

HOUSE OF REPRESENTATIVES*Friday, September 25, 1992*

The House met at 1.35 p.m.

PRAYERS[MR. DEPUTY SPEAKER *in the Chair*]**ORAL ANSWERS TO QUESTIONS****Unimplemented Legislation**

The following question stood on the Order Paper in the name of Mr. Ramesh L. Maharaj (Couva South):

2. (a) Would the Attorney General give a list of legislative measures (giving all necessary particulars) which have been passed by the Parliament of Trinidad and Tobago but have not yet become effective as law?
- (b) Would the Attorney General indicate to this honourable House whether the Government of Trinidad and Tobago intends to implement as law any or all of such legislative measures and, if so, give particulars of the measures it intends to implement and the proposed dates, if any, of such implementation?

The Attorney General and Minister of Legal Affairs (Hon. Keith Sobion): Mr. Deputy Speaker, on the last occasion I had requested that this question be deferred for one week. Unfortunately, the first set of information is not yet available. Therefore, I would require the question be further deferred and I have indicated this to the Member for Couva South.

Question, by leave, deferred.

Finance Houses

4. Mr. Ramesh L. Maharaj (Couva South) asked the hon. Minister of Finance:

- (a) Would the Minister state whether his Government intends to take any steps to give additional relief to that provided by the Deposit Insurance Act No. 2 of 1986 to persons who suffered loss as a result of the financial collapse of finance houses in Trinidad and Tobago?

- (b) If the answer is in the affirmative, please give particulars of the steps it intends to take.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Deputy Speaker, the answer to question No. 4 is as follows:

Under the provisions of the Central Bank Act, which relates to that Deposit Insurance Corporation, statutory insurance coverage is extended to each depositor up to a maximum of \$50,000. Persons are entitled to further benefits out of the proceeds of any liquidation of assets, subject to the settlement of any prior claims. The amount of any deposit in excess of \$50,000 is settled on a prorated basis.

Government at this time does not intend to give additional relief to that provided by the Deposit Insurance Act of 1986.

**Finance and Insurance Companies
(Investigation into)**

The following question stood on the Order Paper in the name of Mr. Ramesh L. Maharaj (Couva South):

5. Would the Minister of Finance state whether his Government intends to conduct any investigations into the operations of finance companies and insurance companies in Trinidad and Tobago which in recent years collapsed so that the Government can ascertain the whereabouts of their assets and/or trace their assets to see whether the Directors and/or other officials of some or any of these companies or any other persons have used them for their personal gain and/or benefit?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Deputy Speaker, I ask for a deferral of that question for one more week.

Question, by leave, deferred.

Consolidated Company

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

9. (a) Could the Minister of Trade, Industry and Tourism state whether the Government intends to establish either a private company or a single

Agency to incorporate the functions of all or any combination of the following organizations:

- (i) Industrial Development Corporation;
 - (ii) The Management Development Centre;
 - (iii) The Tourism Development Authority;
 - (iv) The Export Development Corporation;
 - (v) The Trinidad and Tobago Bureau of Standards;
 - (vi) The Free Zone Company?
- (b) If so, could he state the purpose of this re-organization?
- (c) The number of jobs that will be eliminated in the exercise?

Mr. Deputy Speaker: The Member for Oropouche is not here.

Question, by leave deferred.

Special Works Programme (Primary Schools)

13. Mr. Raymond Palackdharrysingh (*Caroni Central*) asked the Minister of Works and Transport :

- (a) Would the Minister state whether his Ministry initiated the Special Works Programme for the cleaning of primary schools and other schools?
- (b) If the answer is in the affirmative, would the Minister indicate:
 - (i) When did the programme begin and when would it end;
 - (ii) The number of schools where such work is carried out;
 - (iii) The number of persons employed in the programme, the criteria and procedure for the selection of employees;
 - (iv) The role and function of those employees; and
 - (v) The cost of such a programme?

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Deputy Speaker, the answer to part (a) (i) of the question is as follows:

- (a) The programme for the maintenance and cleaning of primary schools began on June 9, 1992 and the proposed closing date is December 4, 1992.
- (b) Two hundred and fifty-four schools are involved in the project.
- (c) One Thousand, five hundred and fifty-five persons are employed in the programme and persons are employed on the basis of qualifications, experience and economic needs.
- (d) The employees on this programme are required to carry out the following functions:
 - (i) Maintenance and cleaning of the school premises, furniture and equipment.
 - (ii) Planting and maintenance of orchards and ornamental shrubbery where land space permits.
 - (iii) Assistance in the provision of security at schools where required.
 - (iv) Assistance at school crossing points if necessary.
- (e) The estimated cost of the programme in 1992 is \$52 million.

Mr. Palackdharrysingh: Would the hon. Minister indicate what mechanism is set up for choosing persons to be employed and whether this programme is also extended to Tobago?

Hon. C. Imbert: Mr. Deputy Speaker, as I stated, persons are employed on the basis of qualifications, experience and economic needs. In March of this year the Ministry of Works and Transport conducted a mass registration exercise and registered some 35,000 persons. With regard to the query on Tobago, it is my understanding that the maintenance of schools in Tobago, under the Act governing the Tobago House Assembly, is the sole responsibility of the Tobago House of Assembly.

Miss Nicholson: Mr. Deputy Speaker, we are dealing with a nation and if one is dealing with unemployment, the whole question of Tobago must be addressed even though the funding goes to the Tobago House of Assembly, because that deals with internal self-government. I should like to know why funding was not

sent to the Tobago House of Assembly. Tobago has one of the highest unemployment rates in the country.

Hon. C. Imbert: Mr. Deputy Speaker, the funding of unemployment relief programmes is discussed with members of the Tobago House of Assembly at the beginning of the year and, after discussions, appropriate arrangements are made for transfer of funds from the Ministry under the Unemployment Relief Vote to the Tobago House of Assembly.

Miss Nicholson: The question that the Member for Diego Martin East is talking about, was never discussed with the Tobago House of Assembly and, as representative for Tobago West, I should like the question to be addressed, and Tobago receive its funding.

1.45 p.m.

ADJOURNMENT MOTION

(LEAVE)

Mr. Ramesh Lawrence Maharaj (*Couva South*): Mr. Deputy Speaker, I crave your leave under Standing Order No. 12 (1) of which I gave you notice, to ask the House for leave to raise the issue as to whether the Government has information that some police officers who are presently serving in the police service of Trinidad and Tobago are engaged in the drug trade and/or they have foreign bank accounts with sums in some cases in the vicinity of \$10 million.

Under Standing Order No. 12, it would appear to me that the purpose of the relevant Order is that the House must be engaged in any matter of definite urgent public importance. The matter is definite, in that the issue which is definite is whether the Government has information that some police officers who presently serve in the police service are engaged in the drug trade or have huge foreign bank accounts.

In the *Trinidad Guardian* dated September 19, 1992, on page 1, the headline is: "Senior lawman with \$10 million in foreign bank". In that article there was documented information that senior police officers serving in the police service of Trinidad and Tobago had foreign bank accounts of \$10 million and some of the senior officers were engaged in the drug trade and they were still functioning as police officers.

Adjournment Motion (Leave)
[MR. MAHARAJ]

Friday, September 25, 1992

I would consider that this matter is of urgent public importance because it involves the right of the public to know whether this is so, in that the whole basis of parliamentary government is for the exercise by the public of its judgment on government's action. If the public is aware that the Government knows about this and these officers are still functioning, then the public can determine what action it can take on its own volition to correct the situation.

It is in this context, that I think it is trite for us to recognize that if the Government has such information, it is not powerless, in that even though there are Service Commissions, Government through the Attorney General can take the necessary steps to ensure—

Mr. Valley: Mr. Deputy Speaker, if I understand what is required under the Standing Order, the hon. Member is supposed to show that the matter is urgent, definite and of public importance. Those are the rules. It seems to me that the hon. Member is engaging in a debate at this time.

Mr. Panday: What do you think he is doing, swimming?

Mr. Valley: It seems so to me. Or fishing.

Mr. Deputy Speaker: Will the Member for Couva South continue.

Mr. Maharaj: Mr. Deputy Speaker, I was trying to show that the matter is of public importance, in that it is important for the public to know this information, because if the Government through the Attorney General did not act in spite of being aware of this, the public could take steps either legally or politically in order to redress this situation.

It is on that basis that I respectfully submit that the information as to whether the Government is aware that this situation exists is of grave public importance. One merely has to look at what is the function of the police service in order to determine whether the matter can have grave or adverse effects on the proper functioning of the police service in its role to protect and serve.

It affects national security; the image of the police service; law and order, and the administration of justice. Unless I can assist you any further, that is my submission.

Mr. Deputy Speaker: Member for Couva South, it is clear from the language this is not a definite matter. To me, the language suggests that you are seeking

Adjournment Motion (Leave)

Friday, September 25, 1992

information, and this is certainly not definite and as such it is not definite under Standing Order No. 12.

If the Member for Couva South wishes he could submit a question in the appropriate way or file under Standing Order No. 11 (1).

The Chair is not satisfied that the matter is definite and can be raised under Standing Order No.12, and I so rule.

DIVESTMENT POLICY

Mr. Hedwige Breaux (*La Brea*): Mr. Deputy Speaker, I beg to move the following motion standing in my name:

Whereas the People's National Movement in its 1991 Manifesto informed the nation that if elected to form the government it would pursue, within the context of its investment policy, a programme of divestment of government's shareholdings in companies; and

Whereas having formed the Government there was established an Investments Division within the Ministry of Finance with the specific mandate of ensuring development and implementation of the Government's Investment and Divestment Policy; and

Whereas "divestment" as defined by the Government is fundamentally more than privatization, in that this Government's concept of "divestment" is the reduction of Government's shareholdings of disposal to private persons/entities in a manner that facilitates the widest possible participation of the citizenry in share ownership to the extent that this is part of a programme of the national development; and

Whereas the strategy of treating with divestment within the context of the Government's investment policy is, inter alia, with the objective of ensuring to the extent possible, the utilization of the proceeds from divesting for reinvestment purposes and the reduction of the public debt;

Be it resolved that this honourable House take note of and commend Government on its approach to the development and implementation of its divestment policy which includes the reinvestment of the proceeds and the consequent reduction in the public debt from such divestment for the national good.

