaica, Barbados, Trinidad and Tobago, Guyana—to hold on to that status as being more developed. Montserrat, for example, have argued in the past that they have gained little from the production of agricultural goods and that income from the manufacturing sector was virtually non-existent. At that time that country had a visible trade deficit of \$12 million and expressed the feeling that the harmonization of fiscal incentives to industry, the establishment of the Caribbean Investment Corporation and the activities of the Caribbean Development Bank will by themselves not arrest, let alone reverse, the trend towards polarization. Montserrat has argued that provision should be made for the MDCs in joint trade surpluses with the less developed countries to pay to each less developed country a sum equal to 10 per cent the value of the surplus.

**6.20 p.m.**

Mr. Speaker, today there are no surpluses anywhere so you see even those expectations would seem far-fetched. We have also to look at some of the other issues that are involved, and to talk about a package of measures without really prioritizing, formulating and implementing them, is the ultimate exercise of procrastination and indecisiveness. When one speaks of economic activity and a regime for multinational ventures within the region, then it is assumed that the basic infrastructure for regional development is there, and among them would be communication, transport, freedom of movement of labour and capital, rationalization of production, integration of production, credit facilities, markets, common currency, equitable allocation of resources and projects and mechanisms to deal with the unequal development as it pertains to different levels of development and economic distortions.

So, Mr. Speaker, something has to give and that something would have to be a giving up of some of the rivalries which we have; giving up some of the so-called sovereignty and working towards a more effective Caribbean sovereignty in terms of a deeper process in the integration movement. What I am arguing is that even at the common market level, it will not be sufficient to realize some of the objectives of the community. We have seen that countries in Europe, in once a proud continent, have been able to give up some measure of their sovereignty so that they would be able to move forward. You see, they felt that in giving up some measure of their sovereignty there would have been gains.

**Dr. Tewarie:** It took them 33 years of talk, but how many years of talk have we had?

**Hon. Member:** Seventeen years of talk.

**Mr. Palackdharrysingh:** How much is their population? And how far ahead are they?

So, Mr. Speaker, I am saying at this point in time that we must deepen this movement where we are going to have some measure of central planning and allocation of resources for development, particularly with respect to industrialization, agriculture and transport. Later on I shall come to the transport system. Then each little country, going to its Parliament with a bill to become law without a wider and meaningful perspective, would have of course been participating in an exercise that by the time they had completed it, it would have been partially obsolete to serve the needs of the region.

Mr. Speaker, when Europe, for example, decided to go into an economic union they recognized that by so doing they would have been reducing high administrative costs in dealing with different national bureaucratic requirements. I wonder if we, too, in the Caribbean have recognized that. They recognized higher transport costs because of formalities at the border. I wonder if we have costed what we are likely to save in rationalizing and integrating the transport system. They realized there were increased costs as a result of having to apply different national standards and so having smaller product returns.

Mr. Speaker, they also recognized that there were duplication costs involved in research and development. I think there is a similarity here where all of us in the Caribbean are doing our own thing in terms of research and development, which would, of course, increase capital expenditure. High cost of non-competitive and heavily regulated state activities as exemplified by national, public, permanent policies; that is what they recognized, and the ultimately high cost and reduced choice for their consumers confined to their national market.

Mr. Speaker, with an economic union approach that we must push for from now on, these are some of the benefits I feel could accrue to ourselves, because the level at the common market would continue to show indecision.

**Mr. Speaker:** The speaking time of the hon. Member has expired.

*Motion made,* That the hon. Member's speaking time be extended by 30 minutes. [*Mr. J. Humphrey*]

*Question put and agreed to.*

*Motion made and question proposed,* That the House do now adjourn to Friday, September 20, 1991 at 1.30 p.m. [*Hon. B. Tewarie*]

*Question put and agreed to.*

*House adjourned accordingly.*

*Adjourned at 6.27 p.m.*