The Government of Trinidad and Tobago holds shares in about 83 enterprises which span the full gamut of business and commercial activity in Trinidad and

Divestment Policy
[MR. BÉREAU]

Friday, September 25, 1992

Tobago and the wider Caribbean. I shall give you an idea of the extent of shareholdings and the nature of them. In agriculture and agri-business, there are seven companies; in energy and energy-related industries there are eight; there are also companies in manufacturing; transport and port facilities; insurance services; sanitation services; security; training; media services and printing. There are companies in the tourism sector, marketing, communication services, finance and banking, arts and crafts and the manufacture of alcoholic beverages.

1.55 p.m.

The Government has shares even in what Members on the other side constantly refer to as the conglomerates. Of these, there are 35 wholly-owned companies. Just to call some names that you will recognize: Caroni, Trintopex, Trintoc, Lake Asphalt. Majority owned, 17: ADB, Fertrin, Tringen, Plipdeco. Fifty per cent owned: Caricargo, Arts and Crafts Export Limited. Government also has minority interests in 15 companies: Innkeepers (Trinidad) Limited—that is the Holiday Inn—the DFC, NCB, a statutory corporation, and Maritime Life. It has indirect shareholding in 13: Lake Asphalt, National Feed Mills, Phoenix Park Gas, Trintomar.

The nominal share value of these companies is in excess of \$5 billion. The figure does not however reflect the full value of these companies which in the vast majority of cases have substantial retained earnings. These have the effect of increasing the net worth of the companies with a corresponding effect on the market value of the shares.

I should just like to quote from the 1991 audited accounts of one of those companies, which has a share capital of \$261,232,000, but retained earnings of \$672,273,000, which results in a net worth of over \$1.2 billion. There are a number of others like this. The full value of the shares owned by the state in these companies, therefore, is very substantial indeed. Of course, before any divestment, each company will have to be subjected to careful analysis, so as to arrive at a most accurate and proper value of the shares to be divested.

In order to understand clearly the nature of the exercise to be undertaken, and to appreciate the philosophy underlying the Government's divestment plan, it is necessary to reflect upon the manner in which the shareholdings in the vast majority of companies came into the possession of the state and the full circumstances surrounding their acquisition. In the vast majority of cases the shares in the wholly-owned companies were acquired when the persons owning

these companies, because they were dissatisfied with the level of profits accruing to them, decided either to reduce the work-force drastically, or to shut down the operations entirely. The PNM Government of Trinidad and Tobago, because of the adverse effects which such action would have had on the economy, in most cases, stepped in and bought out the investors—usually foreign, but there were some local instances also and, in some cases, just after the end of the tax holiday granted under the policy of industrialization by invitation. Two objectives were thereby achieved.

- (1) saving the jobs of the workers and keeping the socio-economic fabric of society intact;
- (2) acquiring the enterprise for and on behalf of the people of Trinidad and Tobago.

In my own constituency of La Brea three such situations existed during the period 1969 to 1990. They were Lake Asphalt, British Petroleum and Van Leer. In respect of Lake Asphalt and British Petroleum, the PNM Government purchased the assets in order to save the jobs of the workers, but, in respect of Van Leer, another administration did not choose to do the same thing.

Mr. Deputy Speaker, it is not the purpose of this debate to dwell on the merits or demerits of the actions of the different administrations. I state that for the record.

In another instance, the Government, either on its own or in partnership with a foreign investor would purchase or start a company as part of the diversification thrust of the PNM Government. In particular, the industries downstream of gas—methanol, urea, Fertrin—are all instances in which the Government of Trinidad and Tobago got into investments in order to fuel the diversification effort. Moreover, where Government was of the view that certain services were necessary to develop local ownership and expertise in certain segments of the economy both in order to promote the national good and stimulate economic activity, Government stepped in. I refer to areas such as the ADB, the NCB and Trinre (Trinidad and Tobago Re-insurance Company).

In furtherance of the Caribbean integration movement, the Government entered into certain regional ventures with the governments of other Caribbean countries, for example, LIAT, Arawak Cement, West Indies Shipping Corporation.

Divestment Policy
[MR. BÉREAUX]

Friday, September 25, 1992

Instances where certain companies which control large segments of the local business environment or particular processes with historical and economic value to the country and such companies had decided to make shares available to the PNM Government, in pursuance of its policy of trying to ensure the widest possible participation in the ownership of enterprises doing business in this country, Government purchased shares in these companies in trust for the people of Trinidad and Tobago. I use the examples of Angostura Bitters Limited; Neal & Massy Holdings and Allied Innkeepers of Trinidad and Tobago.

2.05 p.m.

Finally, the sixth example, where the industry or enterprise was of specific strategic importance, like TSTT, WASA, and so on—TSTT in particular. We see several policy positions running through the acquisition of these assets by the state: Socio-economic, interests of wider participation in ownership by the people, investment, diversification of the economy, the strategic importance of the industry or enterprise in the context of national development.

These actions took place under a certain economic climate in Trinidad and Tobago. Most of these acquisitions were made when the oil revenues had the economy of Trinidad and Tobago buoyant, and when there were savings which had been put into special funds for the purpose of supplementing the lean years. But all those shares were not bought in those times. I recall the shares of BWIA were bought when the PNM Government did not have such a windfall.

Some of these companies are very profitable; others are operating at a high standard of economic viability; others are not as profitable and there are those that are losing money or are in liquidation.

On the question of losing money, every year the Treasury has to make several transfers to some of these companies and have to guarantee loans for some of them. Last Friday, in this very House, we had the matter of one of those companies being debated, one that had received loans from the Government in excess of \$2.1 billion.

Mr. Palackdharrysingh: That is loans for the boys.

Mr. Béréaux: Mr. Deputy Speaker, I should like to—*[Interruption]* I should like to continue from where I left off before I was disturbed by mutterings from the trenches.

During the debate on the 1992 Budget, the Minister of Finance stated at page 9:

"The country's external debt obligations further underline the fragility of the process of recovery."

I believe hon. Members will recall the commitment made by the Minister of Finance and the Economy in the 1987 Budget statement:

"Rescue the country from the jaws of three financial dragons, among them: The debt trap..."

Well, where are we? I continue to quote from the 1992 Budget Speech:

"The country's external public debt increased from US \$2,064.8 million at December 31, 1986 to US \$2,391 million at December 31, 1991. The Government did not seek renewal of the rescheduling agreement with Paris Club creditors which ended in March, 1991, and the companion agreement with commercial banks will expire in August. Moreover, we must begin this year to repay the IMF funds drawn down in 1988—1991.

Whereas the rescheduling agreements permitted the postponement of the payments to the value of US \$87 million in 1988, US \$242.9 million in 1989, US \$275.9 million in 1990 and US \$121.2 million in 1991—for a total of US \$727 million over the four years—the comparable figure for 1992 is US \$63.3 million and there is no further relief.

The servicing of the public external debt will be a major challenge over the next three years or so. On the basis of the stock of debt at December 31, 1991, the country's debt service obligations *Drug Trade (Police Involvement)* both principal and interest—on public and publicly-guaranteed debt will jump from US \$423.2 million in 1991 to US \$612 million, this year, and US \$607 million and US \$501 million in 1993 and 1994, respectively. The debt service ratio, that is, the share of the country's earnings from the export of goods and non-factor services...will rise to about 30 per cent."

The point is that when you purchase assets in a company for a nation, you purchase them to earn revenue and to keep them as an investment against the time when—if it is a private situation—you may have to make use of them to lighten the burden on yourself, and if it is a public situation, upon the population.

Divestment Policy
[MR. BEREAX]

Friday, September 25, 1992

It is quite clear, and the signal was given in the same budget speech at page 15:

"We intend to divest those assets which have no particular strategic or public purpose value. A programme for divestment will be prepared, based on the principle of realization of the fullest value for our assets and the widest possible shareholder participation."

Mr. Deputy Speaker, having set out the basic foundation, it is now necessary for us to examine the divestment—*[Interruption]* I know that the Member for Naparima knows more about cranes than he does about this, therefore, let him stay with his crane and let me continue with this. Stop interrupting.

Mr. Mohammed: Take a little heckling, man.

Mr. Bereaux: Having set this basic foundation, it is now necessary for us to examine the divestment policy of the Government which is stated at page 12 of the PNM's manifesto. This manifesto is the social contract between the People's National Movement and the people of Trinidad and Tobago.

And divestment policy for Trinidad and Tobago has got to be an integral part of the investment policy of the country. Both strategies with regard to divestment and the rate of divestment are closely interrelated, linked or intertwined to the Government's articulation, delineation and implementation of its investment policy. Investment policy for the PNM, as stated in its manifesto, is as follows, page 12:

"While the State will essentially be a facilitator for economic activity, participation in the commercial sector will continue at appropriate levels where:

- the industry or enterprise is of strategic importance, e.g. oil and gas, and telecommunications;
- the enterprise provides a major social service, e.g. T&TEC, WASA, PTSC;
- the industry or enterprise is essential to the economic diversification drive and the private sector is unable to channel financial resources into such investments, e.g. downstream petrochemical plants from urea, methanol or natural gas;
- a foreign investor is interested in a major project but wishes to minimize country risks by including the State as a partner;
- Government shareholding in the above companies will be reduced over time through a programme of divestment."

Given the three broad conditions stipulated for Government's direct investment, as identified, Government's divestment of its shareholding will be pursued. Where the industry, enterprise or company does not fall in the above categories, or if the industry or enterprise falls in those categories but the Government owns more than 51 per cent of the shares in the company and the overall circumstances of the industry, the sector or the national economy make it necessary for the divestment of the shareholding of a particular enterprise to be in the best interest of the country, decisions will be taken on the basis of an indepth analysis and deliberation on the specific enterprise and divestment will take place through an orderly programme.

It is important at this time to differentiate or to get the subtle differences between privatization and divestment. The dictionary meaning of privatization is to belong to a particular person or group, not shared with others in any way. Privatization in our context, as we look at it, involves the selling of shares to anybody who has money, though there is always the possibility that just a few persons or entities with substantial sums of money could lock and control any particular state enterprise as it is being privatized.

Divestment, on the other hand, as we see it, and as it is proposed in Government's policy, involves an orderly disposition of the share ownership of Government through as wide a cross-section of the population as possible.

One of the guiding principles which flowed through the acquisition of shares in several of these companies was to acquire them for the benefit of the nation and to keep them in trust for the nation. As a responsible Government this administration believes that if it has to conduct any divestment, as far as possible, that divestment should involve the disposition of the shares through as wide a cross-section of the community as possible.

As I said earlier, and in respect of this particular approach, it is the intention and has been stated in Government's policy, that incentives would be designed to encourage new share owners in the country and to facilitate investment in shares that have been or are being divested.

Without trying to anticipate or to second-guess the Minister of Finance, I would expect, having regard to this policy statement, that there would be some sort of tax incentives within the context of the country's existing financial circumstances to encourage the purchase and investment in shares.

Mr. Humphrey: Would the Member give way to a question? Would he indicate to this House for whom the Corporation Sole holds shares of state enterprises in trust?

Mr. Bereaux: Mr. Deputy Speaker, it would appear that the Member for St. Augustine was not listening, but just to reiterate, the shares have always been held in trust for the people of Trinidad and Tobago.

Mr. Humphrey: Is that all the people of Trinidad and Tobago?

Mr. Bereaux: Mr. Deputy Speaker, also, incentives for the continued development of employee stock-ownership programmes. I should like to say a few words on this matter, in particular, to explain. Employee stock-ownership plans are plans which are set up to enable the employees of companies to own shares in the enterprises in which they work. Coming from the oil industry, I know that this has been a sore point for years, has been agitated a number of times that employees should have the opportunity to own shares in the industry for which they labour.

This has several advantages:

- (1) The programme will have tremendous benefits in respect of productivity;
- (2) It will encourage savings;
- (3) It will also help to put some type of brake upon inflation, because it would be possible for employees to use a proportion of their salaries to purchase the shares and, therefore, you would find the likelihood of less money going into non-productive areas;
- (4) It also has a substantial benefit to the viability of some enterprises that may have cash-flow problems; and
- (5) In addition, the employees, since they would be owners of the shares in their own companies, are likely to be the watch-dogs of the companies to ensure that there is no waste or any other improper use of the funds or the equipment of the particular companies. As the old saying goes, "The eyes of the master fattens the horse".

In addition, there will be education programmes to inform the public of the benefits to be derived from share investment and ownership.

Savings: It has always been recognized, that for a country's economy to progress it has got to lift the level of savings. This Government considers, as indicated, and it is its policy, that given the outlook for external financing over the medium term, particularly voluntary commercial flows, it is imperative that the domestic savings rate be raised to higher levels.

Increased domestic savings will be generated not only by stability, but also by market-driven interest rate policies and by encouragement of the general public to get involved in savings. This will impact favourably on the balance of payments.

Government also intends a comprehensive review of the operation of the stock market, pertinent institutions, as well as existing institutional arrangements that facilitate the widest possible participation in the ownership of the newly divested companies. Of course, certain legislation will have to be brought to this honourable House to effect certain changes to the stock exchange. In speaking, also, of the question of ensuring the widest possible participation, I heard some references made as to who has money to buy. That only reflects a certain superficial view of the institutions of this country.

In this country we have the Trinidad and Tobago Unit Trust Corporation, the National Insurance Board, co-operative societies and credit unions and it is the intention to give preferences in the purchase of shares to the Unit Trust Corporation so that the small investor would be able, within the context of the purchase of a unit, to have a stake in some of these divested companies. Even the employee stock-ownership plans will be given preference.

The National Insurance Board is the vehicle through which pensions are provided for contributors to that plan. The National Insurance Board invests in several entities, such as mortgages. It will also have an opportunity to invest in these shares as they become available. It has a tradition of getting a preference in the investment in these shares. Through the National Insurance Board, the wider cross-section will receive a benefit.

When you have the co-operative societies and the credit unions [*Interruption*] and if the Member for Nariva, instead of interrupting me would try to do his job, maybe he could organize some rice co-operatives in Nariva to get them to invest in this. Moreover, as I have said, it is the intention of the Government to have a small segment of these companies that are identified for divestment to be offered on the stock exchange. This is likely to ensure higher standards. I should like those Members who have been speaking about mismanagement to note that the measure

Divestment Policy
[MR. BÉREAU]

Friday, September 25, 1992

we have adopted is likely to ensure higher standards of management since those companies will have to deal with the levels of accountability as would be required by the Stock Exchange.

2.35 p.m.

Madam Speaker, in 1992 it is the intention to divest—*[Interruption]* I am not reading from this—

Mr. B. Panday: You wrote "Madam Speaker," that is why you said "Madam Speaker".

Mr. Beraux: Mr. Deputy Speaker, I beg your pardon. It is the intention to divest 26 enterprises.

Mr. B. Panday: Everybody knows you never won a case in your whole life.

Mr. Beraux: Mr. Deputy Speaker, would you please ask the Member for Couva North to behave himself, to learn how to conduct himself in this honourable House. You know, I was at Chaguanas last night and several people kept asking me, why does he not take a leaf from the book of the Member for Couva South who behaves so impeccably in this House? They believe they would be better represented by him.

As it was indicated, Mr. Deputy Speaker, in 1992 it is the intention to divest 26 enterprises. Institutional arrangements for divestment have already been set up. You have in the Ministry of Finance, the Investment Division. You know, we normally speak of the industry and the sector that we know best. Given the peculiar characteristics and critical importance of the energy sector to Trinidad and Tobago, in addition to the analytical work being done in respective Government ministries, there is also the standing ministerial committee on energy chaired by the hon. Prime Minister, a team that has been set up particularly to consider at this time, the divestment of Fertrin and the urea company.

It is intended that the sums received from the divestment of Fertrin and the urea company would be used to assist in the reduction of the public debt. It is the commitment of this Government that none of the money received from divestment would be used for consumption purposes, either directly or indirectly. It will be a question of the payment of the public debt, because in paying the public debt and reducing debt servicing, there will be more sums available in order to ease the burden on the population.

There will be a technical team established with specific terms of reference. The divestment of any unit or other entity will be carefully planned. The team will be charged with the following responsibilities—to manage and be responsible for the implementation of decisions of Government relating to divestment within a specific time-frame and control without being distracted by other priorities of Government or being constrained by public service procedures and practices. There will be a flexibility to bring in expertise as required. They will be able to interface between Government and prospective investors and any consultants contracted to advise on transactions. They will provide information, status reports, and also assist in planning programmes designed to involve the public and inform them on the question of share ownership and divestment. *[Interruption]*

Mr. Deputy Speaker, if the intention of the Members who are constantly grunting in my rear that this is a place for a carnival or a show, that is not how I understand my presence in this place.

Mr. B. Panday: We have a comic on his legs.

Mr. Mohammed: You are giving a very solid contribution, do not be side-tracked.

Mr. Beraux: Mr. Deputy Speaker, on the question of the actual divestment, in case where the initial investment criteria are no longer relevant, the Government will seek to divest that industry. In a case where competition and efficiency will improve by increased private sector participation, that is an instance where the industry would be divested. Government will seek to divest public enterprises that are not financially viable and, also, in instances where the state's continued participation is likely to crowd out private capital.

It is expected that the divestment programme will do several things. It will enhance the domestic climate for investment and private sector activity; widen share ownership in the society; increase competition and lead to greater efficiency in the provision of services and further deepen capital markets. Moreover, the programme will improve the fiscal balance of payments situation over the medium term and increase the inflow of foreign investment. It will also provide opportunities for Government participation on a joint venture basis in new activities where Government equity participation is deemed necessary. It is intended that within the oil sector, after the two oil companies are merged, a certain proportion will be divested, so that the Government and the companies will

Divestment Policy
[MR. BÉREAU]

Friday, September 25, 1992

have the benefit of added technological services. It will also have the benefit of foreign markets and of additional crude supply.

2.45 p.m.

As I am on the situation of the oil industry, I should like, for the benefit of those of my constituents who live in Dally Village to read, in particular, this position of Government:

"The transportation and household sectors are two target consumption groups for which natural gas could replace exportable liquid fuels. To this end, the use of natural gas in transportation will be encouraged. Similarly, where feasible, the construction of distribution networks aimed at increasing the household use of natural gas, will be promoted."

Pardon me for that digression, Mr. Deputy Speaker.

From the statements which I have made, it is quite clear that this honourable House should commend the Government of Trinidad and Tobago on its approach to the development and implementation of its divestment policy, which includes the re-investment of the proceeds and the consequent reduction in the public debt from such divestment. Consequently also, it would result in a lighter burden on the citizen and delivery of better services.

Seconded by Dr. K. Rowley.

Question proposed.

Mr. John Humphrey (*St. Augustine*): Mr. Deputy Speaker, this motion should have been framed very differently. In fact, it should have been framed to take note of the NAR's divestment policy as contained in the "Report and Recommendation of the President of the International Bank for Reconstruction and Development to the Executive Directors on a Proposed Structural Adjustment Loan in an Amount Equivalent to US \$40 million to the Republic of Trinidad and Tobago", dated November 21, 1989. Because that is the genesis of this entire programme.

If the Government wants this House to support it on any programme of divestment, it should impress the Members that such a programme will be in the best interest of the people of Trinidad and Tobago. That has not yet been done. In fact, it was the NAR, under the previous Prime Minister, who began this whole programme of divesting the state enterprise sector. That Government had totally

capitulated to the IMF and World Bank conditionalities imposed on Trinidad and Tobago. At the time, the People's National Movement was in the Opposition, and their spokesman, mainly the then Leader of the Opposition, who is today the Prime Minister, was highly critical of the Government's capitulating to the World Bank and the IMF to the extent that the PNM campaigned nationally to seek to persuade the electorate to reject the NAR in the 1991 general election and to put the PNM in power on the promise that the PNM would do differently.

What the PNM is now doing is simply carrying on the work that was started by the remnants of the NAR, an NAR that had totally violated the trust of the people of Trinidad and Tobago, had betrayed its manifesto promises, had turned its back on a national strategy for mobilizing resources, and had adopted the external policies of one of the world's super powers, the United States of America, and put this country right back into a colonial mode.

I can understand the previous Prime Minister doing that, because he had fallen out with the PNM and with the late Prime Minister who had led that party and this country for 25 years. I can understand that he would have wanted to destroy whatever foundation was laid in those 25 years of PNM governance. But what I cannot understand is how this Prime Minister could be carrying on the work of the previous Prime Minister, the head of the NAR Government, and doing the bidding of the United States government under, first of all, Reagan, now Bush. In November we shall see whether the United States of America will continue to accept that kind of policy approach to mobilizing resources. In fact, if the outcome of that election is how I suspect it will be, then the Prime Minister, Mr. Manning, would have to reconsider his entire strategy of economic mobilization.

Mr. Valley: Mr. Deputy Speaker, may I inform the hon. Member for St. Augustine that the PNM's economic policy, especially its divestment policy, has nothing whatsoever to do with who is the President of the United States. We went to the population with a manifesto.

Mr. Humphrey: The Member for Diego Martin Central will have an opportunity to speak.

What the Government should be doing now, instead of coming to this House under "Private Business", using one of the backbenchers to present a motion to get the House to take note of its policies, is to produce a document indicating what the policies are. In fact, I have such a document. This is the document of Government's policies. Everything, in fact, that the Member for La Brea quoted

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

from, whatever document he was quoting from, is contained in this document. But there are some interesting aspects of the divestment policy that are being adopted that he did not quote.

Mr. Bereaux: On a point of order. I did not refer to that document and my contribution has nothing to do with it.

Mr. Humphrey: We want to know which document he was quoting from, because that document is based on this document.

2.55 p.m.

Mr. Bereaux: This is it. This is the one. We went to the people on this.

Mr. Deputy Speaker: Let us have some order in the House, please.

Mr. Humphrey: Mr. Deputy Speaker, when this was being prepared—first of all, it was prepared in secret—

Mr. B. Panday: This document copied from the PNM's manifesto.

Mr. Humphrey: A party that went to the electorate and promised open government, started to redirect its policies and re-orient its programmes on the basis, not of a mandate given by the people of Trinidad and Tobago, but on the basis of secret discussions held with the directors of these institution—the World Bank and the IMF.

The document says it in the flyleaf—

Mr. Deputy Speaker: Would the hon. Member state for the record the document from which he is quoting, and the relevant pages, please.

Mr. Humphrey: Mr. Deputy Speaker, I already did so.

Mr. Deputy Speaker: It may have missed me. Would you now state the document for the record of the House, please.

Mr. Humphrey: Report and Recommendation of the President of the International Bank for Reconstruction and Development to the Executive Directors on a proposed Structural Adjustment Loan in an amount equivalent to US \$40 million to the Republic of Trinidad and Tobago, dated November 21, 1989.

I have just put that on the record for the second time.

In the flyleaf of the document this is what it says:

"This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization."

Mr. Valley: Did you get World Bank's authorization to use it now?

Mr. Humphrey: Well, it happened to be laid in Parliament after the fact. After the Government adopted the conditionalities of this structural adjustment loan, it was then laid in Parliament. Let us see how it was contrived.

At page 10, there is a paragraph 31, headed "Collaboration with the IMF". It reads:

"The proposed SAL . . ."

Structural Adjustment Loan—

"has been developed in close coordination with the IMF. The Fund's mid-term review mission overlapped with the Bank's appraisal mission; and through discussions and the exchange of information, Bank and Fund staff have collaborated in the formulation of their respective programs to ensure that the two are fully consistent and complementary. The liberalization of the country's exchange and import restrictions is critical for both programs. The two programs have been designed so as to address consecutive phases of the import liberalization program."

The architects of the entire policy of the PNM are not the people of Trinidad and Tobago; not the party that went to the population to seek a mandate, but the IMF and the World Bank. They are the architects.

Now, what are the policies being projected by the IMF and the World Bank? Today, those policies reflect United States of America's foreign policy; especially economic foreign policy. The Republican Party of the United States of America holds the philosophy that the best way to mobilize economic resources is for private citizens to do it, and for the Government not to play a dynamic role in that mobilization.

In that very country, there is another political party, the Democratic Party, that says the state should play a dynamic role in intervening where the economy is in difficulties. The campaign right now is on that basis—the difference between these two approaches.

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

Mr. Deputy Speaker, a view had been expressed by certain intellectuals in the North American region of the world, that history had ended, that the policies adopted by President Ronald Reagan had enabled history to come to an end. They had found the right approach to mobilizing human resources; and that approach was based on the principle of democracy and the principle of *laissez-faire* capitalism. At the time the world was grappling with philosophies and ideologies, seeking, in fact, to find which was the best way to mobilize resources in the interest of humanity.

After World War II when democracy won a major victory and defeated the axis powers, the victors split into two ideological camps; and two schools of thought were predominant. One was that economies were most efficient when private citizens owned the means of production and distribution; and the other was that economies were most efficient when the state owned the means of production and distribution. Because of that fundamental difference, these two countries—the United States of America, on one hand, and the Soviet Union, on the other—both Federal Republics—got interlocked in this ideological debate to the extent where a cold war emerged. Not only did the world find itself in the grip of a long lasting cold war; but hot wars emerged—highly destructive wars that could never be won.

While these two parts of the world were developing on the basis of their respective philosophies and ideologies, there was another part of the world that was not developing, called the Third World. When you speak of the Third World, not many people realize that there is a first and a second that precede it. The First and the Second Worlds are based on social revolutions that had occurred, and systems of society that had emerged from those revolutions. The First World came out of the revolution of Western Europe that was exported to North America. The Second World came out of the Bolshevik revolution that was equally dynamic and influential.

The Third World found itself—while these two power groups in the world were developing into super powers—unable to choose its own direction. In Trinidad and Tobago we had a leader at the time who came on the scene while Trinidad and Tobago was still a colony of Great Britain, who fully understood the dynamics that were taking place in the world at the time, and who knew that coming out of British colonialism and being forced to adopt an exploitative form of capitalism—he could not opt for the other alternative, which was Marxian socialism, without inviting the ire of the other super power.

He had seen the experience of leaders in this part of the world who sought to do it; and how the US Marines were sent to destroy any such movement and establish puppet governments. That leader is the one who led this country out of colonialism into independence. Now, many had made contributions to the movement, but he came into power in 1956 and he steered this country from then on, to seek to achieve independence from colonialism. He named his movement the People's National Movement.

Mr. B. Panday: He put us straight back into colonialism.

3.05 p.m.

Mr. Humphrey: Mr. Deputy Speaker, I want to tell you that I am one of the people committed to building a nation and I belong to a movement so committed. The Members on that side, however, are not. They are committed to taking us back into colonialism, into defying the vision of their former leader. In fact, I suggest to the Prime Minister—I am glad he came—that for the sake of the people of Trinidad and Tobago, dissolve this Government totally—you do not need it—and ask the Directors of the International Bank for Reconstruction and Development to give orders directly to the public servants in the country and let us go along the route more efficiently and effectively. That is exactly where they are going.

This Government is a puppet, and nothing more, of those agencies that represent United States interests. It is the United States that is concerned with establishing its external markets and controlling the resources of more and more people of this world. This is really the manifesto of the present Government of Trinidad and Tobago, as it was of the NAR Government they took over from.

Let us see what the programme description of this US \$40 million calls for, and we will see the genesis of this divestment move. But they are not honest to come and tell the people of this country that they have no power. *[Interruption]* I was not in Government. I was in the Opposition then. I quote from page (1) under: "Programme Description":

"The proposed loan would support the Government's structural programme."

I always question whether it was the Government's structural programme, and the clause that I read about the IMF and World Bank's involvement in organizing the programme makes it clear that it is not a Government structural programme. It is handed down. I continue from page (1):

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

“Specifically, the loan support a reform programme encompassing:

- (i) public sector resource mobilization and allocation:
state enterprise restructuring and divestiture, efficiency improvements and tariff increases in the public sector utilities and strengthening the management of public sector investment;
- (ii) improving the incentive framework, particularly the trade regime and investment incentives; and
- (iii) strengthening the Government's social sector policies and programmes, including ameliorating the social impact of the adjustment and maintaining an adequate social safety net. The loan would be disbursed against general imports excluding specific items.”

In other words, for Trinidad and Tobago to borrow US \$40 million and an additional US \$40 million that came from a Japanese bank—\$80 million—it was prepared to sell out its independence movement, totally, and go right back into a colonial dependent mode for the sake of supporting the imports—not even for the sake of good investment to be able to service our debts but, for supporting imports. It was recognized that once they started this programme, there would be a virtual purging of foreign exchange from the system and the country would be in a crisis in terms of its foreign exchange balances. That is what was being recognized.

Let us see some of the things that this structural adjustment loan and the whole programme of reorganizing the economy of Trinidad and Tobago must achieve. Notice one statement which demonstrates to me quite clearly that the Government was acting as a puppet at the time.

“...the Bank decided to resume lending in the context of an appropriate macro economic framework, with a view to supporting structural adjustment.

In other words, the Government had to present to the Bank an appropriate framework—what was acceptable to the Bank—in order to get loans.

Page 3 of the document in dealing with distortions in the economy states:

“Such measures, focussed on switching expenditure from consumption to investment and introducing economic pricing, would stimulate growth through a more efficient allocation of resources.

"Simultaneously, the country's development strategy must become more explicitly export-oriented and conducive to foreign investment to bypass the narrow limits to growth imposed by the foreign exchange constraint and the limited domestic market. Establishing appropriate incentives for export and for investment is therefore a priority to stimulate resumption of growth."

Historically, the strategy had not been to organize the economy to export. The strategy had been to conserve our foreign exchange for investment, by substituting what we imported by what we produced locally, which is a very sensible strategy. But that is not what this PNM regime and its predecessor NAR were about. What they were about is trying to mobilize the resources of Trinidad and Tobago in response to the needs of the people of the United States and not in response to the needs of our own people. You are looking to export what we produce to the United States market to earn United States dollars to do what with them? To buy US goods and services with them, quite obviously. Therefore, your whole strategy is not aimed at lifting the economy of Trinidad and Tobago in the interest of the people of Trinidad and Tobago; your strategy is based on the United States market being available to your manufacturers to earn foreign exchange to purchase goods from the United States. That is what it is based on. The independence movement was to avoid that. That is historically what our economy was based on when we were a British colony. All I can say is, the late Prime Minister's spirit must be very uncomfortable in the Gulf or wherever it is residing now, with the directions that the so-called PNM is now taking.

Paragraph 18 on page (6) states:

"A critical element of the adjustment strategy is reducing the public sector's command of the economy's resources."

Paragraph 20 on page (7) states:

"While the Government will be reducing its role in the provision of goods and services, it is taking steps to enhance the business and investment environment for the private sector."

Paragraph 21 in page (7) states:

"The strategy for the heavy industry sector, which includes petrochemicals and steel, is to enhance efficiency through programmes for financial restructuring and management strengthening consistent with the overall state enterprise reform programme, and to reduce Government's involvement."

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

This is the genesis of it all. The World Bank directors said on page (8):

"Trinidad and Tobago's return to sustained growth, however, is likely to be gradual, and will have to be mostly generated by external demand and propelled by foreign investment."

Mr. Deputy Speaker, this is the document that the PNM should have presented today. They should have sat down and prepared a precis of this document and called it rightfully, "The Highlights of the World Bank's Structural Adjustment Programme for Trinidad and Tobago being adopted by the PNM regime". That is what it should have been called.

Trinidad and Tobago has a constitution. I asked the Member for La Brea a question during his contribution very deliberately, and he put on record exactly what I was hoping he would say. In the Constitution reference is made to ownership of the nation's resources and in the Preamble, it identifies the material resources of this country as belonging to the community. It states:

"The community of citizens of Trinidad and Tobago are the owners of the material resources of Trinidad and Tobago."

The operation of the economic system should give recognition to that fact, and should result in every single citizen of Trinidad and Tobago, enjoying the benefits of survival and other rights enshrined in the Constitution.

3.15 p.m.

There is also reference to property in Chap 1:04 which states:

"It is hereby recognized and declared that in Trinidad and Tobago there have existed and shall continue to exist, without discrimination by reason of race, origin, colour, religion or sex, the following fundamental human rights and freedoms, namely—

- (a) the right of the individual to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except by due process of law;
- (d) the right of the individual to equality of treatment from any public authority in the exercise of any functions;"

Now, let us look at this divestment programme. In the motion it is claimed that it is intended to achieve the widest share participation possible. When I asked the

Member for La Brea for whom the Corporation Sole was holding shares in trust, he said the people of Trinidad and Tobago. I emphasize, all the people of Trinidad and Tobago.

What would happen if the State that presently holds these shares in trust for all of the people decided to sell those shares to only those who have money to pay for them? It means that the shares which now belong to all the people of Trinidad and Tobago would then belong to a few of the people of Trinidad and Tobago. *[Interruption]* I am glad that I am hearing the objections from that side to what I am saying, because I want the people out there to listen to the fact that you are objecting to what I am saying.

The NAR Government started its divestment programme in response to these conditionalities of the World Bank and the IMF. They divested Trinidad Cement Limited which was critical to the construction industry in this country. This company was owned by British Portland Cement and for years they were not permitted to increase the price of cement. The price was controlled. They were not permitted to expand their profit base and therefore they did not invest very much capital in maintaining the plant, and certainly nothing in expanding and operating it.

The PNM Government came along and nationalized it. In response to this structural adjustment programme of the World Bank, it was divested by the NAR Government. The hon. Member for San Fernando East who was then a Member of the Opposition, and today is the Prime Minister of Trinidad and Tobago, participated in the budget debate in January, 1990 and had this to say:

"Mr. Speaker, permit me to turn my attention to the vexed question of this Government's policy on privatization of our state companies.

The handling of the divestment of the TCL shares symbolizes the whole questionable approach of this Government to privatization. Here is a company in which the state has invested large sums of money, almost \$200 million to provide the plant and equipment necessary for the modernization of this company.

These funds were provided with a loan from the Treasury to the state enterprise. In comes the present Government which takes a decision to write off the outstanding debt of \$94 million. They also decontrolled the price of cement and immediately caused a rise in the price of cement from \$12.00 to \$17.50 per bag."

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

That was not decontrolling. That was a decision taken by Cabinet to increase the price to \$17.50 per bag.

"The company's shares were then put on the market to be purchased..."

their emphasis is on these words—

"by the fortunate few who could afford to spend money on shares at this time."

The story is not quite over. I continue:

"Within three months dividends were being paid to these new owners by a company which had not been permitted to repay any of the remaining \$94 million of taxpayers' funds owing to the Government."

In order to make these companies attractive to those who would buy them, the big people in the society, like the Anthony Sabgas; the Sidney Knoxes and the Tommy Gatcliffes are the ones who have the means of buying these companies. If they do not have the means in local banks, they have the connections elsewhere.

Let us hear what he says:

"With great fanfare we are told that this is a major Government success in dealing with the state sector companies. We are told that the company is now showing profit."

Of course, it is showing profit; it is now a monopoly with price fixing, but profit in whose interest? The very Member for San Fernando East said it.

"Surpluses are now being generated in this company, not only because of the new management initiatives which, incidentally, predate the arrival of the present Government, but largely because the company no longer has to service its loan obligations to the Government.

Under these circumstances the company is being privatized. Inadequate steps were taken to ensure the widest distribution of the shareholdings and the share offerings and thus one witnesses the classical case of ownership by the many transformed into control by the few."

The state sector today, is ownership by all. So how can you improve on that? How can you now divest and sell to those who can buy shares, when all the citizens of Trinidad and Tobago own the state sector of the economy?

3.25 p.m.

We heard the Member for La Brea extolling the virtues of worker participation in equity. Do you know what was the experience of Trinidad Cement Limited? The workers were not encouraged to participate in equity, certainly not by the Government. The management of the company—in fact one individual who had the vision, realizing that they were now divesting this company, called the workers to lectures to explain to them that if they bought shares then, the shares would appreciate in value. So, I think about 15 per cent of the equity went to the entire work-force of TCL.

The United National Congress and its predecessor party, the United Labour Front, grappled with this Third World problem, fully recognizing the trends that were taking place. We recognized that neither *laissez faire* capitalism nor Marxian socialism, in their pure forms could enable Third World countries to mobilize resources for economic development, and we rejected both of those systems. We sat down and worked out a strategy that would have enabled Trinidad and Tobago to build on the independence foundation laid by the late Prime Minister, Dr. Eric Williams. That is what we did. He laid the foundation of a mixed economy—this seems to have missed the incumbent and his associates—that put in the state at the time more ownership of the economy than even Cuba enjoyed. Cuba had adopted international communism and it was not able to put in place as much state ownership of economic activity as the late Prime Minister, Dr. Williams, did.

Having done that, he established virtually three clear economic sectors. The state was a clear economic player, the private sector was a clear economic player and he recognized that the workers were also extremely important in the economy of the society. Very few of those people who were chosen by the late Prime Minister to lead this country as members of his Cabinet are around any more. In fact, the Prime Minister is the only one. When he chose to put his Cabinet in place, he rejected all of those people whom the late Prime Minister had appointed to his Cabinet and he described it as the new PNM. It is in fact a new PNM, because it is a PNM that is no longer living up to the vision of its founder.

Dr. Rowley: Is the Member for St. Augustine applying for a place on the PNM party screening committee?

Mr. Humphrey: Not this PNM. A former Member of Parliament, a close colleague of the then Leader of the Opposition, described this PNM as Patrick's New Movement or something like that. It is not the People's National Movement

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

any more and I have to agree with her. I would not associate with any movement to take Trinidad and Tobago back to a colonial dependency syndrome, which is exactly what is being done. I would not associate with the previous Prime Minister, which is why we locked horns and he fired me. In fact, he kicked me out unceremoniously, to use his own words.

Mr. Manning: Was he justified in so doing?

Mr. Humphrey: Absolutely. If you are going to adopt this strategy for Trinidad and Tobago, you are not going to get the support of John Humphrey who has been in the independence movement and who has given almost his life in fighting for it. He was justified. As long as he went this route, he could not have me around because I was giving him many problems, as I am going to give the Member for San Fernando East for the remainder of the session, however long it lasts, and for the very same reason.

Mr. Robinson: Mr. Deputy Speaker, may I ask the Hon. Member please not to confuse the NAR with Patrick's Nonsensical Movement.

Mr. Humphrey: If the hon. Member for Tobago East had used remarks like that while we were associated, perhaps the tensions would never have been. Anyway, I want to give him the assurance that I will not confuse any of it.

My colleagues and I, in struggling for the people of this country, were fully cognizant of world trends and understood the philosophies and ideologies of the world's powers very well. We understood the nature of colonialism and the whole principle of dependency. What we did was look at the PNM's basic documents—and I wonder how many of the so-called PNM Members of this House today have read the People's Charter and the revised People's Charter, also called the Chaguaramas Declaration. There were certain ministers of the PNM who were Members of this House while we were in the Opposition, and it was absolutely clear from the contributions of those ministers that they understood the philosophy. I want to know why none of them is around today.

In the revised People's Charter, the main architect of the PNM, the late Prime Minister, who authored the documents, identified three sectors—the state sector, the private sector and what he called the people's sector, and we had many exchanges about the role of the people's sector. I sought to point out to him that the strategy that he was adopting was seeking to make the little people of this country into mini-capitalists and that what he would better do on behalf of the

people was to establish a partnership between the state and the people in economic organization and mobilization.

Mr. Deputy Speaker: The hon Member's speaking time has expired.

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

Mr. Humphrey: I sought to point out to the late Prime Minister that the strategy of trying to make the little people into mini-capitalists was not in their best interest; that socially and culturally they had come from a system of society based on interdependence, where the wealth was in fact held in trust on behalf of all, where the society's resources were used in response to the needs of its members and where the members were not put in a position that benefit would redound from their individual effort. It was a very different form of society. The main reason I did not stay with the PNM for more than one and a half years was that I was satisfied that the PNM did not understand what I was trying to say, and there was no way if I had stayed there, I could have impressed on them that the strategy being adopted was not in the best interest of the little people. They went ahead and established the "Drag Brothers" as an example of the people's sector. What has happened to the "Drag Brothers" since establishment?

3.35 p.m.

Dr. Rowley: What about the gold standard?

Mr. Humphrey: I am hearing some "Rowdy" remarks coming from some quarters in this House. I really do not want to be distracted—

Mr. B. Panday: Ignore them; rowdy remarks.

Mr. Humphrey: But with anybody who has a fertile mind I would be very happy to spend a little time exchanging some of the ideas, that through bitter struggle have been developed.

Let me quote from the contribution of the former Leader of the Opposition, in the debate on the budget, January 12, 1988:

"We do not want to be put in a situation where we awake one morning to find that a substantial part of the country's resources have been clandestinely sold to some foreign agency.

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

We of the PNM want to make it abundantly clear that we will not sit quietly by and see the rightful property of this nation sold off for short-term gains. The PNM has worked hard to develop the state sector in this country to a force that is capable of leading our development thrust in the 21st century, and it is our intention to continue to work to ensure that the sector is not dismembered to the detriment of the people of this nation and of their children and of their grandchildren."

That is when they were close to their foundation, to their moorings, but not any more. It is absolutely clear to me, by the direction that has been taken by this present PNM Government, that it has adopted the trickle-down economic theory of Ronald Reagan. This is that if you make the rich richer, the rich will have lots of surplus and will, therefore, invest that surplus, and that investment will create jobs, and unemployed people will get jobs. That is the philosophy of the World Bank and the IMF. It is going to change when the presidential election gives a different result. When the US system has a democratic controlled congress and a democratic executive, these policies will change.

I want to see how the present Prime Minister is going to be able to justify the present direction that he is taking this country in when the United States changes its policies. Is he going to change again?

The real interest of the regime is to get office and hold on to it. To do what with it when they get it? To cater to the personal interests of the people involved at the cost of all the little people of this country? Imagine a Minister of the Government could boast that by getting rid of his Mercedes Benz and buying a BMW, which is advertised as one of the best cars in the world, he can save \$250,000 in the transaction—

Mr. B. Panday: People in Laventille have no food to eat.

Mr. Humphrey: Mr. Deputy Speaker, one must lead by example. Recently the hon. Prime Minister has called on the people to sacrifice, that the difficulties of the society require that we all sacrifice. But who can respond to such a call when the hon. Prime Minister has just pandered to his own personal requirements and spent much of the people's money in upgrading a house that did not need to be upgraded?

Dr. Rowley: You going back to that again?

Mr. Humphrey: We are not going back to that, we are staying on it. They have to justify that. They want everybody to sacrifice but what they really want is for poor people to be poorer, and the people must not complain. While they anticipate that the people will complain, they spend the state's money on getting more arms and organizing the forces of the state, very quietly transporting in the night to Teteron. But when the little people say they cannot pull the belt in any more because it has reached the backbone, and they say that is enough, what they do is put the people's movement down.

The Government has already demonstrated its intention by going ahead with a \$200 million investment in a jail, a maximum security prison.

Mr. Manning: You are being irresponsible.

Mr. Humphrey: I am hearing some very odd remarks coming from the other side. When I condemn the expenditure of \$200 million on a maximum security prison instead of their spending that money to mobilize the construction sector and enhance the infrastructure of the country to enable it to produce more, I am told I am being irresponsible.

Mr. Maharaj: When we ask for accountability, we are being irresponsible.

Mr. Humphrey: Mr. Deputy Speaker, before I end my contribution, let me give you the benefit of the thoughts that we have put into this whole equation of ideology and philosophy—my political leader, Basdeo Panday, and my colleagues and I—over many years. Of course, we had to pay a bitter price for daring to think imaginatively.

Dr. Rowley: Trinity dollars and all that.

Mr. Humphrey: You know we get these “Rowdy” little remarks coming from the other side.

Dr. Rowley: The last time you advocated Trinity dollars it cost you your job, you know.

Mr. Humphrey: “Rowdy” little remarks. I recall hearing one of the Ministers in this Government say that they will not listen to anyone who is not qualified because they have fully qualified advisers and they will take advice from them. That is such a joke.

Mr. B. Panday: How come they have not come up with a plan for unemployment?

Mr. Humphrey: The qualified advisers all work for the directors of the International Bank for Reconstruction and Development; that is where they come from.

We have developed a dimension to economic mobilization which would have taken cognizance of the legacy of the late Dr. Eric Williams, of the mixed economy. It recognizes a private sector that had already been redirected from importing what other people produced to sell at a profit into starting to substitute for those imports and going into many other activities based on locally sourced resources and, to some extent, imported resources, catering to a domestic market.

We went through a period where there was an increase in the living standard of our people. Now, it is true, to some extent, that the oil bonanza helped with that whole process. But the principles preceded the oil bonanza. The state got involved in the economy before the oil bonanza and merely accelerated its involvement when it had tremendous surpluses to invest.

The late Prime Minister, had always said that the principle of the commanding heights of the economy being owned and controlled by the people of Trinidad and Tobago was the paramount economic principle. How was he to achieve that? He started off when the banks were controlled from abroad, the insurance companies were controlled from abroad; not only controlled but owned by shareholders abroad, all the big service companies in the country owned and controlled from abroad.

Mr. Manning: I thank the hon. Member for giving way. I wonder if he would be kind enough to tell us what his view is in respect of control. Is full ownership necessary for control, or, if not, what percentage ownership would he say is necessary for control?

Mr. B. Panday: Do not fall into that. It is not a question of percentage at all. It is the structure.

Mr. Humphrey: What I am going to do is explain the kind of strategy that we developed. In fact, it informed the NAR manifesto but we did not have power in the NAR and, therefore, it was never implemented. Recognizing that a valid foundation had been laid—as an architect, I know how important a foundation is to a structure. A foundation goes under the ground and you do not see it. But the structure you see is supported by the foundation.

I am not going to give the late Prime Minister credit for building the national structure, because I do not think he had quite reached that stage. But he had laid the foundation. The mixed economy that was established was that foundation. It was neither socialist nor capitalist; it was a new breed, a new thought, a new philosophy, a new dimension—call it what you will—but it was neither capitalist nor socialist.

I want to give the late Prime Minister credit for surviving the period of reform that he led without having the super powers come in, because they came very close; they invaded Grenada. When certain people in Grenada sought to change the structure of the economy away from capitalism to socialism, the United States invaded. A decision was taken by President Ronald Reagan to invade Grenada.

What we advocate, Mr. Deputy Speaker, is that you continue to nurture the state enterprise sector and expand it from state's resources, where possible, and at the same time encourage private enterprise. And, in fact, the state must intervene where the private sector does not and where strategic decisions are taken that those areas of economic activity are in the interests of the people of this country. But we added a new dimension, we call a trisector partnership, which is a partnership between the state, private enterprise and the workers of the country. This would necessitate a continuing, ongoing conference of the representatives of these three identifiable economic sectors; it would meet and be advised by the technical competence of the Central Bank and the Central Statistical Office, so that at any time deliberations are taking place on a new investment, you have got competent advice and technical data that you can rely on to inform the judgment.

It was felt that the state, being the biggest earner of foreign exchange in the country—which is not going to happen if they continue to divest the foreign exchange earning companies as they are threatening to do—it had that as a resource that the others did not have. Private capital did not have it, because private enterprise, by and large, has not been exporting and earning foreign exchange to any great extent and, certainly, the workers do not have it.

Some of the people who leave Trinidad and Tobago running from unemployment and desperation contribute in that regard, because they go abroad and work and they send part of their savings to their relatives here. So they are contributing to foreign exchange earnings. The little people are doing it. The big people in the society do not do that. The big people in this society take their money out and invest it outside Trinidad and Tobago and all of them have homes

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

in Trinidad and Tobago and elsewhere and, in fact, if you see some of the homes they have elsewhere, they pale into significance the little ones they keep in Trinidad and Tobago. Some of these people, in fact, reside in the United States and commute to do business in Trinidad and Tobago.

The idea was that if there are areas of economic activity that are not being taken up in the dynamics that exists, that private enterprise is not investing or cannot find the wherewithal to invest in certain directions, this trisector conference would rally resources and direct those resources into these investments.

Let me give you an example: The basic strategy of the NAR, of which I was an important part—

Dr. Rowley: Have you resigned?

Mr. Humphrey:—was to put the construction industry in full gear, to mobilize the idle capacity of the construction industry, and it was estimated that we had some \$2,000 million worth of idle capacity in the construction industry.

Mr. Manning: How do you do it?

Mr. Humphrey: You do it by awarding contracts for infrastructural projects, but you direct those efforts very strategically. The whole purpose was to achieve food security within five years, as was stated in the manifesto we produced. Food security within five years and, quite obviously, if you are producing basic food items, the way you do that is by opening up more land for agriculture and by putting more people to work on that land; also by putting the infrastructure in this enabling the land to produce—access roads and bridges.

We argued that we should build retention reservoirs and dams in the catchment areas of the country to prevent flooding, because we recognized how valuable food production is. When you import food, it does not do anything for you. It keeps you alive for a while, but if you can eat your own food, what you pay for the imports can be used for expanding economic activity and not for consumption.

Mr. Manning: What about wheat?

Mr. Humphrey: What about wheat? The Prime Minister wants to know what about wheat. What efforts are being made to produce flour from something, other than wheat, derived from local sources? That is exactly what I mean. The Government was to mobilize the construction industry, build water retention

reservoirs and dams throughout the country wherever it rains heavily. The Government was also to build irrigation systems linking those reservoirs to the agricultural land, encouraging tremendous employment generation and, at the same time, while enhancing the nation's capacity to produce food, quite obviously, when there is surplus, there is going to be room to invest in agro-industrial enterprise. That was the idea.

The other prong of the thrust was to satisfy the shelter needs of the population with the emphasis on housing. If we produce more basic food items and more basic shelter for the population, there is going to be a multiplier effect of economic activity related to those things that will put many people to work. They want to know where the money is going to come from. Certainly not from foreign sources.

The Member for La Brea made a statement:

"It has always been recognized that in order to progress a country has to lift the level of savings."

I wonder whether he knows that in the United States today, where the economy is so fully mobilized, the problem is not savings, it is lack of spending and consumption. I wonder if he understands that the problem they face—and they face it because it is an economy that is almost fully mobilized, the capital base is in place. The people are not spending money because they have lost confidence, they are withholding their money and that is having a downward spiral effect on all economic activity.

Instead of buying what is being produced, they are sitting on their money. Instead of borrowing to purchase, they are paying off their debts. This is causing the US industrial capacity to be utilized less and less, causing unemployment. The more you have unemployment, the more people lose confidence and the more the system collapses.

I have often explained, and little people seem to understand it but big people, who have lots of power, for some reason do not seem to understand it. I talked to a man and asked him, "If you have a little machine and a roller that had an ink reservoir and you had a special roller with special paper that any time you needed it you could roll out a blue note, could you ever be poor?" The individual said, "No, because if I can produce blue note, which is \$100 denominations, as I need it, I would not be poor. I would have the money to pay the bills." But then I asked him, "What if people did not accept it?" He said, "Well, all right, then it would be of no use to me". What if you are producing it and in tendering it there is nothing

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

to purchase with it? He said, "Well, then it would be worthless". That is the basic principle of money management. The difference is the little person would be breaking the law if he does it but the state does not break the law; the state makes the law.

Dr. Rowley: So you print money? Irresponsible.

Mr. Humphrey: I wonder if he even understands what he says. It is a great pity that people who have power are so limited in capacity. They have the power and they cannot use it in the interest of people.

Mr. Maharaj: They do not have power; they have office.

Dr. Rowley: I am only asking a question. So you print money?

Mr. Humphrey: If the Member for Diego Martin West wants to come home and have some coffee and spend a couple of hours in discussion, he can do so. I should like to show him the new house I am building, I built one right next to his house.

Mr. B. Panday: He will quarrel with the dog in the house, boy.

Mr. Humphrey: Mr. Deputy Speaker, if this new dimension to economic mobilization were in place, this trisector partnership conference, and it is decided that investment resources need to be channelled into, for example, producing sanitary ware for the little houses that are being built all over the place so that people do not have to use pit latrines. If you want to buy a flushing toilet today, you have to pay, to have that installed and functioning, in excess of \$1,000. Only if you are rich can you afford to flush your human waste. The state could intervene and encourage private capital to build economical flush toilets, wash basins and this type of thing so that the little people could reap the benefits of an improved living standard. Private enterprise would prefer to import sanitary ware from England or wherever and sell it at a profit and they are satisfied with the profit they are making. But their market is limited to just those who can afford to build fancy homes, which the little people cannot afford. The state should involve itself in the interest of the little people. That is the problem.

The whole problem is that this Government is adopting this trend that the Member for San Fernando West described as a "tidal wave". I asked him what was the epicentre of the disturbance that created it, he would not answer. But the epicentre of that disturbance that is creating the tidal wave that is engulfing Third

World countries, especially in this hemisphere, is the United States of America in its thrust to solve its own problems.

It is amazing: They are telling us we must adopt structural adjustment programmes to solve our economic problems when the structure of their economy is in more trouble than ours, and all the things they are telling us to redress they are unable to redress in their own situation. Their accumulated budget deficit is now \$4 trillion. What is a trillion dollars in the US context? Mr. Prime Minister, do you have any idea?

They are telling us to balance our budget. Zero revenue, zero expenditure is a balanced budget but then what development do you get out of that approach? *[Interruption]* The Member for Diego Martin West is trying to taunt me.

Dr. Rowley: I am asking a question.

Mr. Humphrey: It is not a serious question. It is a typically "Rowdy" question.

If you have real productive capacity, as we have accumulated in the boom years in certain sectors of the economy, and you have people who have been trained in the institutions of higher learning all over the world and who now possess all of the techniques and the ability needed for modern development, that in itself is a tremendous amount of savings.

In this country we have more than that; we have a constant and dependable source of foreign exchange to support our imports. We have it already. When they talk about export-directed trade, it has always been export-directed, so what is new about that? We have exported sugar, citrus, cocoa, coffee and petroleum. It has always been that way. What we need in this country today is to direct the resources, the productive capacity of the country, to solving the basic needs of the people. That is what you need to break that dependency on other people's resources. When you produce more—

Mr. Deputy Speaker: I would advise the Member that he has two minutes speaking time left.

Mr. Humphrey: Two minutes is enough. When you produce more than you need, you have surplus and that is when you export. You export surplus production and you earn foreign exchange. But you do not have a strategy of economic mobilization that would make our people less dependent on the resources of other people. You are not concerned with that. How much investment

Divestment Policy
[MR. HUMPHREY]

Friday, September 25, 1992

came in during the NAR and how much has come in the first 10 months of the PNM?

Mr. B. Panday: Zilch.

Mr. Humphrey: That is the amount that came in.

The United National Congress cannot, under any circumstances, support this motion brought by the Member for La Brea.

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Deputy Speaker, I rise to support a motion moved by the hon. Member for La Brea and I think it needs to be repeated, because over the last hour and 15 minutes, we have listened to a tirade, a discourse that had absolutely no bearing on the motion; a rambling into trinityism and other abstract concepts; a money-printing thesis, as the Member for Diego Martin West said. Therefore, I will repeat the motion:

Whereas the People's National Movement in its 1991 Manifesto informed the nation that if elected to form the Government it would pursue, within the context of its Investment Policy, a programme of divestment of Government's shareholdings in companies; and

Whereas having formed the Government there was established an Investments Division within the Ministry of Finance with the specific mandate of ensuring development and implementation of the Government's Investment and Divestment Policy; and

Whereas 'divestment' as defined by the Government is fundamentally more than privatization, in that this Government's shareholdings of disposal to private persons/entities in a manner that facilitates the widest possible participation of the citizenry in share ownership to the extent that this is part of programme of the national development; and

Whereas the strategy of treating with divestment within the context of the Government's investment policy is, inter alia, with the objective of ensuring to the extent possible the utilization of the proceeds from divesting for reinvestment purposes and the reduction of the public debt;

Be it resolved that this honourable House take note of and commend Government on its approach to the development and implementation of its divestment policy which includes the re-investment of the proceeds and the consequent reduction in the public debt from such divestment for the national good.

I repeated the motion, Mr. Deputy Speaker, because it would appear that we went off-track in the last hour and fifteen minutes.

4.05 p.m.

I shall now refer to page 12 of our 1991 general election manifesto, specifically with regard to our stated policy for state enterprises. It reads as follows:

"While the State will essentially be a facilitator for economic activity, participation in the commercial sector will continue at appropriate levels where:

- the industry or enterprise is of strategic importance;
- the enterprise provides a major social service;
- the industry or enterprise is essential to the economic diversification drive and the private sector is unable to channel financial resources into such investments;
- a foreign investor is interested in a major project but wishes to minimize country risks by including the State as a partner;
- Government shareholding in the above companies will be reduced over time through a programme of divestment.

I wish to emphasize that this is our manifesto. We came into office with this as our policy; therefore I cannot understand the tantrums to the effect that we are doing the bidding of the United States of America and the World Bank. The PNM has its policy, unlike the Members on the other side, and it is right here in black and white. In order to educate hon. Members on the other side, I refer you to an address by the hon. Patrick Manning, political leader of the People's National Movement at the 28th Annual Convention of the People's National Movement held at the Chaguaramas Convention Centre on Sunday, October 9, 1988.

Mr. Manning: What year is that?

Mr. Imbert: 1988; long before this document they so glibly refer to was conceptualized. This is our policy and I shall now educate the Member for St. Augustine. The PNM's economic policy:

"The economic imperative for Trinidad and Tobago is the development of a plan of action, the implementation of which would stimulate economic growth

Divestment Policy
[HON. C. IMBERT]

Friday, September 25, 1992

and lead to the transformation of the economy to make it more resilient and less oil dependent."

Let me go specifically to the role of state enterprises:

"As we proceed with the transformation of the economy, the role of state enterprises must be reviewed and redefined. For the PNM state participation in heavy industry and other major enterprises was, and continues to be, an important tool for economic development as a means of ensuring social justice in Trinidad and Tobago. We see the future role of the state in the commercial and industrial sectors as essentially being both a facilitator and an investor."

and this is important.

"We see the role of the state as being both a facilitator and an investor. The State could therefore invest or hold equity in investments."

As I have repeated from our manifesto, the industry or enterprise is of strategic importance. You see we are consistent. In 1988 we identified our state enterprise policy; in 1991 we repeated it in our manifesto; and in 1992 we are carrying it out. I shall explain in full detail to the Member for St. Augustine what the PNM's policy is. I am quoting still from the 1988 Convention address—

"The PNM's view is that the state should, in an orderly fashion, divest its interest in any state enterprise which does not fit any of the criteria outlined before."

These were the criteria I mentioned—strategic importance, major social service, etc. In any event, even where the state enterprise fits the criteria, PNM's policy envisages the eventual selling of shares when the enterprise has been established as a fully going concern in the economy. This is our policy.

Mr. Humphrey: Could you advise us whether one of the criteria considered by the PNM is foreign exchange earnings? Is that one of the criteria that are considered to be critical to the interests of the people of Trinidad and Tobago?

Mr. Palackdharrysingh: Farrell House is advertised in Barbados and we do not know anything here.

Hon. C. Imbert: Clearly, Mr. Deputy Speaker, I am very disappointed in the Member for St. Augustine's insistence that it is not important for countries to earn foreign exchange. I am very disappointed. I guess it swells out of his concept of the Trinity dollar and some sort of failed ideology.

Mr. Humphrey: On a point of order, Members must refer to what we say in this Parliament. These notions that are being expounded by the Member for Diego Martin East and the Diego Martin West—for some reason Diego Martin does something to people. I happen to live there myself. It has no bearing whatever in my contribution. Mr. Deputy Speaker, please ask him to refrain from attributing to me what I have not said in this House.

Mr. Deputy Speaker: Is there a reply to the question you did not answer?

Hon. C. Imbert: Thank you, Mr. Deputy Speaker. I listened to the Member in his irrelevance: printing money, printing blue notes; mobilizing the construction sector by the wave of a magic wand—waving your hand and things will just magically appear, fall out of the sky.

Mr. Mohammed: What about flim flam?

Hon. C. Imbert: For 70 years there was an institution in the world economy called communism; and one day it fell just like that, and disappeared; it no longer has any relevance. When I listen to the Member for St. Augustine he reminds me very painfully of the failed rhetoric coming out of the Eastern bloc. I would ask him to emancipate his mind.

Mr. Humphrey: Which part of the rhetoric? You are so dishonest!

Hon. C. Imbert: I really do not know why the Member for St. Augustine is clinging—

Mr. Maharaj: Would the hon. Member give way to a question? Would he answer whether the people in Laventille, Never Dirty, Morvant would be able to buy these shares, or buy anything?

Hon. C. Imbert: In due course I will come to that.

Mr. Mohammed: That is what the whole issue is about.

Hon. C. Imbert: In Trinidad and Tobago until very recently we had 67 state enterprises. *[Interruption]* Mr. Deputy Speaker, would you ask hon. Members to tone it down please? Trinidad and Tobago in the last 36 years went through several movements in the world. The concept of state ownership of the economy was fashionable in the late 1950s and the early 1960s. At the time many countries invested heavily in public ownership of the commercial sector. It was a feature of those times. The welfare state had its genesis in the 1960s and the 1970s, where most persons came to accept that Government's responsibility was to provide a

Divestment Policy
[HON. C. IMBERT]

Friday, September 25, 1992

minimally decent standard of living for the poor, elderly, handicapped, and so on; that the Government had a responsibility to provide services for citizens at minimum cost, such as education, health, transportation, and so on. So the welfare state evolved throughout many countries in the world, such as Great Britain, which was a leader in the promotion of the welfare state 20 years ago.

4.15 p.m.

Times have changed. The welfare state concept is no longer valid. It has been proved to be a recipe for disaster. If we look at the Soviet Union at the present time, what has happened to them? You have a commonwealth of independent states. The Soviet Union has collapsed. What you have right now is former state companies now being owned by the workers in the very companies. The Members on the other side belong in the 1960s and the 1970s where the state controlled and provided everything, from the top down.

Those of us who have travelled around the world are aware of the changing times, of the need for the state to become a facilitator; of the need for the state to withdraw from direct commercial participation in the economy. If you travel around the world, you would see that governments all over the world are withdrawing from commercial activities that are not of strategic importance.

The People's National Movement sees the divestment process as a means of divesting state ownership of the economy into the hands of the population. We have a vision for the divestment of shares in state enterprises. I will return now to the address by the Political Leader, October 9, 1988, wherein he differentiated between privatization and divestment:

"The PNM's concept of divestment to the public involves the transfer of shares in state enterprises, from the control of the state where they are currently held in trust for all of the people, to direct ownership by a wide cross-section of the national community.

Privatization, on the other hand, is a mechanism for transferring the national patrimony from the state, into the hands of a privileged few to serve selfish, sectional interests. It is a return to the old order. The PNM will not be associated with any policy which seeks to deliver the many into the clutches of the few. In keeping with the PNM's basic philosophy with respect to divestment, our policy would continue to emphasize the widest distribution of any public offering of state company shares.

In this connection, the timing of share issues through divestment is of critical importance. If the shares of state enterprises are offered to the public at the height of an economic downturn, not only will the state fail to maximize its returns, but it may succeed only in transferring real wealth at discounting prices to those who are already wealthy.

In addition, priority allocation to institutions such as the National Insurance Board and the Unit Trust, could be widened to include credit unions and trade unions. Staggering of the payment for the purchase of shares over a number of years, may assist greatly in allowing employees and people in lower income groups to own part of these enterprises.

Tax incentives for purchases up to certain amounts would provide further assistance. The divestment programme, itself, should facilitate investments in new enterprises which fit the general criteria outlined earlier.

In addition, financial proceeds from divestment should be used to invest in profitable enterprises, both locally and abroad, in a manner designed to give Trinidad and Tobago a greater measure of economic security, by;

1. protecting our market position;
2. diversifying our investment portfolio;
3. giving Trinidad and Tobago access to central research and development results;
4. reducing the political risks to potential investors in Trinidad and Tobago."

As I have been talking here, I heard the idle chatter from the other side, because they have no ideas. What the PNM envisages in its divestment process is that safeguards and controls will be put in place to ensure the widest possible participation in share ownership.

The PNM's philosophy for the last 36 years with regard to investment in the state sector was that once enterprises reached maturity, they would be divested in an orderly fashion and the proceeds from divestment would be used to invest in new enterprises, which in turn, when they reach maturity, would be divested. It is a continuous process. That has been our policy for the last 36 years and it continues to be our policy.

As I said before, the concept of state control of the economy is obsolete; it went out with communism. Why should we take \$100 million of the people's

Divestment Policy
[HON. C. IMBERT]

Friday, September 25, 1992

money, every year, and put it into unprofitable state enterprises, when that same \$100 million could be used to create thousands of jobs? There are state enterprises over the last five years which have lost nearly \$700 million—

Hon. Member: Which one?

Hon. C. Imbert: The Member knows which one; I do not have to tell him. It is becoming more and more apparent that the money spent in propping up these enterprises over the years would have been better used in creating jobs and getting involved in productive investment. This is part of our divestment process.

The PNM Government advertised a state enterprise recently for sale. The PNM Government intends to divest its shareholding in this state enterprise, thus relieving the Treasury of the burden of propping up this enterprise. There is absolutely no point in taking the people's money and pumping it continuously into non-profitable enterprises. In addition, over the last five years our public debt has more than doubled. In 1986 it was less than \$8 billion; it is now over \$16 billion. Every year in our national budget we are called upon to take a very large slice of our revenue—this year it is in excess of \$2 billion—and assign that money towards debt servicing. We are compelled to do so. This places a tremendous burden upon the Government to introduce plans and programmes to develop the country and to provide services for our citizens.

4.25 p.m.

The country has now reached the point where the burden of our public debt is unbearable. It has therefore become necessary to assign part of the proceeds of our divestment process to relieving the burden of debt servicing, so that hundreds of millions of dollars would be available for programmes such as unemployment relief, health, education, social assistance, old age pension [*Interruption*]. You see, you do not understand.

Mr. Deputy Speaker, we were faced with the choice of paying billions of dollars in debt servicing every year, or divesting some of our assets, taking the proceeds and assigning them to debt servicing, thereby, relieving valuable funds to help the citizens of this country. I cannot see any responsible government that would have taken any other avenue, and I stand firm and committed, that it was the most responsible and wise course.

We are a responsible Government. We have plans and programmes. We are not a *vaille-que-vaille* Government. In order to provide goods and services for our

citizens, we would not do like the Member for St. Augustine and print blue notes at will. That is not what we would do.

Mr. Humphrey: Mr. Deputy Speaker, would the hon. Member give way to a question? Would he indicate how the Government has been servicing its external debt and, from what source? From where is the foreign exchange derived for servicing the external debt? Is it from taxation, or the state enterprise sector?

Hon. C. Imbert: Mr. Deputy Speaker, the Member for St. Augustine was a Member of the Government for a short time, I do not have to explain. *[Interruption]*.

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

Hon. C. Imbert: I do not have to explain to the Member on the other side, where our foreign exchange comes from. He is well aware.

As I said, our policy for divestment of state enterprises is three-fold. Where enterprises have proved themselves, over the years to be unprofitable, not to be of strategic importance, and not to be providing a social service, it is no longer feasible to continue pumping money into these unproductive enterprises, such as Printing and Packaging. The Government pumped millions of dollars, year after year, into a company that did not provide a social service, and was not of strategic importance—it is not feasible. That is the first plank of our divestment policy. We are relieving the Treasury of that burden and we are putting it into the hands of the private sector, where it properly belongs. That is purely a commercial activity; printing and packaging, meat processing; a purely commercial activity.

The second plank of our divestment strategy is to allow the citizens of this country to become involved in the state enterprise sector, through state ownership. When you take an organization or institution such as the Unit Trust, which was built by the little people of this country—and where the majority of the shareholders are the little people—part of our policy is to reserve blocks of shares for people institutions such as credit unions, and the Unit Trust, for the divestment process. That is where the people of Laventille will become involved in the divestment process; trade unions as well.

4.30 p.m.: *Sitting suspended.*

5.05 p.m.: *Sitting resumed.*

Hon. C. Imbert: As I was saying, Mr. Deputy Speaker, the PNM's approach to divestment has several prongs and they bear repetition. We will divest

Divestment Policy
[HON. C. IMBERT]

Friday, September 25, 1992

enterprises that are not of strategic importance and which do not provide a social service. We will also divest enterprises that do not fall into this category.

For the benefit of the Members on the other side who need some education on this, may I quote here from the *Journal, Political Science Quarterly*, Vol. 104 No. 4, 1989:

"The Eisenhower Administration in 1955..."

this is referring to the United States—

"articulated the goal that the Federal Government..."

this is in 1955—

"will not start or carry on any commercial activity to provide a service or product for its own use if such a product can be procured from private enterprise through the ordinary channels."

Therefore, Mr. Deputy Speaker, the concept that the state should not get involved in commercial activities that are not of strategic importance had its genesis over 40 years ago. It is a pity that the Members on the other side do not do proper research when preparing for debates of this type. What has emerged over the last 40 years is a refinement of the pure welfare state. The welfare state concept has been modernized and is now geared towards providing maximum service for the public using elements such as competition, service deliverability and so on. And that is where we are going. Where the private sector is best poised to provide a service, the Government will act as a facilitator. We see our role as serving as a regulator and a facilitator ensuring that proper service is provided to the public. *[Interruption]* I was coming to this all the time. It is just that they do not like to wait and listen.

The concept is that Government must no longer be inefficient. For too long systems have been allowed to grow and develop so that inefficiency has become ingrained in these systems and for the most part very difficult to change. We see the Government's role in the divestment process as guiding the process of national development, providing incentives to the private sector to develop in certain areas, investing where the private sector cannot invest, involving itself on a joint venture basis with the private sector in providing services.

Therefore, I wish to commend the Government's divestment effort as articulated in the motion. I wish to condemn the rambling on the other side, the communist rhetoric, the failed ideology.

You see, the PNM does not approach the business of Government from an ideological perspective. We have never become involved in the sterile debates between communism and capitalism; we have never bothered with such trivial Marxism and other rambling.

The PNM believes in pragmatic government, in choosing the elements of the various systems that are available; the PNM will select those aspects of the various systems of the world that it believes are best suited to the people of Trinidad and Tobago. The PNM will chart the destiny of the people of this country for the benefit of the people of this country, founded in the knowledge that we have the support of the people of this country who will continue to vote for a Government that is responsible, that has the population's interest at heart, that puts national interest before narrow sectarian interests. This is the PNM's philosophy. The PNM will also ensure that in the divestment process the proceeds of divestment do not fall into the hands of the few, and that all of our people can get involved in the process of participation in the economy.

I am certain that as this debate evolves, more Members from this side will have cause to educate the rabble on the other side and, hopefully, at the end of the debate the rabble will understand a bit about the world that we live in, about the changing times, the need to become modernized, the need to throw away the baggage of the past, the need to clean the cobwebs.

Mr. Deputy Speaker: Members, please let us have some order in the House.

Hon. C. Imbert: I hope that at the end of this debate Members on the other side would have cleared some of the cobwebs from the empty corridors of their minds.

Mr. Humphrey: Would it be true to say that the PNM's policy on employment creation is based on the individual citizen either applying for and getting a job provided by someone else, or creating a job for himself; that the state has no dynamic role to play in job creation other than facilitating private enterprise?

5.15 p.m.

Hon. C. Imbert: Mr. Deputy Speaker, the Member for St. Augustine has apparently been asleep during my contribution.

As I said, the Government will act both as a facilitator and as an investor. Therefore, we combine both aspects of the question which he has raised. I hope I have made the Government's position clear. We will invest in productive

Divestment Policy
[HON. C. IMBERT]

Friday, September 25, 1992

enterprises to create employment and set the economic environment for others to invest to create employment—economic pragmatism.

I support the motion, Mr. Deputy Speaker and I commend it to this honourable House.

Thank you.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Deputy Speaker, after such a brilliant contribution, I think it is a fitting note on which to adjourn this House.

I beg to move that the House do now adjourn to Friday, October 2, 1992 at 1.30 p.m.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 5.18 p.m.